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深圳高速公路股份有限公司

SHENZHEN EXPRESSWAY COMPANY LIMITED

(a joint stock limited company incorporated in the People's Republic of China with limited liability)

(Stock Code: 00548)

DISCLOSEABLE TRANSACTION
ACQUISITION OF 67% EQUITY INTEREST IN BAOTOU NANFENG

EQUITY TRANSFER AGREEMENT

The Board is pleased to announce that on 12 September 2019, the Company, Jiangsu Jinzhi, the Vendor, the Vendor Guarantor and the Project Partner entered into the Equity Transfer Agreement. Pursuant to the Equity Transfer Agreement, the Company and Jiangsu Jinzhi shall acquire 100% equity interest in Baotou Nanfeng from the Vendor at the consideration of RMB1 (among which the Company and Jiangsu Jinzhi shall pay RMB0.67 and RMB0.33, respectively). Upon completion of the transactions under the Equity Transfer Agreement, the Company and Jiangsu Jinzhi shall hold 67% and 33% equity interest in Baotou Nanfeng, respectively.

REASONS FOR AND BENEFITS OF ENTERING INTO THE EQUITY TRANSFER AGREEMENT

The major businesses of the Group can be categorized into the transportation infrastructure business and the environmental protection business. Wind power (clean energy) is a sub-sector under the big sector of environmental protection business of the Group which is supported by national policies and has broad market prospects. Baotou Nanfeng principally engages in the investment, operation and management of 5 wind power generation plants in Inner Mongolia Autonomous Region. The said wind power generation plants have connected and commenced power generation since 2018 with a relatively reliable business record. Baotou Nanfeng has relatively rich wind power resources and enjoyed a relatively strong competitive advantage in the approved feed-in tariff. The principal business of Baotou Nanfeng is within the scope of the major businesses of the Group, which forms a upstream-downstream industry chain with 南京風電科技有限公司(Nanjing Wind Power Technology Co., Ltd.), a subsidiary of the Company. The investment in Baotou Nanfeng can expand the Group's revenue source and profit base, beneficial to the Group's rapid entry into the wind power industry and the forming of synergy and consolidation of the internal business of the Group, which helps to achieve the Group's strategic objectives and maintain its continuous development. The signing of the Equity Transfer Agreement and the carry out of the transactions thereunder will effectively develop the Group's major environmental protection business, which is in line with the Group's development strategy.

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

IMPLICATIONS UNDER THE LISTING RULES

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

The Board is pleased to announce that on 12 September 2019, the Company, Jiangsu Jinzhi, the Vendor, the Vendor Guarantor and the Project Partner entered into the Equity Transfer Agreement. The principal terms of the Equity Transfer Agreement are as follows:

EQUITY TRANSFER AGREEMENT

Date: 12 September 2019

Parties:

- (1) The Company (as purchaser);
- (2) Jiangsu Jinzhi (as purchaser);
- (3) the Vendor;
- (4) the Vendor Guarantor; and
- (5) Project Partner.

To the best of the knowledge, information and belief of the Directors and having made all reasonable enquiries, each of Jiangsu Jinzhi, the Vendor, the Vendor Guarantor, the Project Partner and their respective ultimate beneficial owner(s) is a third party independent of the Company and its connected persons.

Equity Acquisition

The Company and Jiangsu Jinzhi shall jointly acquire 100% equity interest in Baotou Nanfeng from the Vendor at the consideration of RMB1 (among which the Company and Jiangsu Jinzhi shall pay RMB0.67 and RMB0.33, respectively).

The Vendor Guarantor agreed that it shall be jointly liable for the Vendor's obligations to transfer its 100% equity interest to the Company and Jiangsu Jinzhi under the Equity Transfer Agreement.

Responsibilities of the Shareholders

As at the date of this announcement, the parties agreed that the net external debts of Baotou Nanfeng Group was approximately RMB2,017.91 million.

Upon completion of the registration of the transfer of equity interest pursuant to the Equity Transfer Agreement, the Company and Jiangsu Jinzhi shall assume their shareholders' responsibility for the debt of Baotou Nanfeng Group in proportion to their shareholdings as follows:

- (1) If Baotou Nanfeng Group intend to settle the debts through direct external financing, the Company and Jiangsu Jinzhi shall provide credit enhancement measures (if required) for Baotou Nanfeng Group in proportion to their shareholding therein;
- (2) If the Company and Jiangsu Jinzhi intend to settle the debts of the Baotou Nanfeng Group through shareholders' loan, the Company and Jiangsu Jinzhi shall provide shareholders' loan in proportion to their shareholding therein with interest rate calculated at market rate. If any one of them is unable to provide the full amount of its relevant shareholder's loan, subject to compliance of applicable rules, the following arrangements shall be carried out by the party who is unable to provide full amount of its shareholder's loan (the "Defaulting Shareholder") and the party who has provided its shareholder's loan in full (the "Non-defaulting Shareholder");
 - (i) the Defaulting Shareholder shall pledge its equity interest in Baotou Nanfeng to the Non-defaulting Shareholder, and shall provide a credit guarantee of the same amount;
 - (ii) the right to profit sharing of the Defaulting Shareholder shall be enjoyed by the Non-defaulting Shareholder until the Defaulting Shareholder has paid up the outstanding amount of its shareholder's loan;
 - (iii) if the Defaulting Shareholder has been defaulted for more than 12 months, the Non-defaulting Shareholder may, upon issuance of a written notification to the Defaulting Shareholder, acquire all the equity interest held by the Defaulting Shareholder in Baotou Nanfeng.

Payment Manner and Basis of Determination of the Consideration

The aforesaid consideration shall be settled by cash and transferred to the bank account designated by the Vendor within 7 business days upon completion of the business registration of the transfer of equity interest under the Equity Transfer Agreement.

The aforesaid consideration of the acquisition was determined after arm's length negotiations among the Company and the other parties on normal commercial terms. The Company has comprehensively considered the development prospects of the wind power industry, the wind power resources owned by Baotou Nanfeng Group, the approved feed-in tariff and operation status of Baotou Nanfeng, and took into account the valuation report prepared by Pengxin Appraisal as the major factors in negotiating the amount of the consideration.

Pengxin Appraisal has adopted asset-based approach in the valuation of 100% equity interest in Baotou Nanfeng as at 30 April 2019. According to the result of the valuation, the assessed value of 100% equity interest in Baotou Nanfeng was RMB3,050,900.

The consideration of the Equity Transfer Agreement shall be financed by the internal resources of the Group.

Conditions Precedent

Completion of the business registration of the transfer of equity interest under the Equity Transfer Agreement shall take place within 10 business days upon fulfillment of the conditions precedent, which mainly include:

- (1) the Equity Transfer Agreement having been signed by all parties and become effective;
- (2) the Company having completed its due diligence review on Baotou Nanfeng Group and the relevant due diligence report, audit report and asset valuation report having been issued; and

- (3) the completion inspection, completion settlement and financial completion settlement work of the designated projects currently operated by the Four Wind Power Plants and Lingxiang Company having completed.

Completion

The completion date of the Equity Transfer Agreement shall be the date when the business administration department having completed the registration of the equity transfer of Baotou Nanfeng.

Upon completion of the Equity Transfer Agreement, the Company and Jiangsu Jinzhi shall hold 67% and 33% equity interest in Baotou Nanfeng, respectively. Baotou Nanfeng shall become a non wholly-owned subsidiary of the Company and consolidated into the financial statement of the Group.

Corporate Governance

Upon completion of the Equity Transfer Agreement, Baotou Nanfeng shall have one executive director and legal representative (to be nominated by the Company), one supervisor (to be nominated by Jiangsu Jinzhi), one general manager (to be nominated by the Company) and one financial officer (to be nominated by the Company).

INFORMATION ON BAOTOU NANFENG

Baotou Nanfeng is a limited liability company established in the PRC with a registered and paid up capital of RMB6 million. Baotou Nanfeng principally engages in investment of wind power projects. As at the date of this announcement, Baotou Nanfeng has 5 wholly-owned subsidiaries in the Inner Mongolia Autonomous Region which engage in the investment, development and operation of wind power project, among which the Four Wind Power Plants are located in Damao Banner, Baotou City of the Inner Mongolia Autonomous Region, while Lingxiang Company is located in Bayan Obo Mining District, Baotou City of the Inner Mongolia Autonomous Region. Baotou Nanfeng has 165 wind turbines with a total installed capacity of 247.5MW and an approved feed-in tariff of RMB 0.49/kWh.

The table below sets out the consolidated audited financial information of Baotou Nanfeng Group for the two years ended 31 December 2018 and the four months ended 30 April 2019 prepared in accordance with the PRC Accounting Standards for Business Enterprises:

Unit: RMB'000

	For the year ended 31 December 2017 (unaudited)	For the year ended 31 December 2018 (audited)	For the four months ended 30 April 2019 (audited)
Net profit (before tax)	-1,435	51,463	-97,385
Net profit (after tax)	-1,435	51,463	-97,385
	As at 31 December 2017	As at 31 December 2018	As at 30 April 2019
Net asset value	-371	51,092	257

Note: The wind power project of Baotou Nanfeng Group has been planned to be transferred in April 2019. The management of Baotou Nanfeng Group considered the valuation report issued by the valuer as the reference for the fair transaction pricing. Therefore, according to the valuation results, the loss of assets impairment of RMB 99,950,000 was made and included in the profit and loss of January-April 2019. The business of Baotou Nanfeng Group will not be adversely affected by the impairment of assets.

REASONS FOR AND BENEFITS OF ENTERING INTO THE EQUITY TRANSFER AGREEMENT

The major businesses of the Group can be categorized into the transportation infrastructure business and the environmental protection business. Wind power (clean energy) is a sub-sector under the big sector of environmental protection business of the Group which is supported by national policies and has broad market prospects. Baotou Nanfeng principally engages in the investment, operation and management of 5 wind power generation plants in Inner Mongolia Autonomous Region. The said wind power generation plants have connected and commenced power generation since 2018 with a relatively reliable business record. Baotou Nanfeng has relatively rich wind power resources and enjoyed a relatively strong competitive advantage in the approved feed-in tariff. The principal business of Baotou Nanfeng is within the scope of the major businesses of the Group, which forms an upstream-downstream industry chain with 南京風電科技有限公司 (Nanjing Wind Power Technology Co., Ltd.), a subsidiary of the Company. The investment in Baotou Nanfeng can expand the Group's revenue source and profit base, beneficial to the Group's rapid entry into the wind power industry and the forming of synergy and consolidation of the internal business of the Group, which helps to achieve the Group's strategic objectives and maintain its continuous development. The signing of the Equity Transfer Agreement and the carry out of the transactions thereunder will effectively develop the Group's major environmental protection business, which is in line with the Group's development strategy.

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

INFORMATION ON THE PARTIES TO THE EQUITY TRANSFER AGREEMENT

Company

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

Jiangsu Jinzhi

Jiangsu Jinzhi is a company incorporated in the PRC which principally engages in investment and management in high-tech industry, venture capital investment, industrial investment, research and development, production, sales and construction of industrial automation, intelligence systems engineering and related products and equipment.

Vendor

The Vendor, 南京寧風能源科技有限公司 (Nanjing Ningfeng Energy Technology Company Limited), a company incorporated in the PRC which principally engages in project development and project investment of new energy, design, construction and operation of power engineering projects. It holds 100% equity interest in Baotou Nanfeng and is a subsidiary of the Vendor Guarantor as at the date of this announcement.

Vendor Guarantor

The Vendor Guarantor, 中明綠源科技有限公司 (Zhongming Lvyuan Technology Company Limited), a company incorporated in the PRC which principally engages in the design, consultation, engineering contracting, project management and system integration research and development of

smart power stations and smart cities. It is the controlling shareholder of the Vendor as at the date of this announcement.

Project Partner

The Project Partner, 北京金智乾華電力科技有限公司 (Beijing Jinzhi Qianhua Power Technology Company Limited), a company incorporated in the PRC which principally engages in energy technology development, sales of machinery and equipment, contracting of construction projects, construction projects management. As at the date of this announcement, the projects currently operated by the Four Wind Power Plants are principally contracted to the consortium formed by the Project Partner and its associates, and Jiangsu Jinzhi is the controlling shareholder of the Project Partner.

IMPLICATIONS UNDER THE LISTING RULES

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

DEFINITIONS

“Baotou Nanfeng”	包頭市南風風電科技有限公司 (Baotou Nanfeng Wind Power Technology Co., Ltd.), a limited liability company incorporated in the PRC and owned as to 100% by the Vendor as at the date of this announcement
“Baotou Nanfeng Group”	Baotou Nanfeng and its subsidiaries
“Board”	the board of directors of the Company
“Company”	Shenzhen Expressway Company Limited, a joint stock limited company incorporated in the PRC with limited liability, the H shares of which are listed on the Stock Exchange and the A shares of which are listed on the Shanghai Stock Exchange
“Directors”	the directors of the Company
“Equity Transfer Agreement”	the Equity Transfer Agreement entered into among the Company, Jiangsu Jinzhi, the Vendor, the Vendor Guarantor and the Project Partner on 12 September 2019 in relation to the acquisition of equity interest in Baotou Nanfeng jointly by the Company and Jiangsu Jinzhi
“Four Wind Power Plants”	達茂旗寧源風力發電有限公司 (Damao Ningyuan Wind Power Company Limited), 達茂旗寧翔風力發電有限公司 (Damao Ningxiang Wind Power Company Limited), 達茂旗寧風風力發電有限公司 (Damao Ningfeng Wind Power Company Limited) and 達茂旗南傳風力發電有限公司 (Damao Nanchuan Wind Power Company Limited), all being limited liability companies incorporated in the PRC and wholly-owned subsidiaries of Baotou Nanfeng
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong

“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Jiangsu Jinzhi”	江蘇金智集團有限公司 (Jiangsu Jinzhi Group Company Limited), a limited liability company incorporated in the PRC
“Lingxiang Company”	包頭市陵翔新能源有限公司 (Baotou Lingxiang New Energy Company Limited), a limited liability company incorporated in the PRC and a wholly-owned subsidiary of Baotou Nanfeng
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Pengxin Appraisal”	深圳市鵬信資產評估土地房地產估價有限公司 (Shenzhen Pengxin Appraisal Limited), an independent institution established in PRC with the qualifications for assets valuation
“PRC”	the People’s Republic of China, and for the purposes of this announcement, excluding Hong Kong, the Macau Special Administrative Region and Taiwan
“Project Partner”	北京金智乾華電力科技有限公司 (Beijing Jinzhi Qianhua Power Technology Company Limited), a limited liability company incorporated in the PRC
“RMB”	Renminbi, the lawful currency of the PRC
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Vendor”	南京寧風能源科技有限公司 (Nanjing Ningfeng Energy Technology Company Limited), a limited liability company incorporated in the PRC which holds 100% equity interest in Baotou Nanfeng as at the date of this announcement
“Vendor Guarantor”	中明綠源科技有限公司 (Zhongming Lvyuan Technology Company Limited), a limited liability company incorporated in the PRC and the controlling shareholder of the Vendor as at the date of this announcement

Notes:

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

By Order of the Board
Gong Tao Tao
Joint Company Secretary

Shenzhen, PRC, 12 September 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), Mr. WEN Liang (Executive Director), Ms. CHEN Yan (Non-executive Director), Mr. FAN Zhi Yong (Non-executive Director), Mr. CHEN Yuan Jun (Non-executive Director), Mr. CHEN Kai (Non-executive Director), Mr. CAI Shu Guang (Independent non-executive Director), Mr. WAN Siu Wah Wilson (Independent non-executive Director), Ms. CHEN Xiao Lu (Independent non-executive Director) and Mr. BAI Hua (Independent non-executive Director).