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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
ENTRUSTED CONSTRUCTION MANAGEMENT AGREEMENT IN RESPECT OF
SHENZHEN INTERNATIONAL GUIZHOU INTEGRATED LOGISTIC HUB
PHASE I

Entrusted Construction Management Agreement

The Board is pleased to announce that, on 9 September 2016, Investment Company and SZ International Logistics entered into the Entrusted Construction Management Agreement, pursuant to which the parties have agreed on the detailed terms of the entrustment of construction management for Logistics Hub Phase I by SZ International Logistics to Investment Company.

Implications under the Listing Rules

As at the date of this announcement, SZ International holds approximately 50.889% of the shares of the Company and is a connected person of the Company. Given that SZ International Logistics is a wholly-owned subsidiary of SZ International, while Investment Company is a wholly-owned subsidiary of the Company, SZ International Logistics is a connected person of the Company as defined under the Listing Rules. Therefore, the transaction contemplated under the Entrusted Construction Management Agreement constitutes a connected transaction of the Company.

As the applicable percentage ratios (other than the profit ratio) of the transaction contemplated under the Entrusted Construction Management Agreement exceed 0.1% but are lower than 5%, the Entrusted Construction Management Agreement is subject to the reporting and announcement requirements, but is exempted from the requirement for independent shareholders' approval under Chapter 14A of the Listing Rules.

Introduction

The Board is pleased to announce that, on 9 September 2016, Investment Company and SZ International Logistics entered into the Entrusted Construction Management Agreement, the principal terms of which are as follows:

Entrusted Construction Management Agreement

Date

9 September 2016

Parties

Investment Company; and
SZ International Logistics

Entrusted construction management service

Pursuant to the Entrusted Construction Management Agreement, Investment Company shall undertake management responsibilities relating to work progress, quality, cost and safety, etc. during the entire project construction period from commencement to completion and before the close of the warranty period. Such responsibilities mainly include (but not limited to) application for approval and other formalities during the preparatory stage of the project, management during the implementation of the project, inspection and acceptance of the completed work and management during the warranty period, as set out in the followings:

1. To be responsible for setting up the project management office and assign qualified construction management personnel;
2. To be responsible for handling of project application formalities, such as the application for project establishment and the construction permit, the compliance costs in relation to which shall be borne by SZ International Logistics;
3. To be responsible for selecting, at its discretion, suitably qualified agencies for environmental impact consultation, indoor environment supervision, design papers vetting, supervision, tender agency, and to enter into appointment contracts with and undertake payments of relevant fees to such agencies;
4. To assist SZ International Logistics in organising the tender agents to commence tasks relating to tenders, such as prospecting, earthwork (if any) and master contracting in accordance with tender plans and documents approved or agreed by SZ International Logistics;
5. To be responsible for managing and controlling the quality, work progress, safety and environmental protection standards of Logistics Hub Phase I project, assisting SZ International Logistics to manage and control the costs, and implementing its rules and regulations on costs, such as those relating to payment calculations, on-site certification, modification and compensation as part of its cost management;
6. To exercise contract management in respect of other participating parties in the construction and help resolve disputes or disagreements arising in the course of contract performance pursuant to the scope of authority delegated to Investment Company by SZ International Logistics and in accordance with the contracts entered into by SZ International Logistics;

7. To be responsible for intermediary inspection and acceptance, inspection and acceptance of individual (sub-division) work items for Logistics Hub Phase I and to organise inspection, acceptance and handover of Logistics Hub Phase I in accordance with relevant national and industry regulations;
8. To be responsible for the management during the work quality warranty period of Logistics Hub Phase I project.

Entrusted construction service fee and the basis for determining such fee

The entrusted construction service fee to be received by Investment Company under the Entrusted Construction Management Agreement shall comprise the followings:

1. Project construction fee

- (i) The entrusted construction management service fee shall comprise the construction unit management fee and the construction unit supervision fee. During the effective term of the Entrusted Construction Management Agreement, the construction unit management fee and the construction unit supervision fee shall be RMB1.60 million and RMB2.10 million, respectively, which shall be received by Investment Company on a lump-sum basis.
- (ii) The lump-sum service fee shall cover the environmental impact consultation service fee, design papers vetting fee, tender agency service fee, indoor environment monitoring fee, planning delineation fee, completion surveying fee, property drawing and surveying fee with an aggregate amount of RMB0.70 million, which shall be received by Investment Company; other expenses not covered in the above shall be borne by SZ International Logistics on an as-incurred basis.
- (iii) The earthwork fee shall be determined by the controlled construction costs prepared by SZ International Logistics according to the drawings plans, for Investment Company to receive such lump-sum fee. If Investment Company accepts the aforesaid controlled construction costs, it shall arrange qualified construction unit to commence the construction works and determine the construction costs. Investment Company is entitled to receive or obliged to bear (as the case may be) the difference between the amount of the controlled construction costs and the actual construction costs. If Investment Company does not accept the aforesaid controlled construction costs, SZ International Logistics shall contract out such earthwork by tender, and Investment Company shall provide any assistance as may be required in such case.

The aggregate amount of the aforesaid entrusted construction management service fee and lump-sum service fee is estimated at approximately RMB4.40 million, which shall be settled by SZ International Logistics in cash in the following manner:

- (i) Payment of RMB0.88 million within 15 working days after the execution of the Entrusted Construction Management Agreement;
- (ii) Payment of RMB1.32 million within 15 working days after obtaining the construction permit for Logistics Hub Phase I;

- (iii) Payment of RMB1.32 million within 15 working days after the topping-out of the logistics facilities of Logistics Hub Phase I;
- (iv) Payment of RMB0.44 million within 15 working days after the inspection and acceptance upon completion of Logistics Hub Phase I;
- (v) Settlement in full of the outstanding entrusted construction management service fee within 15 working days after finalising the financial accounts upon completion.

If Investment Company agrees to the controlled earthwork costs prepared by SZ International Logistics and accepts that the lump-sum fee shall be based on such controlled value, SZ International Logistics shall pay the construction costs to the construction unit directly, and should the controlled earthwork costs exceed the construction costs, SZ International Logistics shall pay the difference to Investment Company within 15 working days after the settlement of the actual construction costs.

The Company expects the controlled construction costs of the earthwork to be approximately RMB18.00 million.

2. Performance-based bonuses or penalties (if any)

The performance-based bonuses or penalties include work progress bonus of RMB100,000, safety management penalty of RMB50,000 per incident, and quality management penalty of RMB50,000. The company does not anticipate the aforesaid bonuses or penalties to have a material effect on the total amount of the entrusted construction service fee.

After due conclusion of the inspection and acceptance process following completion of Logistics Hub Phase I, SZ International Logistics shall conduct appraisal of the work progress, safety and quality management of Logistics Hub Phase I in accordance with provisions relating to performance-based bonuses or penalties for entrusted construction projects, and shall, base on the outcome of such appraisal, grant the relevant bonus(es) to be paid to Investment Company or impose the relevant penalty(ies) to be deducted from amounts payable to Investment Company within 15 working days.

The entrusted construction service fee has been arrived at through arm's length negotiations between Shenzhen Expressway (including Investment Company, its wholly-owned subsidiary) and SZ International Logistics. In arriving at the terms of the Entrusted Construction Management Agreement, Shenzhen Expressway has taken into account the scale of Logistics Hub Phase I and its past experience in the construction management sector.

The entrusted construction service fee under the Entrusted Construction Management Agreement may be increased or reduced as a result of various factors, such as work modifications, delayed work schedules and Investment Company's performance of the Entrusted Construction Management Agreement. Based on reasonable judgement taking into account the terms of the Entrusted Construction Management Agreement and the scale of the entrusted construction management, the Company expects the total amount of entrusted construction service fee to be no more than RMB25.0 million (approximately HK\$29.1 million). In the event that the total amount of project construction fee is expected to exceed RMB25.0 million (approximately HK\$29.1 million), the Company will comply with the provisions of the Listing Rules in due course.

Information on Logistics Hub Phase I

Logistics Hub Phase I is located near the Longlixi Toll Station in the Guilong City Economic Belt in Longli County, Guizhou Province, the PRC (中國貴州省龍里縣貴龍城市經濟帶龍里西收費站), comprising mainly logistics facilities built over a gross floor area of approximately 50,000 square metres.

The scope of construction under the Entrusted Construction Management Agreement primarily includes, but is not limited to, earthwork and site levelling and the building of foundation, main structures and architectural facades for the modern storage centres, cargo collection and distribution centres and other ancillary facilities, subject to the finalised construction drawings for Logistics Hub Phase I.

Information on the Company, Investment Company and SZ International Logistics

The company is principally engaged in the investment in and construction, operation and management of toll highways and roads, as well as other urban and transportation infrastructure facilities.

Investment Company is a wholly-owned subsidiary of the Company. It is principally engaged in investments in industries and engineering construction activities.

SZ International Logistics is a wholly-owned subsidiary of SZ International. It is principally engaged in the investment in and operation of industries and logistics information and consulting.

Reasons for and benefits of entering into the Entrusted Construction Management Agreement

Entrusted management of the construction of infrastructure facilities is within the scope of the ordinary and usual business of the Group. By entering into the Entrusted Construction Management Agreement, the Group will be able to further develop its entrusted construction management business and generate reasonable income and return by exporting its professional skills and extensive experience in construction management. The execution of the Entrusted Construction Management Agreement is in line with the Group's overall strategy of engaging in the investment and construction, operation and management of infrastructure facilities. It will enhance the Group's core business strengths to the benefit of the Group and its shareholders as a whole.

The Directors of the Company (including all of its independent non-executive Directors) are of the view that the terms of the Entrusted Construction Management Agreement have been entered into on normal commercial terms in the ordinary and usual course of business through arm's length negotiations. The Directors (including all independent non-executive Directors) consider that the terms of the Entrusted Construction Management Agreement are fair and reasonable and the transactions thereunder are in the interests of the Company and its shareholders as a whole.

The Entrusted Construction Management Agreement and the transactions thereunder have been considered and approved at a meeting of the Board convened by the Company. Mr. Hu Wei, Mr. Li Jing Qi, Mr. Zhao Jun Rong and Mr. Tse Yat Hong, all being Directors who hold

positions with SZ International and / or its subsidiaries (other than the Company), have declared their interests in accordance with pertinent regulations and have abstained from voting in respect of the relevant resolution. The resolution was unanimously passed by the remaining Directors.

Implications under the Listing Rules

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DEFINITIONS

“Board”	the board of directors of the Company
“Company”	Shenzhen Expressway Company Limited, a joint stock limited company incorporated in the PRC, the H shares and A shares of which are listed on the Stock Exchange and the Shanghai Stock Exchange, respectively
“connected person”	has the meaning ascribed thereto under the Listing Rules
“Directors”	the directors of the Company
“Entrusted Construction Management Agreement”	the “Entrusted Construction Entrusted Construction Management Agreement for Phase I Construction of the Shenzhen International Guizhou Integrated Logistic Hub Project” entered into between Investment Company and SZ International Logistics on 9 September 2016
“Group”	the Company and the subsidiaries included in its consolidated financial statements
“Hong Kong”	Hong Kong Special Administrative Region of the PRC
“Investment Company”	Shenzhen Expressway Investment Company Limited* (深圳高速投資有限公司), a limited liability company incorporated in the PRC

“Listing Rules”	Rules Governing the Listing of Securities on the Stock Exchange the Stock Exchange
“Logistics Hub Phase I”	Phase I construction of the Shenzhen International Guizhou Integrated Logistic Hub project
“PRC”	The People’s Republic of China, for the purpose of this announcement, excluding Hong Kong, Macau Special Administrative Region and Taiwan
“RMB”	Renminbi, the lawful currency of the PRC
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“SZ International”	Shenzhen International Holdings Limited, a company incorporated in Bermuda with limited liability, the shares of which are listed on the Stock Exchange
“SZ International Logistics”	Shenzhen International Logistics Development Co., Ltd* (深圳市深國際物流發展有限公司), a limited liability company incorporated in the PRC

Note:

For the purpose of this announcement, amounts denominated in RMB have been translated into HK\$ at an exchange rate of HK\$1.00: RMB 0.86 for illustration only. No representation is made that any amounts in RMB or HK dollar have been or can be converted at such rate or any other rates.

By Order of the Board
Luo Kun
Joint Company Secretary

Shenzhen, PRC, 9 September 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. CHEN Tao (Independent non-executive Director).

** For identification purposes only*