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深圳高速公路股份有限公司

SHENZHEN EXPRESSWAY COMPANY LIMITED

(a joint stock limited company incorporated in the People's Republic of China with limited liability)

(Stock Code: 00548)

CONNECTED TRANSACTION

**IN RELATION TO THE CONSTRUCTION OF THE THIRD, FOURTH AND
NINTH CONTRACT SECTIONS OF THE OUTER RING SECTION A**

On 24 March 2016, Outer Ring Company (a wholly-owned subsidiary of the Company) entered into Construction Contracts with CCCC Second Highway, CCCC Second Harbour and CCCC Third Harbour respectively. Pursuant to the Construction Contracts, CCCC Second Highway, CCCC Second Harbour and CCCC Third Harbour would be the respective Construction Contractor of the third, fourth and ninth contract sections of the Outer Ring Section A respectively, the total contract prices being RMB1,237 million (approximately HK\$1,473 million), RMB956 million (approximately HK\$1,138 million) and RMB929 million (approximately HK\$1,106 million) respectively.

LISTING RULES IMPLICATIONS

CCCC-SHB Fifth Engineering Co. Ltd. holds 30% interest in the Company's non-wholly owned subsidiary, Guizhou Guishen Investment Development Company Limited. According to the Listing Rules, CCCC-SHB Fifth Engineering Co. Ltd. is a connected person of the Company at the subsidiary level, and therefore CCCC Second Highway, CCCC Second Harbour and CCCC Third Harbour also become connected persons of the Company at the subsidiary level by virtue of being the associates of CCCC-SHB Fifth Engineering Co. Ltd.. As a result, the Construction Contracts entered into between Outer Ring Company and each of CCCC Second Highway, CCCC Second Harbour and CCCC Third Harbour in relation to the third, fourth and ninth contract section of the Outer Ring Section A constitute connected transactions of the Company, respectively. Pursuant to Rule 14A.101 of the Listing Rules, the Company shall comply with the reporting and announcement requirements, but is exempted from the circular, independent financial advice, and shareholders' approval requirements in view that (i) the Board has approved the Transaction, and (ii) the Independent Directors have confirmed that the Transaction is on normal commercial terms and the terms of the Transactions are fair and reasonable and in the interests of the Company and its shareholders as a whole.

INTRODUCTION

The Board hereby announces that the Company's wholly-owned subsidiary, Outer Ring Company, recently conducted a public tender for the construction of the second to ninth sections of the Outer Ring Section A. Pursuant to the procedures, adjudication rules, and tender award principles as regulated, the Construction Contractors of the eight sections were ultimately confirmed, among which CCCC Second Highway, CCCC Second Harbour and CCCC Third Harbour were ultimately confirmed as the Construction Contractors of the third, fourth and ninth contract sections. According to the tender results, Outer Ring Company entered into Construction Contracts with CCCC Second Highway, CCCC Second Harbour and CCCC Third Harbour respectively on 24 March 2016. Pursuant to the Construction Contracts, CCCC Second Highway, CCCC Second Harbour and CCCC Third Harbour would be the respective Construction Contractor of the third, fourth and ninth contract sections of the Outer Ring Section A respectively, the total contract prices being RMB1,237 million (approximately HK\$1,473 million), RMB956 million (approximately HK\$1,138 million) and RMB929 million (approximately HK\$1,106 million) respectively.

DETAILS OF THE TRANSACTION

Date:

All of the three Construction Contracts are dated 24 March 2016.

Parties:

1. The First Construction Contract:
 - (1) Outer Ring Company; and
 - (2) CCCC Second Highway (as the Construction Contractor).

2. The Second Construction Contract:
 - (1) Outer Ring Company; and
 - (2) CCCC Second Harbour (as the Construction Contractor).

3. The Third Construction Contract:
 - (1) Outer Ring Company; and
 - (2) CCCC Third Harbour (as the Construction Contractor).

Names and scopes of the projects:

1. The name of the project as set out in the First Construction Contract is the third contract section of the Shenzhen section of Shenzhen Outer Ring Expressway. The major construction work includes: construction work within the range of Pile No. K8+678~K11+900 (with a length of

3.2Km) such as road foundation, bridges, caves, slope protection and slope greening, cross bridges, river and road alignment and relocation of drainage system, etc., which shall be subject to the construction design plan.

2. The name of the project as set out in the Second Construction Contract is the fourth contract section of the Shenzhen section of Shenzhen Outer Ring Expressway. The major construction work includes: construction work within the range of Pile No. K11+900~K19+700 (with a length of 7.8Km) such as road foundation, bridges, caves, tunnels (including power distribution houses etc.), slope protection and slope greening, cross bridges, river and road alignment and relocation of drainage system, etc., which shall be subject to the construction design plan.
3. The name of the project as set out in the Third Construction Contract is the ninth contract section of the Shenzhen section of Shenzhen Outer Ring Expressway. The major construction work includes: construction work within the range of Pile No. K63+270~K68+000 (with a length of 8.5Km) such as road foundation, bridges, caves, Pingdi intersecting flyovers, cross bridges, river and road alignment, site formation of the development area, power distribution and equipment houses of the toll stations, slope protection and slope greening and the municipal engineering project for Jihui Road, etc., which shall be subject to the construction design plan.

Total contract prices:

The total contract prices of the three Construction Contracts are RMB1,237 million (approximately HK\$1,473 million), RMB956 million (approximately HK\$1,138 million) and RMB929 million (approximately HK\$1,106 million) respectively.

The total contract prices are determined based on the bid prices submitted by CCCC Second Highway, CCCC Second Harbour and CCCC Third Harbour for the public tenders for the construction of the second to ninth contract sections of the Outer Ring Section A conducted by Outer Ring Company respectively.

Construction periods:

The respective construction period of each of the three Construction Contracts is 30 months from the commencement date specified in the work commencement notice to be issued by Outer Ring Company. Furthermore, the Third Construction Contract further specifies that the construction period of the demolition section of the bridge of Zhongyuan Hengping Highway crossing Hui-Yan Express of the ninth contract section is 6 month.

All of the defects liability periods promised in the three Construction Contracts are two years from the issuance of the Hand-over Certificate. During the defects liability period, CCCC Second Highway, CCCC Second Harbour and CCCC Third Harbour shall be liable for defects in the projects of the third, fourth and ninth contract sections of the Outer Ring Section A being handed-over for use respectively.

Payment arrangements:

1. Outer Ring Company shall pay the installments of 10% of the respective total contract prices to each Construction Contractor. From 14 days after the signing of the Construction Contracts, Outer Ring Company shall pay installments in accordance with the preparation work of each construction section and the progress of the projects, and pay all installments when 25% of the project prices are paid;
2. from the month following the commencement date until the month of issuance of the Hand-over Certificate, each Construction Contractor shall, in accordance with each month's actual progress of their respective contract sections calculate the month's construction payments and other payable sums, which will be paid by Outer Ring Company after review; when the cumulative payment schedule is 30% to 80%, Outer Ring Company, according to the progress of the construction, will deduct the prepayment in a fixed proportion by monthly installments;
3. after the issuance of the Hand-over Certificate, the Construction Contractors shall, in accordance with the actual situation of their respective contract sections, calculate the construction payments and other payable sums as at the date of hand-over, which will be paid by Outer Ring Company after review;
4. upon expiry of the defects liability period, the Construction Contractors, in accordance with all the works completed pursuant to the Construction Contracts, calculate the total construction payments and other payable sums, which will be paid by Outer Ring Company after review.

Each of the Construction Contracts further agreed that, as the construction of the Outer Ring Section A were jointly contributed by Outer Ring Company and Shenzhen SEZ Construction and Development Group Co., Ltd., the payment periods agreed in each of the Construction Contracts were the periods of the completion of review by Outer Ring Company, not including the further time needed for the review and payment by Shenzhen SEZ Construction and Development Group Co., Ltd.

Quality guarantee deposits:

5% of the construction payments of each installment will be deducted from the payment to be made to each Construction Contractor by Outer Ring Company in accordance with each of the Construction Contracts as deposits (subject to a limit of 5% of the sums payable at the hand-over) to guarantee performance of defects repair obligation during the defects liability periods. Upon expiry of the defects liability periods and/or completion of the settlement audit or final account audit, Outer Ring Company shall return the due quality guarantee deposits to each Construction Contractor separately.

Performance guarantees:

CCCC Second Highway, CCCC Second Harbour and CCCC Third Harbour have provided performance guarantees to Outer Ring Company in the sum of 15% of their respective total contract prices respectively, among which RMB20 million is cash guarantee and rest is bank guarantee. The guarantees will be returned 28 days after the issuance of the Hand-over Certificate.

Adjustments of the total contract prices:

The current total contract prices are calculated in accordance with the estimated quantities and unit prices (or total prices) listed in the priced bill of quantities, and are subject to adjustments due to fluctuations in materials prices, changes in the construction works, and delay of the construction periods during the construction. According to general experience, it is estimated that the adjustment of the total contract prices (if any, including upward and downward adjustments) would not exceed approximately 10% of the current total contract prices, i.e. the adjusted total contract prices of the three Construction Contracts are expected not exceeding approximately RMB1,361 million (approximately HK\$1,620 million), RMB1,052 million (approximately HK\$1,252 million) and RMB1,022 million (approximately HK\$1,217 million) respectively. As at the date of this announcement, the Board is not aware of any matter which would cause such adjustments to have significant impact on the total contract prices.

Other terms:

Any dispute arising out of or in connection with the performance of the respective Construction Contracts shall be resolved through amicable consultation between both parties. If no agreement is reached through consultation, such disputes shall be submitted to the people's court of the place where the project is located.

BASIC INFORMATION OF THE PROJECT

Shenzhen Outer Ring Expressway runs from east to west with its main portion located in northern Shenzhen, although some of its route locations are situated within Dongguan. It starts in Bao'an District, Shenzhen connecting with Guangshen Coastal Expressway and ends in Dapeng New District, Shenzhen connecting with Yanba Expressway. With a length of approximately 93 kilometers, Shenzhen Outer Ring Expressway is divided as the Shenzhen section and Dongguan section, of which the Shenzhen section (i.e. the Outer Ring Project) has a length of approximately 76 kilometers. Pursuant to the construction plan of the Outer Ring Project, the project of Section A which is currently under construction has a length of approximately 60 kilometers. It starts in Bao'an District, Shenzhen connecting Guangshen Coastal Expressway and runs through Guangming New Area, Longhua New Area, Dongguan City (the Dongguan Section not being covered by this project), Longgang District and Pingshan New District, connecting with the planned Julong Road after the inter-connection with Shenzhen-Shantou Expressway.

The Group has reached agreements with the relevant government authorities in respect of the proposals on the investment, construction and management of Section A of the Outer Ring Project, which are still subject to approvals from the shareholders of Shenzhen International Holding Limited (the controlling shareholder of the Company) and the shareholders of the Company. Details of such agreements are set out in the announcement of the Company dated 18 March 2016. In order to cooperate with the government for the overall planning and work arrangement in relation to expressway construction, the Board had approved the Group to carry out the construction organization works for the Outer Ring Project on July 2014 and October 2015, on the condition that the Shenzhen government has specified the ultimate responsibility for the Outer Ring Project and

has made arrangements for the construction funding. If the Group and the Shenzhen government finally fail to reach agreement on the investment and exclusive operation right matters regarding the Outer Ring Project or necessary approvals for such agreements can't be obtained in time, Shenzhen government or other investors determined by Shenzhen government will bear the preliminary costs incurred for the Outer Ring Project as well as the legitimate and reasonable rights and obligations. Under the arrangement made by Shenzhen government, Shenzhen SEZ Construction and Development Group Co., Ltd. is the source of funding for the government.

REASONS FOR AND BENEFITS OF THE TRANSACTION

As approved by the Board, Outer Ring Company is carrying out construction organisation works of the Outer Ring Section A. This is in line with the Company's overall strategy of engaging in the investment, construction, operation and management of toll highways and roads. Outer Ring Company conducted a tender for the Project through the Construction Project Transaction Centre designated by the Shenzhen government by way of public tender. Under the organisation and supervision of the Construction Project Transaction Centre and upon review and assessment by the credential committee, tender assessment committee and tender award committee in accordance with the procedures, adjudication rules and tender award principles, CCCC Second Highway, CCCC Second Harbour, CCCC Third Harbour were confirmed as the successful bidder for the tender among a number of units that submitted a bid. According to the relevant tender documents and rules, the criteria applied to the assessment of the units that submitted a bid include its professional credentials and technique, experience in similar constructions, management team, and the bid price etc.

The Board has already approved the Transaction. No director of the Company is materially interested in the Transaction and is required to abstain from voting on the Board resolution to approve the Transaction.

The Board (including the Independent Directors) is of the view that the Transaction is in the ordinary and usual course of business of the Group on normal commercial terms, its terms are fair and reasonable, and is in the interests of the Company and its shareholders as a whole.

GENERAL INFORMATION

The Group is principally engaged in the investment, construction, operation and management of toll highways and roads. Outer Ring Company is a wholly-owned subsidiary of the Company, which is principally engaged in the investment, construction, operation and management of the Outer Ring Project.

CCCC Second Highway, a company incorporated in China with limited liability and the controlling company of CCCC-SHB Fifth Engineering Co. Ltd., is principally engaged in project construction (including highways, bridges etc.), construction designs, construction consultations, construction supervisions, and construction investments, etc.

CCCC Second Harbour, a company incorporated in China with limited liability and a fellow subsidiary of the controlling company of CCCC Second Highway, is principally engaged in construction of roads and bridges, port and waterway, railway, urban railway and municipal engineering, etc.

CCCC Third Harbour, a company incorporated in China with limited liability and a fellow subsidiary of the controlling company of CCCC Second Highway, is principally engaged in construction of port and waterway engineering, municipal engineering, road and bridge engineering, etc.

LISTING RULES IMPLICATIONS

CCCC-SHB Fifth Engineering Co. Ltd. holds 30% interest in the Company's non-wholly owned subsidiary, Guizhou Guishen Investment Development Company Limited. According to the Listing Rules, CCCC-SHB Fifth Engineering Co. Ltd. is a connected person of the Company at the subsidiary level, and therefore CCCC Second Highway, CCCC Second Harbour and CCCC Third Harbour also become connected persons of the Company at the subsidiary level by virtue of being the associates of CCCC-SHB Fifth Engineering Co. Ltd.. As a result, the Construction Contracts entered into between Outer Ring Company and each of CCCC Second Highway, CCCC Second Harbour and CCCC Third Harbour in relation to the third, fourth and ninth contract section of the Outer Ring Section A constitute connected transactions of the Company, respectively. Pursuant to Rule 14A.101 of the Listing Rules, the Company shall comply with the reporting and announcement requirements, but is exempted from the circular, independent financial advice, and shareholders' approval requirements in view that (i) the Board has approved the Transaction, and (ii) the Independent Directors have confirmed that the Transaction is on normal commercial terms and the terms of the Transactions are fair and reasonable and in the interests of the Company and its shareholders as a whole.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following terms shall have the following meaning:

“Construction Contracts”	The First Construction Contract, The Second Construction Contract and / or The Third Construction Contract (as the case may be)
“The First Construction Contract”	the agreement entered into between Outer Ring Company and CCCC Second Highway on 24 March 2016 in relation to the construction of the third contract section engineering of the Outer Ring Section A
“The Second Construction Contract”	the agreement entered into between Outer Ring Company and CCCC Second Harbour on 24 March 2016 in relation to the construction of the fourth contract section engineering of the Outer Ring Section A
“The Third Construction Contract”	the agreement entered into between Outer Ring Company and CCCC Third Harbour on 24 March 2016 in relation to the construction of the ninth contract section engineering of the Outer Ring Section A

“Board”	the board of directors of the Company
“Construction Contractor(s)”	CCCC Second Highway, CCCC Second Harbour and / or CCCC Third Harbour (as the case may be)
“CCCC Second Highway”	CCCC Second Highway Engineering Bureau Co., Ltd.
“CCCC Second Harbour”	CCCC Second Harbour Engineering Bureau Co., Ltd.
“CCCC Third Harbour”	CCCC Third Harbour Engineering Bureau Co., Ltd.
“Company”	Shenzhen Expressway Company Limited, a joint stock limited company incorporated in the PRC with limited liability, the H shares of which are listed on the Stock Exchange, and the A shares of which are listed on the Shanghai Stock Exchange
“connected person”	has the meaning ascribed to it in the Listing Rules
“Construction Project Transaction Centre”	Shenzhen Construction Project Transaction Service Centre (深圳市建設工程交易服務中心), a construction project transaction service organisation set up by the Shenzhen government
“Directors”	the directors of the Company
“Group”	the Company and its consolidated subsidiaries
“Hand-over Certificate”	the hand-over certificate to be issued by Outer Ring Company to the Construction Contractor upon each contract section engineering completed, hand-over procedures accepted, and completion of the hand-over of maintenance works and management of each contract section engineering
“HK\$”	Hong Kong Dollar, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Directors”	independent non-executive directors of the Company
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Outer Ring Company”	Shenzhen Outer Ring Expressway Investment Company Limited (深圳市外環高速公路投資有限公司), a wholly-owned subsidiary of the Company
“Outer Ring Project”	Shenzhen section of the Shenzhen Outer Ring Expressway
“Outer Ring Section A”	Shenzhen section of the Shenzhen Outer Ring Expressway (Coastal Expressway to Shenshan Expressway section)

“PRC”	the People’s republic of China, excluding, for the purpose of this announcement only, Hong Kong, the Macau Special Administrative Region and Taiwan
“RMB”	Renminbi, the lawful currency of the PRC
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Transaction”	the transactions under the Construction Contracts

Note: In this announcement, conversion of RMB into HK\$ is based on the exchange rate of HK\$1.00 to RMB0.84. The exchange rates have been used, where applicable, for the purposes of illustration only and do not constitute a representation that any amounts were or may have been exchanged at this or any other rates or at all.

By Order of the Board
Luo Kun
Joint Company Secretary

Shenzhen, the PRC, 24 March 2016

As at the date of this announcement, the directors of the Company are Mr. HU Wei (Executive Director and Chairman of the Board), Mr. WU Ya De (Executive Director and President), Mr. WANG Zeng Jin (Executive Director), Mr. LI Jing Qi (Non-executive Director), Mr. ZHAO Jun Rong (Non-executive Director), Mr. TSE Yat Hong (Non-executive Director), Ms. ZHANG Yang (Non-executive Director), Mr. AU Sing Kun (Independent non-executive Director), Mr. LIN Chu Chang (Independent non-executive Director), Mr. HU Chun Yuan (Independent non-executive Director) and Mr. SHI Xian Liang (Independent non-executive Director).