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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)

**CONNECTED TRANSACTION
ESTABLISHMENT OF SHENZHEN STATE-OWNED ASSETS
COLLABORATIVE DEVELOPMENT PRIVATE FUND**

PARTNERSHIP AGREEMENT

The Board is pleased to announce that on 17 August 2020, the Company, the General Partner and the Other Limited Partners entered into the Partnership Agreement, pursuant to which the parties shall contribute an aggregate amount of RMB4,010 million for the establishment of the Partnership Fund, among which the Company shall contribute RMB300 million. Upon establishment, the Partnership Fund will not become a subsidiary of the Company nor be included in the Company's consolidated financial statement.

REASONS FOR AND BENEFITS OF ENTERING INTO THE PARTNERSHIP AGREEMENT

The Group's major businesses are transportation infrastructure facilities and general environmental protection. As the Manager is the entrusted manager of various industrial funds in Shenzhen and has extensive management experience and project resources, and the investment focus of the Partnership Fund is on infrastructure and public utilities and financial and strategic emerging industries which are supported by national policies, it has potentials for development. The Company's participation in the Partnership Fund can also provide the Group with more investment opportunities for Shenzhen's state-owned enterprises, and may have a synergy effect of industry and finance, which is conducive to the continuous development of the Group.

IMPLICATIONS UNDER THE LISTING RULES

Since one of the Limited Partners, SZI (SZ), is a wholly-owned subsidiary of SZ International, the controlling shareholder which owns as to approximately 52% interest of the Company, SZI (SZ) is a connected person of the Company pursuant to Chapter 14A of the Listing Rules. Accordingly, the transaction contemplated under the Partnership Agreement constitutes a connected transaction of the Company.

As the applicable percentage ratios of the transaction under the Partnership Agreement are more than 0.1% but less than 5%, the transaction under the Partnership Agreement is subject to the reporting and announcement requirements but exempted from independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

The Board is pleased to announce that on 17 August 2020, the Company, the General Partner and the Other Limited Partners entered into the Partnership Agreement, the principal terms of the Partnership Agreement are set out as follows:

PARTNERSHIP AGREEMENT

Date: 17 August 2020

Parties: General Partner (as general partner); and
the Company and Other Limited Partners (as limited partners).

Subject matter:

The parties shall jointly establish the Partnership Fund. The name of the Partnership Fund is temporarily Shenzhen State-owned Assets Collaborative Development Private Fund Partnership (Limited Partnership) (深圳國資協同發展私募基金合夥企業(有限合伙)). Its business scope mainly covers entrusted asset management; equity investment in unlisted companies; equity investment; investment consultation, the Partnership Fund will focus on investment areas of infrastructure and public utilities and financial and strategic emerging industries.

Amount of Contribution, Determination Basis and Payment Manner:

The General Partner may issue contribution notice to each of the Limited Partners, and each Limited Partner shall pay the relevant amount of contribution to the Partnership Fund in cash in an one-off manner at the time as specified in the notice. Such notice shall be issued at least 10 business day prior to the deadline of making the contribution. The capital contribution progress of the General Partner shall be same as the Limited Partners.

The scale of the Partnership Fund is in the total amount of RMB4,010 million, the amounts to be paid by the parties are as follows:

	Contribution <i>(RMB million)</i>	Contribution proportion <i>(approx. %)</i>
General Partner		
Shenzhen Kunpeng Zhanyi Equity Investment Management Co., Ltd. (深圳市鯤鵬展翼股權投資管理有限公司)	10	0.25
Limited Partners		
Shenzhen Kunpeng Equity Investment Co., Ltd. (深圳市鯤鵬股權投資有限公司)	2,500	62.34
Shenzhen Luohu Investment Holding Co., Ltd. (深圳市羅湖投資控股有限公司)	500	12.47
Shenzhen Capital Operation Group Co., Ltd. (深圳市資本運營集團有限公司)	300	7.48
the Company	300	7.48
SZ SASAC	200	5.00
SZI (SZ)	100	2.49
Shenzhen Energy Group Co., Ltd. (深圳能源集團股份有限公司)	100	2.49
	<u>4,010</u>	<u>100</u>

The amount of capital contribution is agreed by the parties after arm's length negotiation and having considered the factors such as the total investment scale of the Partnership Fund and the respective investment intentions of each party.

The Company's contribution in the Partnership Agreement shall be funded by the Group's internal resources.

Term:

The term of the Partnership Fund shall be 7 years commence from the contribution deadline of the contribution notice. The beginning 3 years is the investment period while the following 4 years will be exiting period. If approved in the general meeting of the partners, the exiting period can be extended for 1 year.

Management:

The General Partner shall represent the Partnership Fund and execute the business of the partnership, its designated Manager shall provide investment management and administrative service for the Partnership Fund and charge a management fee which shall be paid by all Limited Partners. Save for Shenzhen Kunpeng Equity Investment Co., Ltd. (深圳市鯤鵬股權投資有限公司) which shall pay the management fee rate at 1% per year, the other partners shall pay a management fee rate at 0.5% per year. During the investment period, the management fee shall be calculated base on the actual contribution amount of each Limited Partners. During the exiting period, the management fee shall be calculated base on the aggregate of the investment amount in the unrealized investment project of the Partnership Fund and the contribution proportion of the Limited Partners. No management fee will be charged during the extended exiting period. The Partnership Fund will enter into management contract with the Manager separately.

The Partnership Fund shall set up an investment evaluation committee with 7-11 members, including one head of the committee. Such members will be appointed by each of the Limited Partners with the professionals designated by them, each Limited Partners may appoint 1-3 members. The investment evaluation committee will mainly responsible for making preliminary review of the external investment and investment withdrawal decision of the Partnership Fund, and submitting its view to the Manager for decision-making.

The Partnership Fund will adopt a hierarchical decision-making mechanism and use 5% of the latest audited net assets of Shenzhen Kunpeng Equity Investment Co., Ltd. (深圳市鯤鵬股權投資有限公司) as the decision-making threshold. As at the date of this announcement, the threshold is approximately RMB 1.856 billion.

If the one-off or the cumulative investment amount of a project does not reach the decision-making threshold (excluding such figure), the investment evaluation committee will conduct preliminary assessment on the project and submit to the board of the Manager for approval. If the one-off or the cumulative investment amount of a project reaches the decision-making threshold (including such figure), the investment evaluation committee will conduct preliminary assessment on the project, submit the assessment to the board of the Manager's consideration, and the relevant investment decision making authority as specified under the articles of association of the Manager shall make the final decision.

Profit Distribution:

The distributable cash of the Partnership Fund is the income received by the Partnership

Fund from its investment projects, cash management or from other circumstances, after having deducted the relevant expenses, indebtedness or other necessary expenses (including the amount independently determined by the General Partner which is required to be retained according to laws and regulations), and is available for distribution.

The distributable cash of the Partnership Fund shall first be distributed among all partners pursuant to the proportion of their actual capital contribution made in the relevant investment project. The General Partner may directly receive the amount it entitled, and the Limited Partners shall distribute the amount in the following order:

1. the distributable cash shall be distributed among the Limited Partners until the aggregate amount received by the relevant Limited Partner has reached the aggregate amount of the actual capital contribution made by such Limited Partner in the Partnership Fund;
2. If there be remaining amount in the distributable cash, such remaining amount shall be distributed among the Limited Partners until the relevant Limited Partner has accumulatively received a preferential return of 4% per annum of the aggregate amount it has received under paragraph (1) above; and
3. If there still be remaining amount in the distributable cash, such remaining amount shall be distributed among the Limited Partners and the General Partner at the proportion of 80% and 20%.

Transfer of Limited Partner's interest:

If any Limited Partner (the “**Transferor**”) intends to transfer its interest in the Partnership Fund, it shall make a written application to the General Partner. If the General Partner agrees the said transfer, it shall issue a written notice to all Limited Partners, and the other Limited Partners may, within 20 days from the date of such notices, inform the General Partner of their intention to exercise its pre-emptive right over the interest in the Partnership Fund to be transferred in writing. The proportion of the interest to be transferred to the Limited Partners who will exercise their pre-emptive rights shall be determined by the proportion of their actual capital contribution in the Partnership Fund. If none of the Limited Partners express its intention to exercise its pre-emptive right in the said 20 days period, the Transferor may transfer the interest to the proposed transferee.

Upon establishment, the Partnership Fund will not become a subsidiary of the Company nor be included in the Company's consolidated financial statement.

REASONS FOR AND BENEFITS OF ENTERING INTO THE PARTNERSHIP AGREEMENT

The Group's major businesses are transportation infrastructure facilities and general environmental protection. As the investment focus of the Partnership Fund is on infrastructure and public utilities and financial and strategic emerging industries which are supported by national policies, it has potentials for development. The Manager is the entrusted manager of various industrial funds in Shenzhen and has extensive management experience and project resources. The Company's participation in the Partnership Fund can also provide the Group with more investment opportunities for Shenzhen's state-owned enterprises, and may have a synergy effect of industry and finance, which is conducive to the continuous development of the Group.

The Directors of the Company (including all independent non-executive Directors) consider the

terms in the Partnership Agreement are fair and reasonable and the transactions contemplated thereunder are on normal commercial terms and in the interests of the Company and its shareholders as a whole.

The Company had convened a Board meeting for consideration and approval of the transaction. Mr. Hu Wei, Ms. Chen Yan, Mr. Fan Zhi Yong and Mr. Chen Kai, being directors holding positions in SZ International and/or its subsidiaries (excluding the Group), had declared their interests in accordance with the requirements and did not participated in voting on the relevant resolution. The resolution was unanimously approved by the other Directors.

INFORMATION OF THE PARTIES TO THE PARTNERSHIP AGREEMENT

General Partner

Shenzhen Kunpeng Zhanyi Equity Investment Management Co., Ltd. (深圳市鯤鵬展翼股權投資管理有限公司), is a limited company incorporated in the PRC which principally engaged in entrusted asset management, equity investment fund management and equity investment management business. It is a wholly-owned subsidiary of the Manager, and its ultimate beneficial owner is SZ SASAC. The General Partner shall bear unlimited liability for the Partnership Fund.

Limited Partners

The Company

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

Other Limited Partners

Shenzhen Kunpeng Equity Investment Co., Ltd. (深圳市鯤鵬股權投資有限公司), is a limited company incorporated in the PRC which principally engaged in equity investment, equity investment fund management, investment management and consultation business. Its ultimate beneficial owner is SZ SASAC.

Shenzhen Luohu Investment Holding Co., Ltd. (深圳市羅湖投資控股有限公司), is a limited company incorporated in the PRC which principally engaged in investment and cultivation of strategic emerging industries, development of key areas and construction of infrastructure facilities, construction, operation and management of innovative industrial housing, investment and establishment of entities. Its ultimate beneficial owner is Shenzhen Luohu State-owned Assets Supervision and Administration Bureau (深圳市羅湖區國有資產監督管理局), a PRC government authority.

Shenzhen Capital Operation Group Co., Ltd. (深圳市資本運營集團有限公司), is a limited company incorporated in the PRC which principally engaged in investment management, asset management, and establishment of various kind of entities. Its ultimate beneficial owner is SZ SASAC.

SZ SASAC, is a PRC government authority, it represents the PRC to perform the responsibilities of investors, and supervise and manage state-owned assets as per authorized according to the law.

SZI (SZ) is a limited company incorporated in the PRC which principally engaged in investment holdings. Its ultimate beneficial owner, SZ International, is a company incorporated in Bermuda with limited liability, the shares of which are listed on the Stock Exchange. SZ International is principally engaged in logistics and toll road business. SZ International and its subsidiaries defines the Guangdong-Hong Kong-Macao Greater Bay Area, the Yangtze River Delta and the Pan-Bohai Rim as strategic regions, endeavours to invest in, construct and operate logistic infrastructure projects including integrated logistics hubs and toll roads, and provides high-end and value-added logistic services to customers based on these infrastructures, and expanding its scope of business to various market segments including comprehensive development of lands related to the logistics industry as well as investment in and operation of environmental protection business.

Shenzhen Energy Group Co., Ltd. (深圳能源集團股份有限公司), is a joint stock limited company incorporated in the PRC which principally engaged in development, production, purchase and sale of various conventional and new energy sources. Its ultimate beneficial owner is SZ SASAC.

To the best of the knowledge, information and belief of the Directors and having made all reasonable enquiries, save for SZI (SZ), the General Partner, each of the Other Limited Partners and their respective ultimate beneficial owner is a third party independent of the Company and its connected persons.

IMPLICATIONS UNDER THE LISTING RULES

Since one of the Limited Partners, SZI (SZ), is a wholly-owned subsidiary of SZ International, the controlling shareholder which owns as to approximately 52% interest of the Company, SZI (SZ) is a connected person of the Company pursuant to Chapter 14A of the Listing Rules. Accordingly, the transaction contemplated under the Partnership Agreement constitutes a connected transaction of the Company.

As the applicable percentage ratios of the transaction under the Partnership Agreement are more than 0.1% but less than 5%, the transaction under the Partnership Agreement is subject to the reporting and announcement requirements but exempted from independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

DEFINITIONS

“Board”	the board of directors of the Company
“Company”	Shenzhen Expressway Company Limited, a joint stock limited company incorporated in the PRC with limited liability, the H shares of which are listed on the Stock Exchange and the A shares of which are listed on the Shanghai Stock Exchange
“connected person(s)”	has the meaning ascribed thereto under the Listing Rules
“Directors”	the directors of the Company
“General Partner”	the general partner under the Partnership Agreement, being Shenzhen Kunpeng Zhanyi Equity Investment Management Co., Ltd. (深圳市鯤鵬展翼股權投資管理有限公司)

“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Limited Partners”	the limited partners under the Partnership Agreement, being the the Company and the Other Limited Partners
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Manager”	Shenzhen Kunpeng Equity Investment Management Co., Ltd. (深圳市鯤鵬股權投資管理有限公司), a company incorporated in the PRC and the sole shareholder of the General Partner
“Other Limited Partners”	the limited partners under the Partnership Agreement except for the Company, details of which are set out in the section headed “Information of the Parties to the Partnership Agreement” in this announcement
“Partnership Agreement”	the partnership agreement dated 17 August 2020 entered into among the Company, the General Partner and the Other Limited Partners in relation to the establishment of the Partnership Fund
“Partnership Fund”	the partnership fund to be established pursuant to the Partnership Agreement
“PRC”	the People’s Republic of China, and for the purposes of this announcement, excluding Hong Kong, the Macau Special Administrative Region and Taiwan
“RMB”	Renminbi, the lawful currency of the PRC
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“SZ International”	Shenzhen International Holdings Limited, a company incorporated in Bermuda with limited liability, the shares of which are listed on the Stock Exchange
“SZI (SZ)”	Shenzhen International Holdings (SZ) Limited, a limited company incorporated in the PRC and a wholly-owned subsidiary of SZ International
“SZ SASAC”	State-owned Assets Supervision and Administration Commission of Shenzhen

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, 17 August 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), Mr. WANG Zeng Jin (Executive Director), Ms. CHEN Yan (Non-executive Director), Mr. FAN Zhi Yong (Non-executive Director), Mr. CHEN Yuan Jun (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).