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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)

VOLUNTARY ANNOUNCEMENT
ACQUISITION AND INVESTMENT IN LANDE ENVIRONMENTAL
TECHNOLOGY GROUP HOLDINGS CO., LTD.

This announcement is made by Shenzhen Expressway Company Limited (the “Company”) on a voluntary basis.

The board (the “Board”) of directors (the “Directors”) of the Company announces that on 8 January 2020, Shenzhen Expressway Environmental Company Limited (“Environmental Company”), a wholly-owned subsidiary of the Company, entered into a capital increase and equity transfer agreement (the “Agreement”) with Zhengzhou Cida Environmental Technology Co., Ltd. (鄭州詞達環保科技有限責任公司) (the “Vendor”), Beijing Shuiqi Lande Technology Co., Ltd. (北京水氣藍德科技有限公司), Mr. Shi Junying (施軍營), Mr. Shi Junhua (施軍華) and Lande Environmental Technology Group Holdings Co., Ltd. (藍德環保科技集團股份有限公司) (the “Target Company”). Pursuant to the Agreement, Environmental Company will, at the price of RMB5.06 per share, acquire not more than 75,000,000 shares in the Target Company by phases, and subscribe 85,000,000 new shares to be issued by the Target Company. The aggregate amount of the acquisition and the subscription shall be not more than RMB809,600,000 (the “Transaction”).

The Target Company is a joint stock limited company established in the PRC in December 2004. It principally engages in provision of systemic comprehensive solutions for municipal organic waste treatment (such as kitchen waste and waste leachate) to its customers, including research and development of organic waste treatment technology with a focus on kitchen waste, manufacture of core equipment, investment in construction, and operation and maintenance. The Target Company has 16 organic waste treatment projects mainly related to kitchen waste under build-operate-transfer (BOT) /public-private partnership (PPP) mode, among which 2 have commenced operation, 5 have commenced trial operation, 6 are under construction, 1 is under preparation, and 2 are won in tender. The organic waste treatment scale of the Target Company is more than 3,000 tons / day. As at 31 December 2018, the total assets of the Target Company were RMB 1,580,000,000, and its net assets were RMB 452,000,000. For the year ended 31 December 2018, the total revenue and net loss of the Target Company was RMB182,000,000, and RMB57,950,000, respectively. As at the date of this announcement, the paid-up registered capital of the Target Company is RMB149,933,000, which is divided into 149,933,000 shares.

Pursuant to the Agreement, the transaction will be conducted in two phases. In phase one, the Vendor shall transfer 40,000,000 shares of the Target Company held by it to Environmental Company. At the same time, Environmental Company shall subscribe for 85,000,000 new shares to be issued by the Target Company; thereby Environmental Company shall obtain a total of 125,000,000 shares of the Target Company (represents 53.2067% of the enlarged total share capital of the Target Company). In phase two, the Vendor shall transfer not more than 35,000,000 shares of the Target Company to Environmental Company by 25 April 2020 depending on its then actual situation (the final number of shares to be transferred is subject to be determined). The price of the Target Company's shares under the above acquisitions or subscription were RMB5.06 per share, which were determined by the parties to the Agreement after arm's length negotiation. The Company and Environmental Company have considered the valuation results of the Target Company being RMB775,606,100 as at 31 August 2019, as well as factors including the development prospects of the organic waste treatment industry, the existing organic waste projects and operating status of the Target Company, its corporate qualities and industry status, the patented technology owned, and the layout of the industrial chain.

Upon completion of the transaction contemplated under the Agreement, Environmental Company will eventually obtain not more than 160,000,000 shares of the Target Company (represents not more than 68.1045% of the issued share capital of the Target Company at completion) at a total consideration of not more than RMB809,600,000. Upon completion of the transaction contemplated under the Agreement, the Target Company will become a subsidiary of the Company and will be consolidated into the financial statements of the Company.

The two major businesses of the Group are transport infrastructure and general-environmental protection. The development in the sub-industry of organic waste treatment has been a focus of the Group in its general-environmental protection business which is supported by national policies with a broad market prospect. The Target Company is currently an important enterprise in the field of organic waste comprehensive treatment, construction and operation in the PRC. It is relatively strong in scientific and technological innovation and research and development, and has more than 100 patented technologies. Its management team is relatively mature and possess the capabilities of technology research and development, equipment manufacturing, integration and sales, investment and construction, operation and maintenance throughout the industry chain. As at the date of this announcement, the Target Company has a total of 16 organic waste treatment projects under BOT / PPP mode, most of which are located in cities with better economic development, have relatively long concession period, and able to generate relatively stable returns. The investment in the Target Company is conducive to the Group's rapid entry into the sub-industry of organic waste treatment, enable the Group to produce business synergy in the entire industrial chain of organic waste treatment, and help to promote the development in the Group's business scale in the organic waste treatment business, thereby expands the Group's business scale and increase its operating income and realise long-term stable returns and sustainable development which are in line with the Group's development strategy.

The Group expects to face risks during the course of the acquisition of the Target Company and the subsequent construction and operation management of the Target Company, such as failing to fully realize the acquisition of the shares of the Target Company at phase two of the Transaction, failing to achieve optimal integration of resources and synergistic effects, increase

in construction and operating costs, and possible litigations and arbitrations. In this regard, the Group conducted prudent due diligence, fully considered the uncertainties of related matters in the audit and evaluation of the assets, and set corresponding clauses in the agreement as risk control measures. In the future business management on the Target Company, the Group will prevent these risks by strengthening measures in relation to budget, construction period, cost, investment and financing mode, and human resource management of the Target Company. After evaluation, the Company expects the above said risks will not have significant impact on the assets and operating results of the Group.

To the best of the knowledge, information and belief of the Directors and having made all reasonable enquiries, save for Environmental Company, each of the parties to the Agreement, the existing shareholders of the Target Company and their respective ultimate beneficial owner(s) is a third party independent of the Company and its connected persons. Since the applicable percentage ratios of the Transaction contemplated under the Agreement are all lower than 5%, the signing of the Agreement does not constitute a notifiable transaction of the Company under Chapter 14 of the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange. This announcement is made on voluntary basis and aims to provide the shareholders of the Company and potential investors with the latest developments in the Group's business.

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, 8 January 2020

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).