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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)

**EXTENSION OF THE SPECIFIC MANDATE FOR PROPOSED ISSUANCE
OF A SHARE CONVERTIBLE BONDS;
PROPOSED IMPLEMENTATION OF INCENTIVE SCHEME AND
APPOINTMENT OF DIRECTOR**

**(I) EXTENSION OF THE SPECIFIC MANDATE FOR PROPOSED ISSUANCE OF
A SHARE CONVERTIBLE BONDS**

Reference is made to the Company's circular dated 13 December 2017 and the announcements dated 9 November 2017, 14 December 2017 and 28 December 2017 in relation to the proposed issuance of the A share CB under the Specific Mandate. The Specific Mandate was approved by the Shareholders at the extraordinary general meeting and the class meetings of the Company held on 28 December 2017. As disclosed in the said circular and announcements, the Specific Mandate for the issuance of A share CB was valid for a period of 12 months from the passing of the relevant shareholders' resolutions on 28 December 2017. The principal terms of the proposal for the issuance of the A Shares CB had been set out in the said circular and are restated in the appendix of this announcement.

Since the validity period of the Specific Mandate for the issuance of A share CB was expired, on 28 December 2018, the Board resolved to convene the EGM and the Class Meetings to propose to the Shareholders to consider and, if thought fit, approve the extension of the Specific Mandate for the issuance of A share CB for a period of 12 months from the expiration date of the validity period (i.e. extend from 28 December 2018 to 27 December 2019).

The public issuance of the A Share CB has been approved by the Shareholders at the extraordinary general meeting and the class meetings of the Company held on 28 December 2017 and still subject to the approval by the CSRC. The extension of the Special Mandate for the issuance of A share CB is subject to approval by the Shareholders at the EGM and Class Meetings.

FUND RAISING ACTIVITIES IN THE PAST TWELVE MONTHS

The Company did not conduct any other equity fund raising activities in the past twelve months immediately before the date of this announcement.

REASONS FOR AND BENEFITS OF THE ISSUANCE OF A SHARE CB AND THE EXTENSION OF THE SPECIFIC MANDATE

The Company together with its subsidiaries are principally engaged in the investment, construction, operation and management of toll highways, as well as other urban and transportation infrastructure facilities. Currently, other urban infrastructure facilities mainly include large environmental business areas such as water environmental treatment and solid waste treatment. As transportation infrastructure industry and environmental protection industry are capital-intensive industries which require large amount of funding, the financial risk of the Company will significant increase if the Company merely raises fund by issuance of debt securities, thus the Company's development capacity will be limited and will miss out the industry development opportunity. The issue of the A Share CB can enhance the capital strength of the Company, increase its subsequent development capacity, and provide financial support for the implementation of its strategies. The A Share CB can provide low-cost financing to the Company and help to reduce the Company's financial costs prior to the conversion. When the A Share CB are ultimately be converted into A Shares, the equity financing channels of the Company will also be broadened, which allows the Company to have the chance to optimize its capital structure, maintain financial flexibility, and enhance its healthy development in future.

The Directors are of the view that the issue of the A Share CB, the terms and conditions of the A Share CB and the extension of the Specific Mandate are fair and reasonable and in the interest of the Company and the Shareholders as a whole.

IMPLICATIONS UNDER THE LISTING RULES

Pursuant to Rule 19A.38 of the Listing Rules, the grant of Specific Mandate is subject to the requirements of approval at the EGM and the Class Meetings.

The proposal in relation to the extension of the Specific Mandate for the proposed issuance of the A Share CB was considered and approved by the Board on 28 December 2018. None of the Directors has material interest in the abovementioned matters and hence no Director abstained from voting on such Board resolution.

The Board expects that the Company will continue to maintain sufficient public float to comply with the minimum public float requirement set out in the Listing Rules.

(II) PROPOSED IMPLEMENTATION OF INCENTIVE SCHEME

In order to attract and retain outstanding talents; fully motivate the enthusiasm of the senior management, intermediate management and the backbone personnel of core management and technical staff; effectively combine the interests of the Shareholders, the Company and its management and to raise their concerns in the long-term development of the Company; the Company considered the focus on its future performance increment together with the actual circumstances, and formulated the Incentive Scheme pursuant to the Company Law, Securities Law and other relevant PRC laws and regulations, the Articles of Association of the Company, the "Guidance on Further Improvement of the Remuneration Distribution System of Municipal State-owned Enterprises and the Comprehensive High and Low Salary Distribution Mechanism" 《關於進一步完善市屬國有企業收入分配制度健全能高能低薪

酬分配機制指導意見》(SZ SASAC [2017] No. 5) and “SZ SASAC Notice on Promoting the Full Establishment of a Long-Term Incentive and Restrictive Mechanism for Directly Managed Enterprises” (《深圳市國資委關於推動直管企業全面建立長效激勵約束機制的通知》)(SZ SASAC Letter [593]).

Pursuant to relevant requirements of PRC laws and regulations, the Incentive Scheme shall become effective subject to the approval by the Shareholders at the EGM and the consent from the state-owned regulatory authorities (if necessary). The Board resolved to propose to the Shareholders at the EGM to consider and, if thought fit, approve the implementation of the Incentive Scheme. Details of the Incentive Scheme will be set out in the circular to be despatched to the Shareholders.

(III) APPOINTMENT OF DIRECTOR

Reference is made to the Company’s circular dated 22 October 2018 and the supplemental notice of the third extraordinary general meeting 2018 (the “**2018 EGM**”) dated 2 November 2018.

As disclosed in the said documents, resolutions in relation to the appointment of Directors and Supervisor were proposed in the 2018 EGM, wherein Mr. Wen Liang was one of the candidates of the Directors. However, on 2 November 2018, since the other candidates had withdrawn from being a candidate due to their personal career reasons, the said resolutions were removed from the notice of the 2018 EGM.

After despatch of the Original EGM Notice (as defined below) on 18 January 2019, XTC Company, a shareholder holding approximately 30.03% of the issued share capital of the Company, requested in writing for the inclusion of the following resolution to be considered at the EGM pursuant to the applicable PRC laws and regulations: To consider and approve the resolution in relation to the appointment of the Director of the eighth session of the board of directors of the Company: Mr. Wen Liang be appointed as a Director of the eighth session of the board of directors of the Company with immediate effect until 31 December 2020. Accordingly, the resolution shall be considered at the EGM.

Details of the biography of Mr. Wen Liang and the information in relation to the appointment of Mr. Wen Liang are set out in the circular dated 22 October 2018. As at the date of this announcement, there has been no change of such information.

EGM AND CLASS MEETINGS

The Company will convene the EGM for the Shareholders to consider and, if thought fit, to approve the extension of the Specific Mandate for the proposed issuance of the A Share CB; the proposed implementation of the Incentive Scheme, and the proposed appointment of Mr. Wen Liang as a Director; and convene the ACM and the HCM to consider and, if thought fit, to approve the extension of the Specific Mandate for the proposed issuance of the A Share CB.

A circular containing, among other things, details of the extension of the Specific Mandate for the proposed issuance of the A Share CB; the proposed implementation of the Incentive Scheme, and the proposed appointment of Mr. Wen Liang as a Director will be despatched to the Shareholders as soon as practicable in accordance with the Listing Rules.

Since the EGM notice (the "**Original EGM Notice**") and the EGM proxy form (the "**Original EGM Proxy Form**") of the Company despatched on 18 January 2018 do not contain the new resolutions relating to the proposed implementation of the Incentive Scheme and the proposed appointment of Mr. Wen Liang as a Director, a revised EGM notice and a revised EGM proxy form will be prepared and despatched to the Shareholders with the said circular.

The aforesaid two new resolutions are only required to be considered at the EGM and only affects the content of the Original EGM Notice and the Original EGM Proxy Form, the notice of the HCM, the proxy form of the HCM and the reply slips for the EGM and HCM which were published and despatched to the shareholders of the Company on 18 January 2019 remain unchanged and valid.

DEFINITIONS

"A Share(s)"	Renminbi-denominated ordinary shares of the Company which were issued in the PRC and subscribed in RMB and are listed on the Shanghai Stock Exchange
"ACM"	the first class meeting 2019 of Holders of A Shares of the Company to be held at the conference room of the Company at Podium Levels 2-4, Jiangsu Building, Yitian Road, Futian District, Shenzhen, the PRC, on Monday, 4 March 2019 after 10 a.m. (immediately after the conclusion of the EGM), or any adjournment thereof
"A Share CB"	A Share CB in the total amount of not more than RMB2.2 billion (inclusive of RMB2.2 billion) which are convertible into new A Shares, proposed to be issued by the Company in the PRC
"A Share CB Holder(s)"	holder(s) of the A Shares CB to be issued by the Company
"Board"	the board of Directors
"Class Meetings"	ACM and HCM
"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
"CSRC"	China Securities Regulatory Commission
"Director(s)"	the director(s) of the Company
"EGM"	the first extraordinary general meeting 2019 of the Company to be held at the conference room of the Company at Podium Levels 2-4, Jiangsu Building, Yitian Road, Futian District, Shenzhen, the PRC,

	on Monday, 4 March 2019 at 10 a.m., or any adjournment thereof
“Hong Kong”	Hong Kong Special Administrative Region of the People’s Republic of China
“H Share(s)”	Overseas-listed foreign shares of the Company which were issued in Hong Kong and subscribed in HK\$ and are listed on the Stock Exchange
“HCM”	the first class meeting 2019 of Holders of H Shares of the Company to be held at the conference room of the Company at Podium Levels 2-4, Jiangsu Building, Yitian Road, Futian District, Shenzhen, the PRC, on Monday, 4 March 2019 after 10 a.m. (immediately after the conclusion of the ACM), or any adjournment thereof
“Incentive Scheme”	the profit increment based incentive and restraint scheme proposed to be implemented by the Company
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	the People’s Republic of China, which for the purpose of this announcement only, excludes Hong Kong, Macau Special Administrative Region of the People’s Republic of China and Taiwan
“RMB”	Renminbi, the lawful currency of the PRC
“Shareholder(s)”	holder(s) of the Shares
“Share(s)”	share(s) of the Company, including A Share(s) and H Share(s), unless specified otherwise
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Specific Mandate”	the specific mandate in relation to the issuance of the A Share CB approved at the extraordinary general meeting and the class meetings of the Company held on 28 December 2017
“SSE”	Shanghai Stock Exchange
“SZ SASAC”	State-owned Assets Supervision and Administration Commission of the People’s Government of Shenzhen Municipal
“XTC Company”	Xin Tong Chan Development (Shenzhen) Co., Ltd. (新通產實業開發(深圳)有限公司), a company incorporated in the PRC with limited liability

By Order of the Board
Luo Kun
Company Secretary

Shenzhen, the PRC, 12 February 2019

As at the date of this announcement, the directors of the Company are Mr. HU Wei (Executive Director and Chairman of the Board), Mr. LIAO Xiang Wen (Executive Director and President), 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).

Below is the proposal for issuance of the A Share CB set out in the circular of the Company dated 13 December 2017 which has been approved by the Shareholders in the extraordinary general meeting and the class meetings of the Company held on 28 December 2017:

(I) TYPE OF SECURITIES TO BE ISSUED

The type of securities to be issued by the Company are the A Share CB. The A Share CB and the A Shares to be converted therefrom will be listed on the SSE.

(II) ISSUE SIZE

Pursuant to the relevant laws and regulations and in line with the Company's financial status and investment plans, the total amount of the A Share CB proposed to be issued will be not more than RMB2.2 billion (inclusive of RMB2.2 billion). The actual size of the issuance shall be determined by the Board or its authorized person(s) within the above range, subject to the authorization by the Shareholders at the EGM and the Class Meetings.

(III) PAR VALUE AND ISSUE PRICE

The A Share CB will be issued at par with a nominal value of RMB100 each.

(IV) TERM OF BOND

The term of the A Share CB will be six years from the date of issuance.

Pursuant to the Measures for the Administration of Securities Issuance by Listed Companies (上市公司證券發行管理辦法) promulgated by China Securities Regulatory Commission, the maximum term of A share convertible bonds is six years. In line with the implementation schedule of the projects to be invested by the Company with the proceeds from the issue of the A Share CB, the scale of the issuance and the future operation and financial status of the Company, the term of the A Share CB is fixed for six years from the date of issuance.

(V) INTEREST RATE OF BOND

The manner of determining the interest rate of the A Share CB and the final interest rate of each interest accrual year shall be determined by the Board or its authorised person(s) after negotiation with the sponsor institution (the lead underwriter) in accordance with the PRC policies, market conditions and the actual conditions of the Company prior to the issuance of the A Share CB, according to the authorization by the Shareholders at the EGM and the Class Meetings.

(VI) METHOD AND TIMING OF INTEREST PAYMENT

Interest of the proposed A Share CB will be paid once annually, while the principal will be repaid and the interest for the last year will be paid upon maturity of the A Share CB.

1. Calculation of the annual interest

The interest for an interest rate year (“**annual interest**”) means the interest accrued to the A Share CB Holders in each year on each anniversary of the date of issuance of the A Share CB, calculated based on the aggregate nominal value of the A Share CB.

The formula for calculating the annual interest is: $I = B \times i$

- I: denotes the annual interest;
- B: denotes the aggregate nominal value of the A Share CB held by a A Share CB Holder as at the record date for interest payment in an interest accrual year (“**that year**” or “**each year**”);
- i: denotes the interest rate of the A Share CB of that year.

2. Method of Interest Payment

- (1) Interest of the A Share CB will be paid once annually, accruing from the date of issuance of the A Share CB.
- (2) Interest payment date: The interest is payable annually on each anniversary of the date of issuance of the A Share CB. If such day falls on a statutory holiday or rest day, the interest payment date shall be postponed to the next working day thereafter, provided that no additional interest will be accrued during the period of postponement. The period between an interest payment date and the immediately following interest payment date will be an interest accrual year.
Matters in relation to the interest and dividend entitlement during the year of conversion shall be determined by the Board in accordance with relevant laws, rules and regulations of the SSE.
- (3) Record date for interest payment rights: The record date for interest payment rights in each year will be the last trading day preceding the interest payment date. The Company will pay the interest accrued in that year within five trading days from the interest payment date. The Company will not pay any interest for that year and subsequent interest accrual years to the A Share CB Holders whose A Share CB have been applied to be converted into the A Shares on or before the record date for interest payment rights.
- (4) Tax payable on the interest income of a A Share CB Holder shall be borne by such A Share CB Holder.

(VII) CONVERSION PERIOD

The conversion period of the A Share CB commences on the first trading day immediately following the expiry of the six-month period after the date of issuance of the A Share CB and ends on the maturity date of the A Share CB.

(VIII) DETERMINATION OF THE NUMBER OF CONVERSION SHARES

When a A Share CB Holder applies to convert the A Share CB during the conversion period, the formula for calculating number of the shares to be issued upon conversion is $Q = V/P$, whereby any fractional Share shall be rounded down to the nearest whole number. In the aforesaid formula:

- V: denotes the aggregate nominal value of the A Share CB in respect of which the A Share CB Holder apply for conversion;
- P: denotes the prevailing Conversion Price as at the date of application for conversion.

The number of Shares applied to be converted by an A Share CB Holder must be in whole number. Within five trading days from the conversion of the A Share CB by the A Share CB Holders, the Company will pay the A Share CB Holders in cash an amount equal to the nominal value of the remaining balance of such A Share CB which are insufficient to be converted into one A Share and the interest accrued on such balance in accordance with the relevant requirements of the SSE, securities registration authorities, etc. The corresponding amount of the interest accrued to the nominal value of the remaining balance of such A Share CB which are insufficient to be converted into one A Share (calculated pursuant to the formula set out in “(XII) Terms of Redemption”) will be paid in accordance with the requirements of the securities registration authorities.

(IX) DETERMINATION OF THE CONVERSION PRICE

The initial Conversion Price of the A Share CB shall not be lower than the higher of the average trading prices of A Shares of the Company for the 20 trading days preceding the publication date of the offering document of the A Share CB (in the event that the price has been adjusted due to ex-rights or ex-dividend during such 20 trading days, the average trading price of each of these trading days before adjustment shall be adjusted with reference to the ex-rights or ex-dividend share price) and the average trading price of A Shares of the Company on the trading day preceding the publication date of the offering document of the A Share CB. The actual initial Conversion Price shall be determined by the Board or its authorized person(s) after discussion and agreement with the sponsor institution (the lead underwriter) with reference to the market conditions, according to the authorization at the EGM and the Class Meetings.

(X) ADJUSTMENT TO THE CONVERSION PRICE

Upon issue of the A Share CB, where there is distribution of scrip dividend, capitalization issue, issuance of new Shares, rights issue or distribution of cash dividend by the Company (excluding any increase in the share capital as a result of conversion of the A Share CB), the Company will adjust the Conversion Price in accordance with the following formulas (the adjusted value shall be rounded off to two decimal places):

Distribution of scrip dividend or capitalization issue: $P_1 = P_0 / (1 + n)$;

Issuance of new shares or rights issue: $P_1 = (P_0 + A \times k) / (1 + k)$;

If the two items above implemented simultaneously: $P_1 = (P_0 + A \times k) / (1 + n + k)$;

Distribution of cash dividend: $P_1 = P_0 - D$;

If the three items above implemented simultaneously: $P_1 = (P_0 - D + A \times k) / (1 + n + k)$

Where is P_0 the Conversion Price before adjustments, n is the ratio of the scrip dividend or capitalization; k is the ratio of issuance of new Shares or rights issue; A is the price of issuance of new Shares or rights issue; D is the cash dividend per share and P_1 is the adjusted Conversion Price.

Where the abovementioned changes in the Company's equity interests occur, the Conversion Price will be adjusted accordingly and an announcement will be published on the media designated by the CSRC for disclosing information of listed companies. The announcement will indicate the date of adjustment to the Conversion Price, adjustment method and suspension period of Share conversion (if necessary). If the date of adjustment to the Conversion Price takes place on or after the A Share CB Holder's application for conversion, and before the share registration date, then such conversion will be based on the Conversion Price adjusted by the Company. In the event that the rights and benefits of the A Share CB Holders derived from the issuance are affected by the change in the Company's share class, quantity and/or Shareholders' interest due to the possible share repurchase, consolidation,

subdivision or any other circumstances which may occur, the Company will adjust the Conversion Price based on the actual situation and in accordance with the principles of fairness, justice, equality and full protection of the A Share CB Holders' interests. The Conversion Price will be adjusted based on the relevant PRC laws and regulations and the relevant provisions of the securities regulatory authorities of that time.

(XI) DOWNWARD ADJUSTMENT TO THE CONVERSION PRICE

1. Adjustment authorization and permitted adjustment magnitude

The Conversion Price may be subject to downward adjustments if, during the term of the A Share CB, the closing prices of the A Shares in 15 trading days out of any 30 consecutive trading days are lower than 90% of the prevailing Conversion Price. The Board may propose any such adjustments for the Shareholders to consider and seek their approval at a general meeting and the A/H Shares class meetings.

The above-mentioned proposal is subject to approval of more than two-thirds of the participating Shareholders with voting rights present at the general meeting and the class meetings. Shareholders holding the A Share CB should abstain from voting at the general meeting and the class meetings. The adjusted Conversion Price shall not be lower than the higher of the average trading price of A Shares of the Company for the 20 trading days preceding the aforementioned general meeting and class meetings, the average trading price of A Shares of the Company for the trading day immediately before the aforesaid general meeting and class meetings. Besides, the adjusted Conversion Price shall not be lower than the latest audited net asset value per Share and the par value per Share. In the event that another adjustment of Conversion Price has been implemented in the aforementioned 20 trading days, the Conversion Price and closing price of Shares will be calculated on an unadjusted basis during the trading days prior to adjustment, while the adjusted Conversion Price and closing price of Shares will be adopted during the trading days on which the adjustment was made or the trading day afterwards.

2. Procedure of adjustment

If the general meeting and class meetings of the Company resolve to make a downward adjustment to the Conversion Price, the Company will publish an announcement in relation to the relevant resolutions on the media designated by the CSRC for disclosing information of listed companies. The announcement will disclose the magnitude of the adjustment, the registration date of the Shares, the suspension period of share conversion. Share conversion will be restored for application based on the adjusted Conversion Price on the first trading day after the registration date (i.e. the effective date of the adjustment to the Conversion Price). If the adjustment date is on or after the share conversion application date and prior to the registration date, the share conversion application should be executed based on the price after the adjustment.

(XII) TERMS OF REDEMPTION

1. Terms of redemption at maturity

Within five trading days after the maturity of the A Share CB, the Company will redeem all the A Share CB which have not been converted into Shares from the A Share CB Holders at the price being fixed at the face value or a certain proportion higher than the face value of the A Share CB (including annual interest accrued for the latest period). The actual redemption price shall be determined by the Board or its authorized person(s) after discussion and agreement with the sponsor institution (the lead underwriter) according to the authorization at the EGM and the Class Meetings with

reference to the market conditions prior to the issuance.

2. Terms of conditional redemption

During the term of the A Share CB, if the closing price of the A Shares of the Company is equal to or not lower than 130% of the prevailing Conversion Price in at least 15 trading days out of any 30 consecutive trading days, or when the balance of the outstanding A Share CB issued hereunder is less than RMB30 million, the Company has the right to redeem all or part of the A Share CB which have not been converted into Shares based on the par value plus the accrued interest then. In the event that another adjustment of Conversion Price has been implemented in the aforementioned 30 trading days, the Conversion Price and closing price of Shares will be calculated on an unadjusted basis during the trading days prior to adjustment, while the adjusted Conversion Price and closing price of Shares will be adopted during the trading days on which the adjustment was made or the trading day afterwards.

The redemption period and the conversion period of the A Share CB are the same, being the first trading day after six months from the date of issuance to the maturity date of the A Share CB.

Formula for calculating the accrued interest for the current period is: $IA = B \times i \times t / 365$

IA: denotes the accrued interest for the current period;

B: denotes the aggregate nominal value of the A Share CB held by the A Share CB Holder;

i: denotes the interest rate of the A Share CB for current year;

t: denotes the number of days on which interest is accrued, meaning the actual number of calendar days from the beginning of current year to the redemption date (excluding the redemption date).

(XIII) TERMS OF SELL BACK

1. Terms of conditional sell back

Within 2 years prior to the maturity of the A Share CB, where the closing price of the Company's Share is lower than 70% of the then Conversion Price for 30 consecutive trading days, the A Share CB Holders are entitled to sell all or part of the A Share CB held by them back to the Company at the nominal value plus the interest accrued then.

In the event there is distribution of scrip dividend, capitalization issue, issuance of new Shares (excluding any increase in the share capital as a result of conversion of the A Share CB), rights issue or distribution of cash dividend during the aforementioned trading days, the Conversion Price and closing price of Shares will be calculated on an unadjusted basis during the trading days prior to adjustment, while the adjusted Conversion Price and closing price of Shares will be adopted during the trading days on which the adjustment was made or the trading day afterwards. If there is downward adjustment to the Conversion Price, then the aforementioned "30 consecutive trading days" shall be re-counted based on the adjusted Conversion Price from the first trading day after the downward adjustment to the Conversion Price (interest accrued for the current period will be calculated pursuant to the formula set out in "(XII) Terms of Redemption").

A Share CB Holders may exercise the right to sell back for once at the first time such requirements for sell back fulfilled for the year during the last two years. If the A Share CB Holders do not exercise their sell back rights during the sell back declaration period

after requirements for sell back fulfilled for the first time, such A Share CB Holders cannot exercise their sell back rights during the current year.

2. *Additional terms of sell back*

If the actual usage of the proceeds from the issuance of the A Share CB by the Company differs from the undertaking of the use of proceeds set out by the Company in the offering document, and such difference is considered by the CSRC as a deviation in the use of the proceeds, the A Share CB Holders will have a one-off right to sell all or part of the A Share CB held by them back to the Company at the nominal value plus the interest accrued then. Under the said scenario, the A Share CB Holders may sell their A Share CB back to the Company during the sell back declaration period. If the A Share CB Holders do not exercise their sell back rights during the sell back declaration period, they cannot exercise such rights to sell back the A Share CB (interest accrued for the current period will be calculated pursuant to the formula set out in “(XII) Terms of Redemption”).

(XIV) DIVIDEND RIGHTS OF THE CONVERSION YEAR

The new A Shares of the Company to be issued as a result of the conversion of the A Share CB shall rank pari passu with all the existing A Shares, and are entitled to dividend of that period for all Shareholders (including Shareholders derived from the conversion of the A Share CB) registered on the date of Share registration for dividend distribution.

(XV) METHOD OF ISSUANCE AND TARGET INVESTORS

The actual method of the issuance of the A Share CB will be determined by the Board or its authorised person(s) with the sponsor institution (the lead underwriter), subject to the authorization at the EGM and the Class Meetings. The target investors of the A Share CB are natural persons, legal persons, securities investment funds and other investors that meet the conditions prescribed by the laws and who have maintained securities accounts with the Shanghai Branch of China Securities Depository and Clearing Corporation Limited (except those prohibited by the state laws and regulations).

(XVI) SUBSCRIPTION ARRANGEMENT FOR EXISTING A SHAREHOLDERS

The existing holders of A Shares of the Company shall have pre-emptive rights to subscribe for the A Share CB to be issued. The actual amount to be preferentially allocated to the existing holders of A Shares shall be determined by the Board or its authorized person(s) with reference to the market conditions before issuance after negotiation with the sponsor institution (the lead underwriter), and shall be disclosed in the announcement documents of the A Share CB.

The remaining A Share CB after such preferential allocation to the existing holders of A Shares or waived by the existing holders of A Shares shall be issued to the institutional investors by off-line allotment or to the investors through the on-line offering system of the SSE. The lead underwriter shall underwrite the any remaining balance thereto.

(XVII) RELEVANT MATTERS ON A SHARE CB HOLDERS' MEETINGS

1. *Rights of the A Share CB Holders*

- (1) Rights to participate in or appoint agencies to participate in the A Share CB Holders' meeting and exercise voting rights in accordance with the laws, administrative regulations and other relevant requirements;

- (2) Rights to convert the A Share CB held into Shares of the Company according to the agreed conditions;
- (3) Entitlement to exercise right of sell back on agreed conditions;
- (4) Assignment, bestowal or pledge of the A Share CB held in accordance with the laws, administrative regulations and the Articles;
- (5) Access to relevant information in accordance with the laws and the Articles;
- (6) Claim to the Company for principal and interests of the A Share CB in accordance with the agreed period and manner;
- (7) Other rights granted by the laws, administrative regulations and Articles as creditors of the Company.

2. *Obligations of the A Share CB Holders*

- (1) Compliance with the relevant terms of the A Share CB of the Company;
- (2) Making due subscription payment of the corresponding A Share CB;
- (3) Compliance with the valid resolutions of the A Share CB Holders' meeting;
- (4) Except as specified in laws, regulations, or the agreement of the offering document, the A Share CB Holders shall not request the Company to make prepayment of the principal and interests of the A Share CB;
- (5) Compliance with other obligations undertaken by the A Share CB Holders in accordance with the laws, administrative regulations and the Articles.

3. *The Board shall convene an A Share CB Holders' meeting when any of the following circumstances arises:*

- (1) The Company's proposal for changes of the agreements of the offering document;
- (2) The Company's default in paying principal and interests of the A Share CB on time;
- (3) Reduction of the Company's capital, merger, separation, dissolution or application of winding up of the Company;
- (4) Significant changes occurred to the guarantor (if any) or the security (if any);
- (5) The occurrence of other matters which may substantially affect the interests of the A Share CB Holders.

4. *Institutions or personnel which are entitled to propose the convention of an A Share CB Holders' meeting:*

- (1) Proposal by the Board of the Company;
- (2) Written proposal by any one or more A Share CB Holder(s) which hold more than 10% of the unredeemed A Share CB;
- (3) Any institutions or personnel designated by the CSRC.

The Company will set out the method of protecting the interest of the A Share CB Holders and the rights, procedures and effective conditions of resolutions of the A Share CB Holders' meeting in the offering document.

(XVIII) USE OF PROCEEDS

The total proceeds from the issuance of the A Share CB will be applied in the construction project of Shenzhen section of Shenzhen Outer Ring Expressway (Coastal Expressway to Shenshan Expressway section) after deducting the issue cost. Based on its preliminary design, the said project is expected to cost approximately RMB20,594,480,700, among which the Company and its wholly-owned subsidiary, Shenzhen Outer Ring Expressway Investment Company Limited, will invest not more than RMB6,500,000,000 in the project. The Company shall use self-raised fund to finance the outstanding investment amount for the project and the

short fall between the actual net proceeds and the amount intended to be applied to the project raised from the issue of A Share CB.

If the time of receiving the proceeds from the issue of the A Share CB does not meet with the implementation schedule of the project, the Company may apply its self-raised fund to the project pursuant to its actual process and conditions, and replace such self-raised fund with the proceeds from the issue of the A Share CB after the same has been received.

(XIX) MANAGEMENT AND DEPOSIT OF PROCEEDS

The Company has established its saving system of proceeds, pursuant to which proceeds from the issuance of the A Share CB will be deposited into a specific account determined by the Board, specific matters related to the opening of the account will be determined by the Board or its authorized person(s) and the information in relation to such account will be disclosed in the issuance announcement.

(XX) GUARANTEE

There is no guarantee in relation to the proposed issuance of the A Share CB.

(XXI) VALIDITY PERIOD OF THE BOARD RESOLUTION

The resolution of the issuance of the A Share CB will be valid for 12 months from the date of the passing of the relevant resolutions at the EGM and the Class Meetings.

(XXII) MATTERS RELATING TO AUTHORIZATION

It will be proposed at EGM and the Class Meetings to authorize the Board with the full power to handle matters in relation to the issuance of the A Share CB, which include but not limited to:

- (1) pursuant to the issuance plan to be approved by EGM and the Class Meetings and the actual situation, to formulate and implement the specific plan of the issue of A Share CB, which include the issue time, issue size, commencement and expiry date of the issue, method of issue and target investors, arrangement of preferential allotment to existing holders of A Shares, interest rate of the A Share CB, redemption and sell back of the A Share CB, the Conversion Price, adjustment to the Conversion Price, methods of subscription, allocation of subscription, and any other matters in relation to the issue;
- (2) if new requirements were introduced by laws or regulations or relevant securities regulatory authorities has implemented new regulatory policy in relation to the issuance of the A Share CB, or the conditions of capital market have changed, to adjust the issuance plan of the A Share CB and any other relevant matters, save for those matters which are required to be re-voted at a general meeting pursuant to requirements of relevant laws, regulations and the Articles;
- (3) to engage relevant intermediaries to handle the matters relating to the issue and listing of the A Share CB, and to prepare, amend and submit the application materials in relation to the issue and listing;
- (4) to amend, supplement, sign, submit, present and execute all the agreements, contracts and documents (including but not limited to the underwriting and sponsor agreements, agreements in relation to the investment projects which the proceeds will be applied, agreements in relation to engagement of intermediaries, etc.);
- (5) pursuant to the use of proceeds as approved by the general meeting, and based on the actual progress and financial needs of the investment projects, to adjust and determine the specific usage and arrangement of the proceeds from the issue of the A Share CB; based on the actual progress and financial needs of the projects, the Company may raise

- funds and implement the investment projects, and replace such funds with the proceeds from the issue of the A Share CB after the same has been received by the Company; and to adjust the investment projects in accordance with the requirements of the relevant laws, regulations or regulatory authorities and market conditions if necessary;
- (6) to open the specific account for depositing the proceeds, and to sign the agreements in relation to the management and use of proceeds;
 - (7) to handle the registration, approval, and other matters in relation to the investment projects which the proceeds from the A Share CB issue will be applied, and to sign any material contracts in relation to such investment projects during the implementation process;
 - (8) to appropriately amend the relevant provisions of the Articles based on the conditions of issuance and conversion of the A Share CB and to deal with matters in relation to the filing with administration for industry and commerce, registration of changes in registered share capital, listing and dealings of the A Share CB, etc.;
 - (9) if as a result of force majeure or other matters, the issue plan cannot be implemented or if implemented may lead to adverse consequences to the Company, or if the policy in relation to the issue of A Share CB changes, to decide to postpone the issuance plan in advance at its discretion;
 - (10) to conduct all other matters in relation to the issue of the A Share CB insofar as permitted by relevant laws, regulations and the Articles.

The authorization shall be effective for a period of 12 months commencing from the date of the resolutions passed at the EGM and the Class Meetings. If the issue of the A Share CB is approved by the CSRC and completed during the said effective period, authorization period for the registration, listing, conversion and business registration matters and procedures in relation to the A Share CB which required to be carried out at the Shanghai Branch of China Securities Depository and Clearing Corporation Limited and the SSE, shall be effective from the date of the general meetings up to the completion date of such relevant matter or procedure.

It will be proposed at the EGM and the Class Meetings to approve the Board to authorize the Chairman, President, Financial Controller and the Secretary to the Board as the authorized persons to handle the matter in relation to the issue of A Share CB and to sign the relevant legal documents. The aforesaid authorized persons shall have the power to represent the Company to handle the matters regarding the issue of the A Share CB under the mandate to be granted at the EGM and the Class Meetings and authorized by the Board.