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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)

DISCLOSEABLE TRANSACTION AND CONNECTED TRANSACTION
ACQUISITION OF 45% INTEREST IN WUHUANG EXPRESSWAY

TRANSFER AGREEMENT

The board of directors of the Company (a 50.889%-owned subsidiary of SZ International) is pleased to announce that on 2 December 2016, Mei Wah Company (a wholly-owned subsidiary of the Company, as purchaser) and Flywheel Investments (a wholly-owned subsidiary of SZ International, as vendor) entered into the Transfer Agreement, pursuant to which Mei Wah Company agreed to acquire from Flywheel Investments 45% equity interest in JEL Company at a consideration of RMB453,498,800 (approximately HK\$509,549,213).

As at the date of this announcement, JEL Company is owned as to 55% and 45% by Mei Wah Company and Flywheel Investments, respectively, and is a subsidiary of the Company. Upon completion of the Transaction, JEL will be wholly-owned by Mei Wah Company and become a wholly-owned subsidiary of the Company.

REASONS FOR AND BENEFITS OF ENTERING INTO THE TRANSFER AGREEMENT

The investment, construction, operation and management of toll highways and roads are in the ordinary and usual course of business of the Group. The directors of the Company consider that Wuhuang Expressway has a good business record and a relatively low investment risk. The increasing of equity interest in JEL Company by the Group is to further increase its profitability and cash flow in future. The Transaction can also further strengthen the Group's core advantages in the investment, management and operation of the highways, which is in line with its development strategy and overall interests.

IMPLICATIONS UNDER THE LISTING RULES

As at the date of this announcement, SZ International holds approximately 50.889% equity interest in the Company, while Flywheel Investments is a wholly-owned subsidiary of SZ International. Therefore, under Chapter 14A of the Listing Rules, Flywheel Investments is a connected person of the Company, and the Transaction constitutes a connected transaction of the Company.

Since the applicable percentage ratios of the Transaction (excluding profit ratio) are above 0.1% but less than 5%, the Transfer Agreement is subject to the requirements of reporting and announcement but exempt from the requirement of approval by independent shareholders under Chapter 14A of the Listing Rules. In addition, since the profit ratio of the Transaction is above 5% but less than 25%, the Transaction constitutes a discloseable transaction of the Company, and the Transfer Agreement is subject to the requirements of reporting and announcement but exempt from the requirement of approval by independent shareholders under Chapter 14 of the Listing Rules.

TRANSFER AGREEMENT

The principal terms of the Transfer Agreement are as follows:

Date: 2 December 2016

Parties: (1) Mei Wah Company (as purchaser) ; and
(2) Flywheel Investments (as vendor).

Subject of the Transaction:

Pursuant to the Transfer Agreement, Mei Wah Company agreed to acquire and Flywheel Investments agreed to sell 45% equity interest in JEL Company. Since the date of the Transfer Agreement, dividends declared, distributed, or paid by JEL Company belong to Mei Wah Company.

Consideration and Payment arrangements:

The consideration for the acquisition of 45% equity interest in JEL Company is RMB453,498,800 (approximately HK\$509,549,213), which shall be paid by Mei Wah Company to the designated bank account of Flywheel Investments in the following manners:

- (i) the first instalment of RMB120,000,000 shall be paid within 3 working days from the delivery of delivery documents (including the share certificate of JEL Company, the

transfer document and the resignation letter of the directors of JEL Company and Magerk Company appointed by Flywheel Investments, etc.) by Flywheel Investments to Mei Wah Company on the signing date of the Transfer Agreement; and

- (ii) the second installment of RMB333,498,800 shall be paid within 20 business days from the payment date of the first installment.

The consideration will be funded by the Company's internal resources and/or borrowing.

Basis of the Consideration:

The consideration was determined after arm's length negotiations between Mei Wah Company and Flywheel Investments on normal commercial terms.

The principal business of JEL Company is investment holding of 100% equity interest in Magerk Company, whilst the principal business of Magerk Company is the development, construction, toll collection and management of Wuhuang Expressway. Based on the investment and operation experiences and the professional abilities towards the expressway projects in the past, the Group comprehensively considered factors including the traffic flow, operation, policy environment of Wuhuang Expressway and the maturity of the project for assessing the estimated value of JEL Company; and took into account the valuation report prepared by DXZ as the major factors in negotiating the consideration of the Transaction. The asset-based approach and income approach were adopted in the valuation of 45% equity interest in JEL Company (constitutes a profit forecast under Rule 14.61 of the Listing Rules) as at 31 August 2016 prepared by DZX. Further details of the assumptions used for the profit forecast are set out under the section headed "Valuation" below.

Completion:

Completion of the Transaction shall take place upon the delivery of delivery documents of 45% equity interest in JEL Company by Flywheel Investments to Mei Wah Company.

Upon completion of the Transaction, JEL Company will be wholly-owned by Mei Wah Company and become a wholly-owned subsidiary of the Company.

VALUATION

The Company has appointed DZX to carry out the valuation of 45% equity interest in JEL Company as at 31 August 2016. The base date of the valuation is 31 August 2016. The 45% equity interest in JEL Company is valued by adopting the asset-based approach, and the long-term investment of JEL Company (i.e. the equity interest in Magerk Company owned by JEL Company) is valued by adopting the income approach. As the valuation has adopted

income approach which involves the use of discounted cash flow methodology and constitutes a profit forecast under Rule 14.61 of the Listing Rules, this announcement shall comply with the requirements under Rules 14.60A and 14.62 of the Listing Rules in relation to profit forecast.

Pursuant to Rule 14.62 of the Listing Rules, the key assumptions of this valuation mainly include the followings:

- (1) There will be no material changes in future economic, market or social environment (such as national macro-economic policies, market supply and demand conditions, fiscal and taxation policies, domestic and foreign trade policies, environmental protection policies, financial and currency policies, etc.);
- (2) The enterprise under valuation will cease to operate after 22 September 2022;
- (3) There will be no material changes in the taxation and tax rate policies currently applicable to the enterprise under valuation;
- (4) There will be no material adverse effect on the enterprise under valuation arising from any force majeure after the valuation base date;
- (5) All assets and liabilities of the enterprise under valuation have been presented and reported or a special explanation in respect thereof has been made to the valuer, and there does not exist any other liabilities/assets, contingent liabilities/assets, or other related rights/contingent rights and obligations/contingent obligations, etc.

Meanwhile, the valuation is based on operating results over previous years of the enterprise under valuation. Estimates on future operation and revenue of Magerk Company is conducted through analysis over revenue, costs, financial structures, business development trends and growth movements. The expected operating revenue and corporate free cash flow of Magerk Company are set out as below:

Unit RMB '000

Duration (Year)	Operating Revenue	Corporate Free Cash Flow
September to December 2016	108,871.4	61,236.2
2017	324,368.9	183,152.6
2018	321,446.6	176,844.4
2019	318,689.3	176,113.9
2020	316,213.6	175,113.5
2021	313,893.2	166,411.2
2022 (up to 22 September)	233,854.4	167,188.9

Based on the above assumptions, value of 45% equity interests in JEL Company as at the valuation base date of 31 August 2016 was RMB480,919,100 (equivalent to approximately HK\$540,358,500). JEL Company distributed dividends in amount of RMB60,934,000 after the

valuation base date. Taking into account of such factor, value of 45% equity interests in JEL Company shall be RMB453,498,800 (approximately HK\$509,549,213).

The board of directors of the Company has reviewed the principal assumptions adopted in the valuation, and is of the view that the valuation has been made after due and careful enquiry. The calculation of discounted future estimated cash flows adopted by DZX on which the valuation is based has been reviewed by Ernest and Young, the auditors of the Company. The letter from the board of directors of the Company and the letter from Ernest and Young are included in Appendices I and II to this announcement, respectively.

INFORMATION ON JEL COMPANY

JEL Company is a limited liability company established in the Cayman Islands. It is principally engaged in investment holding of 100% equity interest in Magerk Company.

Magerk Company is a limited liability company established in the PRC which principally engages in the development, construction, toll collection and management of Wuhuang Expressway. Wuhuang Expressway is the expressway from Wuhan to Huangshi, located in Hubei Province. It is a bi-directional four-lane expressway with a toll mileage of approximately 70 kilometers. It is a part of Huyu Expressway (G50), Fuyin Expressway (G70) and Guanbao Expressway (S8). Wuhuang Expressway is a major hub of transportation network of eastern Hubei Province. It connects with Jinggang'ao Expressway (G4) and National Highway 107 in Wuhan City, and reach to Anhui Province and Jiangxi Province through peripheral expressway networks. Wuhuang Expressway was formerly a Class 1 highway which commenced operation in 1991. The highway was reconstructed into an expressway in 1996 with operation period till September 2022. Mei Wah Company and Flywheel Investments acquired 55% and 45% of its interests in August 2005 with a consideration of HK\$653,631,800 and HK\$534,789,700, respectively. The average daily mixed traffic volume of Wuhuang Expressway in 2014 and 2015 was 38,891 vehicles and 40,617 vehicles, respectively, and the average daily toll revenue in 2014 and 2015 were RMB891,000 and RMB908,500, respectively.

The table below sets out the consolidated financial information of JEL Company for the period for the two years ended 31 December 2015 (audited) and the nine months ended 30 September 2016 (unaudited):

Unit: RMB'000

	For the year ended 31 December 2014	For the year ended 31 December 2015	For nine months ended 30 September 2016
Net profit (before tax)	204,360	207,715	158,114
Net profit (after tax)	153,118	155,654	118,592
	As at 31 December 2014	As at 31 December 2015	As at 30 September 2016
Net asset	384,842	402,090	365,203

REASONS FOR AND BENEFITS OF ENTERING INTO THE TRANSFER AGREEMENT

The investment, construction, operation and management of toll highways and roads are in the ordinary and usual course of business of the Group. The directors of the Company consider that Wuhuang Expressway has a good business record and a relatively low investment risk. The increasing of equity interest in JEL Company by the Group is to further increase its profitability and cash flow in future. The Transaction can also further strengthen the Group's core advantages in the investment, management and operation of the highways, which is in line with its development strategy and overall interests. In addition, as the controlling shareholder of the Company, SZ International has undertaken to avoid competition with the Company and support the development of the Company, such as by way of injecting expressway related assets into the Company under appropriate conditions. The Transaction is a win-win project which has taken care of the interests of both parties since it realised SZ International's positive attitude in supporting the Company and consolidate SZ International's good image of fulfilling its undertaking.

The Company had convened a board meeting for consideration and approval of the Transaction. Mr. Hu Wei, Mr. Zhao Jun Rong, Mr. Tse Yat Hong and Mr. Liu Ji, directors holding positions in Shenzhen International and/or its subsidiaries (excluding the Group), had declared their interests in accordance with the requirements and had not participated in voting on the relevant resolution. The resolution was unanimously approved by other directors.

The directors (including independent non-executive directors) of the Company consider that Transfer Agreement was entered into between parties after arm's length negotiation, the Transaction is on normal commercial terms and in the ordinary and usual course of business of the Group, the terms of the Transaction are fair and reasonable and in the interests of the Company and its shareholders as a whole.

INFORMATION ON THE COMPANY AND PARTIES TO THE TRANSFER AGREEMENT

The Company

The Company and its subsidiaries are principally engaged in the investment, construction, operation and management of toll highways and roads, as well as other urban and transportation infrastructure facilities.

Mei Wah Company

Mei Wah Company is a limited liability company established in Hong Kong and wholly-owned

by the Company, it is principally engaged in investment holding.

Flywheel Investments

Flywheel Investments is a limited liability company established in the British Virgin Islands and wholly-owned by SZ International, it is principally engaged in investment holding.

IMPLICATIONS UNDER THE LISTING RULES

As at the date of this announcement, SZ International holds approximately 50.889% equity interest in the Company, while Flywheel Investments is a wholly-owned subsidiary of SZ International. Therefore, under Chapter 14A of the Listing Rules, Flywheel Investments is a connected person of the Company, and the Transaction constitutes a connected transaction of the Company.

Since the applicable percentage ratios of the Transaction (excluding profit ratio) are above 0.1% but less than 5%, the Transfer Agreement is subject to the requirements of reporting and announcement but exempt from the requirement of approval by independent shareholders under Chapter 14A of the Listing Rules. In addition, since the profit ratio of the Transaction is above 5% but less than 25%, the Transaction constitutes a discloseable transaction of the Company, and the Transfer Agreement is subject to the requirements of reporting and announcement but exempt from the requirement of approval by independent shareholders under Chapter 14 of the Listing Rules.

EXPERTS AND CONSENTS

The following are the qualifications of the experts who have given opinion or advice contained in this announcement:

<i>Name</i>	<i>Qualifications</i>
DZX	an independent qualified valuer in the PRC engaged in valuation
Ernst & Young	Certified Public Accountants, the PRC

To the best of knowledge, information and belief of the directors of the Company, having made all reasonable enquiries, each of DZX and Ernst & Young is an Independent Third Party of the Company.

As at the date of this announcement, none of DZX and Ernst & Young has any shareholding in any member of the Group or any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group.

Each of the DZX and Ernst & Young has given and has not withdrawn its consent to the publication of this announcement with the inclusion of its opinion and/or advice and all references to its name in the form and context in which they are included.

DEFINITIONS

“The 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 thereto under the Listing Rules
“DZX”	Shenzhen DZX International Appraisal Limited (深圳德正信國際資產評估有限公司), an independent institution established in PRC with the qualifications for assets valuation
“Ernst & Young”	Ernst & Young Hua Ming LLP
“Flywheel Investments”	Flywheel Investments Limited, a limited liability company incorporated in British Virgin Islands and a wholly-owned subsidiary of SZ International
“The Group”	The Company and its consolidated subsidiaries
“JEL Company”	Jade Emperor Limited, a limited liability company incorporated in the Cayman Islands
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Magerk Company”	湖北馬鄂高速公路經營有限公司(Hubei Magerk Expressway Management Company Limited), a limited liability company incorporated in the PRC and a wholly-owned subsidiary of JEL Company
“Mei Wah Company”	Mei Wah Industrial (Hong Kong) Limited, a limited liability company incorporated in Hong Kong and a wholly-owned subsidiary of the Company
“PRC”	the People’s Republic of China, and for the purposes of this announcement, excluding Hong Kong, the Macau Special Administrative Region and Taiwan
“RMB”	Renminbi, the lawful currency of the PRC
“SZ International”	Shenzhen International Holdings Limited, a company incorporated in Bermuda with limited liability, the shares of which are listed on the Stock Exchange
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Transfer Agreement”	the equity interest transfer agreement entered into between Mei Wah Company and Flywheel Investments on 2 December 2016 in relation to the Transaction

“Transaction” the transfer of the 45% equity interest in JEL Company by Flywheel Investments to Mei Wah Company pursuant to the Transfer Agreement

“Wuhuang Expressway” the expressway from Wuhan to Huangshi

Notes:

In this announcement, the English names of certain PRC entities are translation of their Chinese names, and are included herein for identification purpose only. In the event of any inconsistency, the Chinese names shall prevail.

In this announcement, amounts denominated in RMB have been converted into HK\$ at the rate of RMB0.89=HK\$1.00 for illustration purpose only. No representation is made to the effect that any amount in RMB or HK\$ have been, could have been or could be converted at the above rate or at any other rates or at all.

By Order of the Board
Luo Kun
Joint Company Secretary

Shenzhen, PRC, 2 December 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. LIAO Xiang Wen (Executive Director), Mr. ZHAO Jun Rong (Non-executive Director), Mr. TSE Yat Hong (Non-executive Director), Mr. LIU Ji (Non-executive Director), Mr. CHEN Yuan Jun (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).

APPENDIX I - LETTER FROM THE BOARD OF DIRECTORS OF SHENZHEN EXPRESSWAY COMPANY LIMITED

2 December 2016

Listing Division
The Stock Exchange of Hong Kong Limited
11th Floor, One International Finance Centre
1 Harbour View Street
Central, Hong Kong

Dear Sirs,

Rule 14.62 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited

Reference is made to the announcement (the “Announcement”) of Shenzhen Expressway Company Limited (the “Company”) dated 2 December 2016, which mentioned the valuation (the “Valuation”) carried out by Shenzhen DZX International Appraisal Limited (“DZX”) on the value of 45% equity interest of Jade Emperor Limited (including the equity interest of its wholly-owned subsidiary, Hubei Magerk Expressway Management Company Limited).

We have reviewed the Valuation for which DZX are responsible, and discuss with DZX on relevant matters (including the part of bases and assumptions upon which the Valuation has been prepared). We have also considered the letter from our auditor, Ernst & Young Hua Ming LLP dated 2 December 2016 addressed to us regarding whether the discounted cash flow forecast on which the Valuation is based was compiled properly so far as the calculations are concerned.

On the basis of the foregoing, we are of the opinion that the Valuation mentioned in the Announcement has been stated after due and careful enquiry.

Yours faithfully,

By Order of the Board
Shenzhen Expressway Company Limited
WU Ya De
Executive Director and President

APPENDIX II

The following is the text of the report received from Ernst & Young Hua Ming LLP, Certified Public Accountants, the PRC, for the purpose of inclusion in this announcement.



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REPORT FROM REPORTING ACCOUNTANTS ON THE DISCOUNTED CASH FLOW FORECAST IN CONNECTION WITH THE VALUATION OF 45% OF THE FAIR VALUE OF JADE EMPEROR LIMITED

To the Directors of Shenzhen Expressway Company Limited

We have been engaged to report on the arithmetical accuracy of the calculations of the discounted cash flow forecast (the "Forecast") on which the valuation dated 3 November 2016 prepared by DP International Appraisal Limited in respect of 45% of the fair value of Jade Emperor Limited (the "Target") as at 31 August 2016 is based. The valuation is set out in the announcement of Shenzhen Expressway Company Limited (the "Company") dated 2 December 2016 (the "Announcement") in connection with the acquisition of the Target. The valuation based on the Forecast is regarded by The Stock Exchange of Hong Kong Limited as a profit forecast under paragraph 14.61 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules").

Directors' responsibilities

The directors of the Company (the "Directors") are responsible for the Forecast. The Forecast has been prepared using a set of bases and assumptions (the "Assumptions"), the completeness, reasonableness and validity of which are the responsibility of the Directors. The Assumptions are set out on page 3 to 4 of the Announcement.



Reporting Accountants' responsibilities

Our responsibility is to express an opinion on the arithmetical accuracy of the calculations of the Forecast based on our work. The Forecast does not involve the adoption of accounting policies.

We conducted our engagement in accordance with China Standard on Other Assurance Engagements No.3101 – Assurance Engagements Other Than Audits or Reviews of Historical Financial Information issued by the Chinese Institute of Certified Public Accountants. This standard requires that we comply with ethical requirements and plan and perform our work to obtain reasonable assurance as to whether, so far as the arithmetical accuracy of the calculations are concerned, the Directors have properly compiled the Forecast in accordance with the Assumptions adopted by the Directors. Our work consisted primarily of checking the arithmetical accuracy of the calculations of the Forecast prepared based on the Assumptions made by the Directors. Our work is substantially less in scope than an audit conducted in accordance with China Standards on Auditing issued by the Chinese Institute of Certified Public Accountants. Accordingly, we do not express an audit opinion.

We are not reporting on the appropriateness and validity of the Assumptions on which the Forecast are based and thus express no opinion whatsoever thereon. Our work does not constitute any valuation of the Target. The Assumptions used in the preparation of the Forecast include hypothetical assumptions about future events and management actions that may or may not occur. Even if the events and actions anticipated do occur, actual results are still likely to be different from the Forecast and the variation may be material. Our work has been undertaken for the purpose of reporting solely to you under paragraph 14.62(2) of the Listing Rules and for no other purpose. We accept no responsibility to any other person in respect of our work, or arising out of or in connection with our work.



Opinion

Based on the foregoing, in our opinion, so far as the arithmetical accuracy of the calculations of the Forecast is concerned, the Forecast has been properly compiled in all material respects in accordance with the Assumptions adopted by the Directors.

Ernst & Young Hua Ming LLP

Certified Public Accountant: Xie Feng

Beijing, the People's Republic of China

Certified Public Accountant: Deng Dong Mei

2 December 2016