

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



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
CAPITAL CONTRIBUTION IN PROJECT COMPANY OF YANGMAO
EXPRESSWAY**

CAPITAL CONTRIBUTION AGREEMENT

The Board is pleased to announce that on 5 June 2018, GD Expressway, the Company, GD Communication and Project Company entered into the Capital Contribution Agreement. Pursuant to the Capital Contribution Agreement, GD Expressway, the Company and GD Communication will inject an aggregate amount of RMB3,024 million (approximately HK\$3,688 million) into Project Company in proportion to their respective shareholdings in the Project Company, among which the Company shall contribute an amount of RMB756 million (approximately HK\$922 million).

REASONS FOR AND BENEFITS OF ENTERING INTO THE CAPITAL CONTRIBUTION AGREEMENT

The Company's principal businesses cover investment, construction, operation and management of toll highways and roads. The Board is of view that, Yangmao Expressway is located in an excellent geographical location and the areas along the expressway enjoy a vibrant economy. Since its commencement of operation for more than a decade, its operation performance has grown steadily, which has given the Company a satisfactory return on investment. With the growing economy, it is expected that the traffic demand along Yangmao Expressway will continue to increase. Therefore expanding Yangmao Expressway at an appropriate time can further take advantage of its positional advantages, enhance its commercial value, and consolidate the Company's core advantages in investment, operation and management of its highways, which are in line with the Company's development strategy and overall interests.

The Board considers that Capital Contribution Agreement was entered into on normal commercial terms after arm's length negotiation, and the terms of the Capital Contribution Agreement are fair and reasonable and the transaction contemplated under the Capital Contribution Agreement is in the interests of the Company and its shareholders as a whole.

IMPLICATIONS UNDER THE LISTING RULES

Since the applicable percentage ratios of the transaction contemplated under the Capital Contribution Agreement are above 5% but less than 25%, the entering of the Capital Contribution Agreement is subject to the reporting and announcement requirements but exempt from the shareholders' approval requirement under Chapter 14 of the Listing Rules.

The Board is pleased to announce that on 5 June 2018, GD Expressway, the Company, GD Communication and Project Company entered into the Capital Contribution Agreement. The principal terms of the Capital Contribution Agreement are as follows:

Capital Contribution Agreement

Date : 5 June 2018

Parties: (1) GD Expressway;
(2) the Company;
(3) GD Communication; and
(4) Project Company.

To the best of the knowledge, information and belief of the Directors and having made all reasonable enquiries, each of GD Expressway, GD Communication, Project Company and their respective ultimate beneficial owner is a third party independent of the Company and its connected persons.

Background of Yangmao Expressway:

According to the approval of the Guangdong Provincial Development and Reform Commission, the total investment amount of the Reconstruction Project shall be RMB8,640 million, among which 35% of the total investment amount (i.e. RMB3,024 million), being the project capital, shall be self-raised by the Project Company. The investment amount other than the project capital will be settled by the Project Company through bank loans.

Capital Contribution Agreement:

According to the Capital Contribution Agreement, the capital amount of RMB3,024 million for the Reconstruction Project will be made by GD Expressway, the Company and GD Communication in proportion to their respective shareholding in the Project Company:

	Shareholdings in the Project Company	Capital Contribution Commitment (RMB)
GD Expressway	65%	1,965,600,000
the Company	25%	756,000,000
GD Communication	<u>15%</u>	<u>453,600,000</u>
Total	100%	3,024,000,000

The capital contribution amount will be included in the capital reserve of the Project Company.

The Payment Arrangement of Capital Contribution Amount:

The Project Company should forecast fund demand based on the construction plan and progress of the Reconstruction Project. The Project Company should submit the use of funds to its shareholders every six months. And each shareholder needs to make capital contribution on time according to the annual Capital Contribution plan and the Capital Contribution schedule for the Reconstruction Project approved by the shareholders' resolutions at the annual general meeting of Project Company for that year. Among them, the Capital Contribution for the first and second quarter of 2018 shall be completed before 30 June 2018.

The Company will settle its capital contribution commitment by its internal resources and/or borrowings.

Determination of the Capital Contribution Amount:

The capital contribution amount is based on the approval on the Reconstruction Project as approved by the Guangdong Provincial Development and Reform Commission, the proportion of project capital to total investment amount of the Reconstruction Project, and the shareholding of the GD Expressway, the Company and GD Communication in the Project Company.

INFORMATION ON THE PROJECT COMPANY AND THE RECONSTRUCTION PROJECT

The Project Company is a limited liability company established in the PRC. It is principally engaged in the investment, construction, operation, maintenance and management of Yangmao Expressway.

Yangmao Expressway is a section of G15 (Shenyang to Haikou) National Expressway. It has a total length of approximately 79.76 k.m. and is the major channel leading from Zhujiang West, Hainan and southeast part of Guangxi to the Zhujiang Delta which enjoys an excellent geographical location. Yangmao Expressway is currently a two-way, four-lane highway which has commenced operation since November 2004. Its concession period shall expire on 27 July 2027. The Company acquired a 25% equity interest in the Project Company in 2004. The average daily traffic volume of Yangmao Expressway in 2017 was approximately 50,200 vehicles. In order to meet with the increasing traffic demand, Yangmao Expressway will undergo reconstruction and expansion according to the standard of eight-lane highway.

According to the Reconstruction Project of Yangmao Expressway, the full commencement of the Reconstruction Project is expected to take place in the end of 2018 and completed by the end of 2022. The Reconstruction Project has been approved by the Guangdong Provincial Development and Reform Commission. The total investment amount for the Reconstruction Project is RMB 8,640 million, among which 35% of the total investment amount (i.e. RMB3,024 million), being the project capital, shall be self-raised by the Project Company. The investment amount other than the project capital will be settled by the Project Company through bank loans. Each shareholder of the Project Company makes capital contribution to the Project Company in proportion to their respective shareholdings therein with an aim to raise the fund for the Reconstruction Project.

According to the existing policies, laws and regulations of Guangdong Province, the reasonable concession period for the new investment in the reconstruction and expansion of expressways must be reported to the Guangdong Provincial Department of Transportation for review and obtain approval from the Guangdong Provincial People's Government. The Project Company will apply for an extension of the concession period in accordance with the applicable requirements.

REASONS FOR AND BENEFITS OF ENTERING INTO THE CAPITAL CONTRIBUTION AGREEMENT

Each shareholder of the Project Company makes capital contribution to the Project Company in proportion to their respective shareholdings therein with an aim to raise the fund for the Reconstruction Project. The Company's principal businesses cover investment, construction, operation and management of toll highways and roads. The Board is of view that, Yangmao Expressway is located in an excellent geographical location and the areas along the expressway enjoy a vibrant economy. Since its commencement of operation for more than a decade, its operation performance has grown steadily, which has given the Company a satisfactory return on investment. With the growing economy, it is expected that the traffic demand along Yangmao Expressway will continue to increase. Therefore expanding Yangmao Expressway at an appropriate time can further take advantage of its positional advantages, enhance its commercial value, and consolidate the Company's core advantages in investment, operation and management of its highways, which are in line with the Company's development strategy and overall interests.

The Board considers that Capital Contribution Agreement was entered into on normal commercial terms after arm's length negotiation, and the terms of the Capital Contribution Agreement are fair and reasonable and the transaction contemplated under the Capital Contribution Agreement is in the interests of the Company and its shareholders as a whole.

INFORMATION ON THE COMPANY, GD EXPRESSWAY AND GD COMMUNICATION

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.

GD Expressway

GD Expressway is a limited liability company incorporated in the PRC. It principally engages in the construction and operation of highways.

GD Communication

GD Communication is a limited liability company incorporated in the PRC. It principally engages in the investment, construction, operation, maintenance management of highways and related asset management.

IMPLICATIONS UNDER THE LISTING RULES

Since the applicable percentage ratios of the transaction contemplated under the Capital Contribution Agreement are above 5% but less than 25%, the entering of the Capital Contribution Agreement is subject to the reporting and announcement requirements but exempt from the shareholders' approval requirement under Chapter 14 of the Listing Rules.

DEFINITIONS

“Board”	the board of directors of the Company
“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
“Capital Contribution Agreement”	the agreement in relation to the self-raised capital contribution for the Reconstruction Project entered into among GD Expressway, the Company, GD Communication and Project Company on 5 June 2018
“Directors”	the directors of the Company
“Group”	the Company and its subsidiaries
“GD Expressway”	廣東省高速公路有限公司 (Guangdong Provincial Expressway Company Limited), a limited liability company incorporated in the PRC
“GD Communication”	廣東交通實業投資有限公司 (Guangdong Communication Enterprise Investment Company Limited), a limited liability company incorporated in the PRC
“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
“PRC”	the People’s Republic of China, and for the purposes of this announcement, excluding Hong Kong, the Macau Special Administrative Region and Taiwan
“Project Company”	廣東陽茂高速公路有限公司 (Guangdong Yangmao Expressway Company Limited), a limited liability company incorporated in the PRC owned as to 65%, 25% and 15% by GD Expressway, the Company and GD Communication as at the date of this announcement
“Reconstruction Project”	reconstruction and expansion project to be carried out on Yangmao Expressway
“RMB”	Renminbi, the lawful currency of the PRC
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Yangmao Expressway”	Yangjiang to Maoming section (G15, Shenyang to Haikou) of Shenhai National Highway

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 RMB0.82=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, 5 June 2018

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. LIAO Xiang Wen (Executive Director), Ms. GONG Tao Tao (Executive Director), Ms. CHEN Yan (Non-executive Director), Mr. FAN Zhi Yong (Non-executive Director), Mr. CHEN Yuan Jun (Non-executive Director), Mr. CHEN Kai (Non-executive Director), Mr. CAI Shu Guang (Independent non-executive Director), Mr. WAN Siu Wah Wilson (Independent non-executive Director), Ms. CHEN Xiao Lu (Independent non-executive Director) and Mr. BAI Hua (Independent non-executive Director).