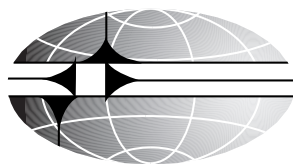

THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult your stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in **Shenzhen Expressway Company Limited**, you should at once hand this circular to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale or transfer was affected for transmission to the purchaser or transferee.

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



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;
APPOINTMENT OF DIRECTOR;
REVISED NOTICE OF EGM
AND
NOTICE OF CLASS MEETINGS**

The first extraordinary general meeting 2019 (“**EGM**”), the first class meeting 2019 of holders of A shares (“**ACM**”), the first class meeting 2019 of holders of H shares (“**HCM**”) of Shenzhen Expressway Company Limited (“**Company**”) are to be held consecutively at the conference room of the Company at Podium Levels 2-4, Jiangsu Building, Yitian Road, Futian District, Shenzhen, the PRC at 10 a.m. on Monday, 4 March 2019.

An extract of the revised notice of the EGM dated 13 February 2019 and the notice of the HCM dated 18 January 2019 are set out on pages 31 to 35 of this circular. The revised proxy form of the EGM (“**Revised EGM Proxy Form**”) is enclosed. The proxy form of the HCM, the reply slips for the EGM and the HCM which have been published and despatched to the shareholders of the Company on 18 January 2019 remain unchanged and valid.

Whether or not you intend to attend the said meetings, you are requested to complete the Revised EGM Proxy Form and/or the proxy form of the HCM in accordance with the instructions printed thereon and return the same to the registrar of H shares of the Company, Hong Kong Registrars Limited, at Floor 17M, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong (for the holders of H shares) or to the Company at Podium Levels 2-4, Jiangsu Building, Yitian Road, Futian District, Shenzhen, the People's Republic of China (for the holders of A shares) as soon as possible and in any event not less than 24 hours before the time appointed for the holding of the relevant meetings. Completion and return of the said proxy forms will not preclude you from attending and voting in person at the relevant meetings should you so wish. Completion and return of the original proxy form of the EGM (“**Original EGM Proxy Form**”), the Revised EGM Proxy Form and/or the proxy form of the HCM will not preclude you from attending and voting in person at the relevant meetings or any adjourned meeting(s) should you so wish.

13 February 2019

CONTENTS

	<i>Page</i>
Definitions	1
Letter from the Board	4
Appendix – Proposal for issuance of A Share CB	20
Revised Notice of the EGM	31
Notice of the HCM	34

DEFINITIONS

In this circular, the following expressions shall have the meanings set out below unless the context requires otherwise:

“Articles”	the articles of association of the Company (as amended from time to time)
“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

DEFINITIONS

“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
“Latest Practicable Date”	8 February 2019, being the latest practicable date prior to the printing of this circular for ascertaining certain information herein
“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 circular 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
“Supervisor(s)”	the supervisor(s) of the Company
“Supervisory Committee”	the supervisory committee of the Company
“SZ SASAC”	State-owned Assets Supervision and Administration Commission of the People’s Government of Shenzhen Municipal

DEFINITIONS

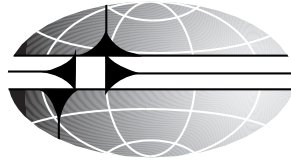
“XTC Company”

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

Notes:

In this circular, certain English names of Chinese 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.

LETTER FROM THE BOARD



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)

Executive Directors:

Mr. HU Wei (*Chairman*)
Mr. LIAO Xiang Wen (*President*)

Non-executive Directors:

Ms. CHEN Yan
Mr. FAN Zhi Yong
Mr. CHEN Yuan Jun
Mr. CHEN Kai

Independent Non-executive Directors:

Mr. CAI Shu Guang
Mr. WAN Siu Wah Wilson
Ms. CHEN Xiao Lu
Mr. BAI Hua

Legal Address:

Fumin Toll Station,
Fucheng Street,
Longhua District,
Shenzhen, PRC

Place of Business in PRC:

Podium Levels 2-4,
Jiangsu Building,
Yitian Road,
Futian District,
Shenzhen, PRC

Principal Place of Business in Hong Kong:

Room 1603, 16/F,
China Building,
29 Queen's Road Central,
Central, Hong Kong

13 February 2019

To the Shareholders

Dear Sirs or Madams,

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

LETTER FROM THE BOARD

INTRODUCTION

Reference is made to the announcements of the Company dated 10 September 2018, 20 September 2018, 2 November 2018 and 12 February 2019 in relation to 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 Director.

The purpose of this circular is to provide you with (i) further 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 Director; and (ii) other information required under the Listing Rules.

(I) EXTENSION OF THE SPECIFIC MANDATE FOR PROPOSED ISSUANCE OF THE A SHARE CB

Reference is made to the Company's circular (the "**Circular**") dated 13 December 2017 and the announcements (the "**Announcements**") dated 9 November 2017, 14 December 2017, 28 December 2017 and 12 February 2019 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 Circular and the 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. Details of the proposal for issuance of A share CB are set out in the Circular and restated in the Appendix to this circular.

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 Latest Practicable Date.

LETTER FROM THE BOARD

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 general meeting 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

On 29 January 2019, 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 are set out as follow:

LETTER FROM THE BOARD

(i) Purpose of the 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]).

(ii) Governing Authorities of the Incentive Scheme

- (1) The general meeting is the highest decision making authority of the Incentive Scheme and shall exercise the following powers:
 1. Consider and approve the Incentive Scheme and its amendment(s);
 2. Other matters required to be considered by the general meeting.
- (2) The Board is the execution authority of the Incentive Scheme and shall exercise the following powers:
 1. Consider and approve the Incentive Scheme and its amendment(s), and propose the same for the approval at the general meeting,
 2. Consider and approve the “Proposal on Calculation and Withdrawal of Increased Profit” and the “Proposal on Distribution of Incentive Fund to the Senior Management of each year during the Incentive Period;
 3. Authorize the Company to implement the approved by the Board.
- (3) The Remuneration Committee of the Board shall exercise the following powers:
 1. Formulate the Incentive Scheme or its amendment(s) and propose the same to the Board for its approval;
 2. Formulate the “Proposal on Calculation and Withdrawal of Increased Profit” and the “Proposal on Distribution of Incentive Fund to the Senior Management and submit the same for the Board’s consideration and approval;

LETTER FROM THE BOARD

3. Any other powers granted by the Board.

(iii) Definitions

The content of the scheme shall be interpreted as follows:

Assessed Net Profit

Net profit attributable to owners of the Company (excluding non-recurring items) as appeared in the consolidated financial statement of the Company after adjustment in accordance with the following provisions. Adjustment events include: (1) the impact on the net profit caused by the Government's repurchase of the three expressways (including Nanguang Expressway) shall be excluded. If any further similar toll adjustment event happens during the Incentive Period, the assessed net profit should be adjusted in accordance with the same principle; (2) interest income generated from entrusted management business (PPP); (3) profit and loss generated from changes in fair value of foreign currency debt swap transactions; (4) revenue from Guilong Project; (5) revenue from Meilin Checkpoint Renewal Project.

Benchmark Net Profit

Based on the actual value of 2017, and subject to adjustments same as those applicable to Assessed Net Profit.

ROE

Return on Equity is calculated based on the consolidated financial statement of the Company (which has excluded the non-recurring items) after adding back the aforesaid non-recurring items (excluding the one-off income from the disposal of the three expressways including Nanguang Expressway).

Industry's ROE

To be determined by the "Standard Values of Performance Evaluation of Enterprises" (《企業績效評價標準值》) published by the Financial Supervision and Evaluation Bureau of the State-owned Assets Supervision and Administration Commission of the State Council.

Incentive Fund

The rewards granted to the employees for the excessive performance of the Company in accordance with the rules of the Incentive Scheme

LETTER FROM THE BOARD

Personnel's Capability (Assessed Net Profit ÷ total remuneration) × 100%. The impact on indicators such as Assessed Net Profit and total remuneration caused by incomparable factors such as new projects and changes in scope of consolidation shall be excluded.

Benchmark Value of Personnel's Capability Calculated by the average value of the Personnel's Capability for the 3 years ended before the assessment period (i.e. 2015-2017)

The above definitions shall be interpreted and amended (if necessary) by the Board.

(iv) Incentive Period

The Incentive Scheme will be implemented from: 2018 to 2020.

(v) Incentive Targets

- (1) Executive Directors, deputy secretary of the party committee (黨委副書記), secretary of the disciplinary committee (紀委書記) who has not acted as the chairman of the Supervisory Committee, vice President and other senior management, company consultants of the Company listed in the Incentive Scheme, exclusive of the Independent Directors, non-executive Directors and the Supervisors of the Company;
- (2) Intermediate level management of the Company, personnel at the level of deputy general manager or above in the secondary level companies of the Company, and personnel at the level of deputy head or above appointed by the Company in the enterprises which the Company has shareholdings therein;
- (3) Senior managerial management personnel and other backbone business personnel in the headquarter of the Company (including its platform companies);
- (4) Other employees identified by the Board which should be awarded.

(vi) Withdrawal and Distribution of the Incentive Fund

(1) Calculation and Withdrawal of the Incentive Fund for Each Year

The Incentive Scheme adopts the profit increment sharing method, and the Incentive Fund will be withdrawn according to the relevant Withdrawal Ratio determined by the increment amount of the Assessed Net Profit and the Benchmark Net Profit of the assessment year. The amount of Incentive Fund for each year during the Incentive Period shall be calculated as follow:

$$\text{Amount of Incentive Fund for each year} = (\text{Assessed Net Profit of the assessment year} - \text{Benchmark Net Profit}) \times \text{Withdrawal Ratio}$$

LETTER FROM THE BOARD

Withdrawal Ratio shall be determined as follows:

Circumstances	Withdrawal Ratio
Company's ROE for the assessment year < Good value (良好值) of the Industry's ROE for the assessment year	0%
Good value (良好值) of the Industry's ROE for the assessment year ≤ Company's ROE for the assessment year < Excellent value (優秀值) of the Industry's ROE for the assessment year	12%
Excellent value (優秀值) of the Industry's ROE for the assessment year ≤ Company's ROE for the assessment year	14%

If the Assessed Net Profit for the assessment year is lower than the Benchmark Net Profit, the Incentive Fund in the subsequent assessment year can only be withdrawn after the net profit of such year has made up the shortfall.

(2) ***Distribution of the Incentive Fund***

The average distribution coefficients of each Incentive Target are as follows:

Position	Average Distribution Coefficient
Chairman and secretary of the party committee (黨委書記)	1.00
President	0.95
Executive Directors, deputy secretary of the party committee (黨委副書記), secretary of the disciplinary committee (紀委書記) who has not acted as the chairman of the Supervisory Committee, vice President and other senior management and company consultants who are listed in the Incentive Scheme	0.85
Principal personnel at intermediate level	0.45
Deputy personnel at intermediate level	0.38
Senior manager and other backbone personnel	0.20

Base value of the Incentive Fund to be distributed to the Incentive Target during the year = (Distribution Coefficient of the Incentive Target ÷ aggregate of the Distribution Coefficient of all Incentive Targets) × total amount of the Incentive Fund for the year

In order to comply with the principle of combining incentive and restraints, the Company will formulate the rules for distribution of the Incentive Fund. Pursuant to the performance-linked differentiated distribution principle, the actual amount to be distributed to the Incentive Targets should be based on the base distribution amount of the Incentive Targets, which will be adjusted by the strategic correlation coefficient of the departments the Incentive Targets are working in. The strategic correlation

LETTER FROM THE BOARD

coefficient ranges from 0.8-1.2, and such coefficient is linked with the individual annual performance of the Incentive Targets, so that a differentiated distribution based on different departments and different performance can be achieved.

If the Chairman, President and chief financial officer of the Company participate in other incentive programs in compliance with the policy of SZ SASAC, they shall fix the ratio between the other incentive programs and the Incentive Scheme in advance and ensure the ratio is under the cap of the long-term incentive income imposed by SZ SASAC.

(3) *Release and conditions of the Incentive Fund*

1. Deferred Release

In each year during the Incentive Period, Incentive Targets of different levels will be released with the Incentive Fund withdrawn during the year based on applicable ratio. The senior management shall be released with 40% of the Incentive Fund of the year, management of intermediate level shall be released with 50%, backbone business member/senior managerial management shall be released with 65%. The unreleased portion will be released evenly in the deferred period after the end of the Incentive Period.

2. Deferred Period

The deferred period is 3 years, i.e. from 2021 to 2023.

3. Conditions of Deferral and the Increment or Reduction of the Deferred Incentive Fund based on the status of the performance

- 1) 50% shall be based on the Excellent value (優秀值) of the Industry's ROE;
- 2) 50% shall be based on deferred target profit, which is calculated by the average of the Assessed Net Profit for the 3 years from 2018-2020 with an annual growth rate of 7.5%.

Actual amount to be released shall be calculated as follows:

Amount of deferred Incentive Fund to be released for a deferred year = (ROE of such deferred year/Excellent value (優秀值) of the Industry's ROE × 50% + Assessed Net Profit of such deferred year/Deferred target profit of the Assessed Net Profit of such deferred year × 50%) × Total amount of the deferred Incentive Fund/3

Increment or deduction amount of the deferred Incentive Fund for the Deferred Period should not be more than 20% of the total amount of the deferred Incentive Fund.

LETTER FROM THE BOARD

(vii) Restraint on the Withdrawal and Distribution of the Incentive Fund

Apart from complying the above requirements in relation to the withdrawal and distribution of the Incentive Fund, the total amount of the Incentive Fund of all Incentive Targets is also subject to the following restraints, and shall determine the upper limit of the total amount of the Incentive Fund to be withdrawn and distributed by the lowest of the following:

(1) Long-term Goal for Incentive Restraint and Personnel's Capability Indicator

The final amount of the Incentive Fund shall be determined after having combined and adjusted the completion ratio of the long-term Goal for Incentive Restraint and the aggregate of the Incentive Fund based on the Personnel's Capability Indicator of each year during the Incentive Period, i.e.:

Total final and actual amount of Incentive Fund to be withdrawn \leq Total amount of Incentive Fund that have been withdrawn during the 3-year Incentive Period \times Completion ratio of the long-term Goal for Incentive Restraint \times Adjustment coefficient of Personnel's Capability

Type of Indicators		Goal	Scoring Method
Financial Indicators (70 points)	Assessed Net Profit	The total target value of the Assessed Net Profit for the 3-year Incentive Period is RMB4.9 billion	Full score is 40 points; Scoring of this item = (Actual value of the Assessed Net Profit of the incentive year/ total target value) \times 40 points
	ROE	The target average ROE for 2018-2020 is 10.88%	Full score is 30 points; Scoring of this item = (Average ROE of the incentive year/10.88%) \times 30 points
Strategic Indicator (30 points)	Acquisition or investment of projects	Not less than 3 acquisition or investment projects in relation to obtaining majority control in expressways or environmental protection companies (excluding the Coastal Project) should be completed during the Incentive Period. The investment size of each project should not be less than RMB 100 million, of which there should be at least one environmental protection project.	Full score is 30 points; 10 points will be awarded if the approval procedure of a project has been completed

LETTER FROM THE BOARD

The total points scored under the three indicators above will be the total points for the Long-term Goal for Incentive Restraint, the completion ratio (M) = total points/100. If the completion ratio is larger than 100%, then the ratio shall be deemed as 100% for the calculation.

If the average Personnel's Capability during the Incentive Period is less than the Benchmark Value of Personnel's Capability, the total final and actual amount of Incentive Fund to be withdrawn will be reduced proportionally.

Adjustment coefficient of Personnel's Capability (K) = Average value of Personnel's Capability during the Incentive Period/Benchmark Value of Personnel's Capability

If K is larger than 1, K will be deemed as = 1; if K is less than 0.8, the full amount of the deferred Incentive Fund will be deducted.

(2) *Adjustment of the cap of Incentive Fund to the Incentive Targets*

Total final and actual amount of Incentive Fund to be withdrawn \leq Capped amount of Incentive Fund to all Incentive Targets for the 3-year Incentive Period $\times M \times K \times N$

Among which:

1. The capped amount of Incentive Fund to all Incentive Targets for the 3-year Incentive Period = Aggregate of the annual remuneration of the Chairman of the Company for the year 2018-2020 as approved by the policy of SZ SASAC \times Aggregate of the Average Distribution Coefficient of all Incentive Targets
2. N shall be calculated as follows:
 - (i) If the completion ratio of the long-term Goal for Incentive Restraint (M) is less than 80%, then $N=1$.
 - (ii) If the completion ratio of the long-term goal for incentive restrain (M) is larger than or equal to 80%, then $N=$ the average ROE of the Company of each year during the Incentive Period/the average Excellent value (優秀值) of the Industry's ROE of each year during the Incentive Period. $1 \leq N \leq 2$, if N is lesser than 1, then N shall be deemed as 1 for the calculation; if N is larger than 2, then N shall be deemed as 2 for the calculation.

If the total final and actual amount of Incentive Fund to be withdrawn calculated in accordance with the two formulas above is less than the actual amount of Incentive Fund already released, then the full amount of the deferred Incentive Funds for the Incentive Period shall be deducted, and the amount already released shall not be called back.

LETTER FROM THE BOARD

(viii) Other Restrictions on the Withdrawal and Distribution of the Incentive Fund

(1) *Circumstances which withdrawal of the Incentive Fund is not allowed*

The Company shall not withdraw the Incentive Fund if any of the following circumstances occurs during the assessment year:

1. The Assessed Net Profit is lower than the Benchmark Net Profit in the relevant assessment year;
2. The ROE is lower than the good value (良好值) of the Industry's ROE in the relevant assessment year;
3. The registered auditor issues an audit report on the financial statements in the relevant assessment year, and such report contain a rejected opinion or the auditor is unable to issue an opinion;
4. Other circumstances determined by the Board.

(2) *Circumstances which a person is not eligible to be an Incentive Target*

A person is not eligible to be an Incentive Target if any of the following circumstances occurs:

1. Being publicly condemned or declared as an improper candidate by any stock exchange in the last three years or in a year during the Incentive Period;
2. Commit material violations of laws and regulations and receive administrative punishment imposed by the China Securities Regulatory Commission for in the last three years or in a year during the Incentive Period;
3. Receive punishment from the party committee due to violation of relevant national laws, administrative regulations, regulations of the Company in a year during the Incentive Period;
4. There is sufficient evidence proving that during his/her tenure of office in the Company, the Incentive Target committed bribery, corruption, theft, leakage of material business and technology secrets of the Company or other improper act for illegitimate interests and caused loss to the Company;
5. Failing in the performance assessment in the relevant year during the Incentive Period;
6. Other circumstances with the Remuneration Committee of the Board or the Board determines such person is not eligible to be an Incentive Target.

LETTER FROM THE BOARD

(3) *Rejection Indicators*

If the Company has the following circumstances during the Incentive Period, the Incentive Fund to the relevant responsible person for the relevant assessment year shall be deducted wholly or partly:

1. The Company having made any false report or conceal in reporting its financial status, or violated any national laws and regulations;
2. If any material safety, environmental protection or quality related accident or any material disciplinary incident takes place and results in material adverse impact on the Company or loss of state-owned assets.

(ix) *Decision-making and Implementation Procedures of the Incentive Fund*

- (1) The Remuneration Committee of the Board shall formulate the “Proposal on Calculation, Withdrawal and Distribution of the Incentive Fund” and the “Proposal on Distribution of Incentive Fund to the Senior Management” and submit the same to the Board.
- (2) The Company shall withdraw and release the annual Incentive Fund in accordance with the procedures after the “Proposal on Calculation, Withdrawal and Distribution of the Incentive Fund” and the “Proposal on Distribution of Incentive Fund to the Senior Management” have been approved by the Board, and the “Proposal on Distribution of Incentive Fund to Incentive Targets at the Level under the Senior Management” has been approved by the executive Directors of the Board in the relevant assessment year.
- (3) In each year of the Incentive Period, the Company shall file the records in relation to the withdrawal and the release of the Incentive Fund pursuant to the regulations of the SZ SASAC within 1 month after the Incentive Fund has been released in accordance with the procedure.

(x) *Ancillary Provisions*

- (1) Consent from state-owned regulatory authorities shall be obtained pursuant to relevant requirements before the Incentive Scheme is proposed for consideration and approval at the Board meeting and the general meeting.
- (2) The personal income tax and any other taxes shall be borne by the Incentive Targets.
- (3) The Incentive Scheme shall be interpreted by the Board.

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). Relevant Director shall abstain from voting on the resolutions in relation to the approval of the Incentive Funds of such Director in the Board meeting or the Remuneration Committee meeting.

LETTER FROM THE BOARD

(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, 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.

The biographical details of Mr. Wen Liang are set out as follows:

Mr. Wen Liang, born in 1973, holds a professional title of Senior Accountant, obtained a bachelor degree majoring finance from Shanghai University of Finance and Economics, a master degree in management from Zhongnan University of Economics and Law. He has extensive experience in financial and audit management. Mr. Wen had consecutively served as the manager of planning and finance department and the manager of audit department, and served as the director or supervisor of various subsidiaries in Shenzhen Water Group Co., Ltd from 1996 to September 2018. Mr. Wen has been the supervisor of Shenzhen Yantian Port Group Co., Ltd. since February 2017. In September 2018, Mr. Wen joined the Company as the financial controller.

Upon approval by the Shareholders in the EGM, the appointment of Mr. Wen Liang will be effective immediately, with the term of office ending on 31 December 2020. The Company will enter into a director service contract with Mr. Wen Liang.

As approved by the previous general meeting of the Company, the Company will not fix or pay any director's fee to the executive Directors who held manage position in the Company. The salary of the executive Directors will be calculated, approved and paid with reference to the actual circumstances of their respective positions and in accordance with the Company's remuneration and benefit policies.

According to the Company's remuneration and benefit policies, employee's remuneration includes the position salary and the performance bonus which are determined with reference to the market value of the position and the performance of the relevant employee. Employee's benefits include statutory benefits and fringe benefits, which are implemented according to the unified standards imposed by the government and the Company respectively. Unless otherwise approved by the Board, the position salary of the Chairman and the President of the Company will be RMB59,000 and RMB49,000 per month respectively, while the position salary of the executive Directors who held manage position

LETTER FROM THE BOARD

will be RMB40,000 to RMB45,000 per month since 1 January 2018 and their annual performance bonus will be calculated and paid according to the principal that the respective percentage ratios of the position salary and the basis of the performance bonus to the annual salary are 60% and 40%, and the coefficient of the performance bonus of each year should be ascertained by the Board on the basis of the result of annual performance evaluation. The Board may, according to the actual circumstances and in accordance with the Company's remuneration policies and regulations, review and adjust the total salary of the Chairman, the President and other executive Directors as they think appropriate as well as implement reasonable performance appraisal and incentive program. Moreover, the total amount of the annual salary of the Chairman, the President and other executive Directors shall not exceed the prescribed standard specified by state owned assets supervision and administration authorities in principle. If the operational performance is especially outstanding, there could be moderate breakthrough to the above-mentioned standard for the total annual salary ascertained upon evaluation, which is subject to the approval of the Board. Details of the emolument received by the executive Directors will be disclosed regularly in the annual report of the Company.

In addition, Directors who attend or observe the relevant meetings may obtain meeting subsidy. The standard of meeting subsidy for attending each meeting will be RMB1,000 (after tax) and the standard of meeting subsidy for observing each meeting will be RMB500 (after tax).

Save as disclosed above, Mr. Wen Liang confirms that (i) he did not hold any other directorships in any other listed public companies in the last three years; (ii) he has no relationship with any Directors, Supervisors, senior management or substantial shareholders or controlling shareholders of the Company; and (iii) he has no interest in the shares of the Company within the meaning of Part XV of the Securities and Futures Ordinance.

Save as disclosed above, the Company considers that there is no information which is discloseable nor is/was Mr. Wen Liang involved in any of the matters required to be disclosed pursuant to any of the requirements of the provisions under Rule 13.51(2) of the Listing Rules, and there is no other matter relating to the nomination of Mr. Wen Liang that needs to be notified the Shareholders.

EGM, ACM AND HCM

The Company will convene the EGM, the ACM and the HCM consecutively at the conference room of the Company at Podium Levels 2-4, Jiangsu Building, Yitian Road, Futian District, Shenzhen, the PRC at 10 a.m. on 4 March 2019 (Monday). Pursuant to Rule 13.39(4) of the Listing Rules and/or the Articles of Association of the Company, voting at the EGM, the ACM and the HCM will be taken by poll.

The EGM will consider and, if thought fit, to approve the resolutions in relation to approval 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, and the ACM and the HCM will consider and, if thought fit, to approve the resolutions in relation to approval of the extension of the Specific Mandate for the proposed issuance of the A Share CB. To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, no Shareholder will be required to abstain from voting on any of the aforesaid resolutions at the EGM, the ACM and the HCM.

LETTER FROM THE BOARD

Since the notice of the EGM (the “**Original EGM Notice**”) and the proxy form of the EGM (the “**Original EGM Proxy Form**”) sent 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 as set out in this circular, a revised EGM notice (the “**Revised EGM Notice**”) has been prepared and is set out on pages 31 to 33 of this circular, and a revised proxy form of the EGM (the “**Revised EGM Proxy Form**”) including the aforesaid new resolutions is enclosed with this 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. As such, 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.

Whether or not you intend to attend the EGM, ACM and HCM, you are requested to complete the Revised EGM Proxy Form and the proxy form of the HCM in accordance with the instructions printed thereon and return the same to the registrar of H shares of the Company, Hong Kong Registrars Limited, at 17M Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong (for H Shareholders) or to the Company at Podium Levels 2-4, Jiangu Building, Yitian Road, Futian District, Shenzhen, the People’s Republic of China (for A Shareholders) as soon as possible and in any event not less than 24 hours before the time appointed for the holding of the relevant meetings (the “**Closing Time**”).

If a Shareholder has already lodged the Original EGM Proxy Form despatched by the Company on 18 January 2019, he/she/it should note that:

- (a) if no Revised EGM Proxy Form is lodged by the Shareholder, the Original EGM Proxy Form will be treated as a valid proxy form lodged by the Shareholder if duly completed. The proxy appointed under the Original EGM Proxy Form will also be entitled to vote in accordance with the instructions previously given by the Shareholder or at his/her/its discretion (if no such instructions are given) on any resolution properly put to the EGM, including the new resolutions regarding the proposed implementation of the Incentive Scheme and the proposed appointment of Mr. Wen Liang as a Director as set out in the Revised EGM Notice;
- (b) if the Revised EGM Proxy Form is lodged by the Shareholder before the Closing Time, the Revised EGM Proxy Form will be treated as a valid proxy form lodged by such Shareholder if duly completed, and the Original EGM Proxy Form will be revoked and superseded by the Revised EGM Proxy Form; and
- (c) if the Revised EGM Proxy Form is lodged by the Shareholder after the Closing Time, or if lodged before the Closing Time but is incorrectly completed, the Revised EGM Proxy Form will be deemed invalid. It will not revoke the Original EGM Proxy Form previously lodged by the Shareholder. The Original EGM Proxy Form will be treated as a valid proxy form if duly completed. The proxy appointed under the Original EGM Proxy Form will also be entitled to vote in accordance with the instructions previously given by the Shareholder or at his/her/its discretion (if no such instructions are given) on any resolution properly put to the EGM (including the new resolutions regarding the proposed implementation of the Incentive Scheme and the proposed appointment of Mr. Wen Liang as a Director as set out in the Revised EGM Notice).

LETTER FROM THE BOARD

Completion and return of the Original EGM Proxy Form, the Revised EGM Proxy Form and the proxy form of the HCM will not preclude you from attending and voting in person at the relevant meetings or any adjourned meeting(s) should you so wish.

RECOMMENDATION

The Board considers that the terms of the extension of the Specific Mandate for the proposed issuance of the A Share CB are fair and reasonable and in the interests of the Company and the Shareholders as a whole; and the resolutions in relation to the proposed implementation of the Incentive Scheme and the proposed appointment of Mr. Wen Liang as a Director are in the interests of the Company and the Shareholders as a whole. Accordingly, the Board recommends the Shareholders to vote in favour of the said resolutions to be proposed at the relevant general meetings (including EGM, ACM and HCM).

RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

Yours faithfully,
By Order of the Board of
Shenzhen Expressway Company Limited
HU Wei
Chairman

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:

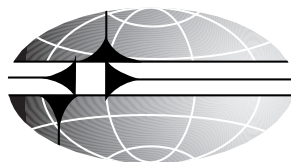
- (1) pursuant to the issuance plan to be approved by EGM and the Class Meetings and the actual situation, to formulate and implement the specific plan of the issue of A Share CB, which include the issue time, issue size, commencement and expiry date of the issue, method of issue and target investors, 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.

REVISED NOTICE OF THE EGM



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)

REVISED NOTICE OF THE FIRST EXTRAORDINARY GENERAL MEETING 2019

Reference is hereby made to the notice (the “**Original EGM Notice**”) of the First Extraordinary General Meeting 2019 (the “**EGM**”) of Shenzhen Expressway Company Limited (the “**Company**”) dated 18 January 2019 and the announcements dated 20 September 2018 and 12 February 2019 in relation to, among others, the proposed implementation of the Incentive Scheme and the proposed appointment of Mr. Wen Liang as a Director.

After despatch of the Original EGM Notice, Xin Tong Chan Development (Shenzhen) Company Limited, a shareholder holding approximately 30.03% of the issued share capital of the Company, requested in writing for the inclusion of the following resolutions (the “**New Resolutions**”) to be considered at the EGM pursuant to the applicable PRC laws and regulations: 1) To consider and approve the resolution in relation to the implementation of the profit increment based incentive and restraint scheme by the Company; 2) 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 Company hereby revises the Original EGM Notice as follows to incorporate the New Resolutions:

Revised Notice is hereby given that the EGM will be held at the conference room of the Company at Podium Levels 2-4, Jiangsu Building, Yitian Road, Futian District, Shenzhen, the PRC at 10 a.m. on Monday, 4 March 2019 to consider and, if thought fit, pass the following resolutions:

SPECIAL RESOLUTION

1. To consider and approve the resolution in relation to the extension of validity period of the resolutions on the public issue of the A Share Convertible Bonds by the Company and the authorization to the Board;

ORDINARY RESOLUTIONS

2. **To consider and approve the resolution in relation to the implementation of the profit increment based incentive and restraint scheme by the Company; and**

REVISED NOTICE OF THE EGM

3. **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 and until 31 December 2020.**

By Order of the Board

Hu Wei

Chairman

Shenzhen, the PRC, 13 February 2019

Notes:

1. **Eligibility for attending the EGM**

Shareholders of the Company whose names appear on the registers of shareholders of the Company at the close of business on 1 February 2019 shall have the right to attend the EGM after complying with the necessary registration procedures.

2. **Registration procedures for attending the EGM**

- i Shareholders intending to attend the EGM should deliver to the Company, on or before 12 February 2019, either in person, by post or by fax, the reply slip (together with any required registration documents) for attending the EGM.
- ii Holders of H shares of the Company please note that the register of holders of H shares of the Company will be closed from 2 February 2019 to 4 March 2019 (both days inclusive), during which period no transfer of H shares of the Company will be registered. Holders of H shares of the Company who intend to attend the EGM must deliver their instruments of transfer together with the relevant share certificates to Hong Kong Registrars Limited, the registrar of H shares of the Company, at Shops 1712-16, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, at or before 4:30 p.m. on 1 February 2019.

3. **Proxy**

- i Shareholders entitled to attend and vote at the EGM are entitled to appoint, in written form, one or more proxies (whether a shareholder or not) to attend and vote on his behalf.
- ii A proxy should be appointed by written instrument signed by the appointor or his attorney. If the written instrument is signed by the attorney of the appointor, the written authorisation or other authorisation documents of such attorney should be notarised. In order to be valid, for holders of A shares of the Company, the written authorisation or authorisation documents which have been notarised together with the completed proxy form must be delivered to the Company not less than 24 hours before the time of the holding of the EGM (the "**Closing Time**"). In order to be valid, for holders of H shares of the Company, the above documents must be delivered to Hong Kong Registrars Limited, at Floor 17M, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, within the same period.
- iii Shareholder or his proxy should produce identity proof when attending the EGM.
- iv Since the original proxy form of the EGM (the "**Original EGM Proxy Form**") sent together with the Original EGM Notice dated 18 January 2019 did not contain the New Resolutions, a revised proxy form of the EGM (the "**Revised EGM Proxy Form**") will be sent to the shareholders. Any shareholder who intends to appoint a proxy to attend the EGM but has not yet lodged the Original EGM Proxy Form is required to complete and

REVISED NOTICE OF THE EGM

return the enclosed Revised EGM Proxy Form in accordance with the instructions printed thereon. In such case, the Original EGM Proxy Form should not be lodged with the Company. Any shareholder who has already lodged the Original EGM Proxy Form with the Company should also complete and return the enclosed Revised EGM Proxy Form in accordance with the instructions printed thereon.

- v If a shareholder has already lodged the Original EGM Proxy Form despatched by the Company on 18 January 2019, he/she/it should note that:
- (a) if no Revised EGM Proxy Form is lodged by the shareholder, the Original EGM Proxy Form will be treated as a valid proxy form lodged by the shareholder if duly completed. The proxy appointed under the Original EGM Proxy Form will also be entitled to vote in accordance with the instructions previously given by the shareholder or at his/her/its discretion (if no such instructions are given) on any resolution properly put to the EGM, including the New Resolutions;
 - (b) if the Revised EGM Proxy Form is lodged by the shareholder before the Closing Time, the Revised EGM Proxy Form will be treated as a valid proxy form lodged by such shareholder if duly completed, and the Original EGM Proxy Form will be revoked and superseded by the Revised EGM Proxy Form; and
 - (c) if the Revised EGM Proxy Form is lodged by the shareholder after the Closing Time, or if lodged before the Closing Time but is incorrectly completed, the Revised EGM Proxy Form will be deemed invalid. It will not revoke the Original EGM Proxy Form previously lodged by the shareholder. The Original EGM Proxy Form will be treated as a valid proxy form if duly completed. The proxy appointed under the Original EGM Proxy Form will also be entitled to vote in accordance with the instructions previously given by the shareholder or at his/her/its discretion (if no such instructions are given) on any resolution properly put to the EGM (including the New Resolutions).

4. The terms used in this revised notice shall have the same meaning as defined in the circular of the Company dated 13 February 2019. For details of the resolutions set out in this revised notice, please refer to the abovementioned circular.

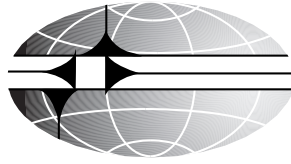
5. **Poll**

Pursuant to Rule 13.39(4) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and the Articles of Association of the Company, voting at the EGM on the resolutions set out in the notice of the EGM will be taken by poll.

6. **Other matters**

- i. The duration of the EGM is expected not to exceed one day. Shareholders or proxies who attend the EGM shall arrange for transport, food, accommodation and other relevant expenses at their own cost.
- ii. Address of Hong Kong Registrars Limited (for share transfer):
Shops 1712-16, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong
- iii. Address of the Company:
Podium Levels 2-4, Jiangsu Building, Yitian Road, Futian District, Shenzhen, PRC
Postal code: 518026
Tel.: (86) 755 – 8285 3339
Fax: (86) 755 – 8285 3411

NOTICE OF THE HCM



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)

NOTICE OF THE FIRST CLASS MEETING 2019 OF HOLDERS OF H SHARES

Notice is hereby given that the First Class Meeting 2019 of Holders of H Shares (the “**HCM**”) of Shenzhen Expressway Company Limited (the “**Company**”) will be held at the conference room of the Company at Podium Levels 2-4, Jiangsu Building, Yitian Road, Futian District, Shenzhen, the PRC after 10 a.m. on Monday, 4 March 2019 (immediately after the conclusion of the First Class Meeting 2019 of Holders of A Shares of the Company to be held on the same date or adjournment) to consider and, if thought fit, pass the following resolution by way of **special resolution**:

SPECIAL RESOLUTION

1. To consider and approve the resolution in relation to the extension of validity period of the resolutions on the public issue of the A Share Convertible Bonds by the Company and the authorization to the Board.

By Order of the Board
Hu Wei
Chairman

Shenzhen, the PRC, 18 January 2019

Notes:

1. **Eligibility for attending the HCM**

Shareholders of the Company whose names appear on the registers of holders of H shares of the Company at the close of business on 1 February 2019 shall have the right to attend the HCM after complying with the necessary registration procedures.

2. **Registration procedures for attending the HCM**

- i. Shareholders intending to attend the HCM should deliver to the Company, on or before 12 February 2019, either in person, by post or by fax, the reply slip (together with any required registration documents) for attending the HCM.

NOTICE OF THE HCM

- ii. Holders of H shares of the Company please note that the register of holders of H shares of the Company will be closed from 2 February 2019 to 4 March 2019 (both days inclusive), during which period no transfer of H shares of the Company will be registered. Holders of H shares of the Company who intend to attend the HCM must deliver their instruments of transfer together with the relevant share certificates to Hong Kong Registrars Limited, the registrar of H shares of the Company, at Shops 1712-16, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, at or before 4:30 p.m. on 1 February 2019.

3. **Proxy**

- i. Holders of H shares entitled to attend and vote at the HCM are entitled to appoint, in written form, one or more proxies (whether a shareholder or not) to attend and vote on his behalf.
- ii. A proxy should be appointed by written instrument signed by the appointor or his attorney. If the written instrument is signed by the attorney of the appointor, the written authorisation or other authorisation documents of such attorney should be notarised. In order to be valid, for holders of H shares of the Company, the written authorisation or authorisation documents which have been notarised together with the completed proxy form must be delivered to Hong Kong Registrars Limited, at Floor 17M, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, not less than 24 hours before the time of the holding of the HCM.
- iii. Shareholder or his proxy should produce identity proof when attending the HCM.

4. **Poll**

Pursuant to Rule 13.39(4) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and the Articles of Association of the Company, voting at the HCM on the resolutions set out in the notice of the HCM will be taken by poll.

5. **Other matters**

- i. The duration of the HCM is expected not to exceed one day. Shareholders or proxies who attend the HCM shall arrange for transport, food, accommodation and other relevant expenses at their own cost.
- ii. Address of Hong Kong Registrars Limited (for share transfer):
Shops 1712-16, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong