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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
CAPITAL INCREASE IN VANHO SECURITIES CO., LTD.

CAPITAL INCREASE AGREEMENT

The Board is pleased to announce that on 21 August 2020, Vanho Securities entered into the Capital Increase Agreement with the Company, Capital Group, Kungpeng Fund and Futian Investment, pursuant to which the Company, Capital Group, Kungpeng Fund and Futian Investment shall make capital contribution to Vanho Securities and subscribe for its new shares at the price of RMB3.05 per share, among which the Company shall contribute RMB950 million and subscribe for 311,475,140 shares. Upon completion of the Capital Increase Agreement, the Company will hold approximately 8.68% equity interest in the enlarged capital of Vanho Securities. Vanho Securities will not become a subsidiary of the Company and will not be consolidated into the financial statements of the Company.

REASONS FOR AND BENEFITS OF ENTERING INTO THE CAPITAL INCREASE AGREEMENT

The Group's major businesses are transportation infrastructure facilities and general environmental protection. Actively innovate its investment and financing models and explore the integration of industry and finance are important ways for the Group to continue to consolidate, improve and expand its major businesses. Vanho Securities has the full license qualification for securities traders and can provide the Group with financial resources and services in investment, mergers and acquisitions and capital operation areas, which will generate synergy and complementarity effect and conducive to the Group's sustainable development. Besides, the Group's investment in Vanho Securities at a reasonable price can also allow the Group to share the fruits of the rapid development of the PRC's capital market and achieve a relatively ideal return on investment.

IMPLICATIONS UNDER THE LISTING RULES

As the applicable percentage ratios of the transaction under the Capital Increase Agreement are more than 5% but less than 25%, the transaction under the Capital Increase Agreement is subject to the reporting and announcement requirements but exempted from shareholders' approval requirement under Chapter 14 of the Listing Rules.

The Board is pleased to announce that on 21 August 2020, Vanho Securities entered into the Capital Increase Agreement with the Company, Capital Group, Kunpeng Fund and Futian Investment, the principal terms of the Capital Increase Agreement are set out as follows:

CAPITAL INCREASE AGREEMENT

Date: 21 August 2020

Parties: Vanho Securities; and
the Company, Capital Group, Kunpeng Fund and Futian Investment (collectively, the “Investors”)

To the best of the knowledge, information and belief of the Directors and having made all reasonable enquiries, each of Vanho Securities, Capital Group, Kunpeng Fund, Futian Investment and their respective ultimate beneficial owner is a third party independent of the Company and its connected persons.

Capital structure of Vanho Securities:

As at the date of this announcement, Vanho Securities has a registered capital of RMB2,272,997,710 divided into 2,272,997,710 shares, its capital structure is as follows:

Existing Shareholders	No. of shares held	Shareholding (%)
Capital Group	1,295,835,995	57.01%
Kunpeng Fund	545,519,450	24.00%
Shum Yip Group Limited (深業集團有限公司)	172,248,716	7.58%
Shenzhen Capital Group Co., Ltd. (深圳市創新投資集團有限公司)	78,159,970	3.44%
Shenzhen Yuanzhifuhai No. 10 Investment Enterprise (Limited Partnership) (深圳遠致富海十號投資企業(有限合夥))	75,103,267	3.30%
Chengdu Jiaozi Financial Holding Group Co., Ltd. (成都交子金融控股集團有限公司)	73,221,688	3.22%
Haikou Financial Holding Co., Ltd. (海口市金融控股有限公司)	<u>32,908,624</u>	<u>1.45%</u>
Total	2,272,997,710	100.00%

To the best of the knowledge, information and belief of the Directors and having made all reasonable enquiries, each of the existing shareholders of Vanho Securities in the above table and their respective ultimate beneficial owner is a third party independent of the Company and its connected persons.

Capital increase and subscription of new shares:

Pursuant to the Capital Increase Agreement, the Investors shall contribute a total of RMB4,000,000,000 to Vanho Securities and Vanho Securities shall issue to the Investors a total of 1,311,475,410 new shares at RMB3.05 each, among which (i) RMB1,311,475,410 will be treated as additional registered capital of Vanho Securities; and (ii) the remaining RMB2,688,524,590 shall be treated as capital reserve of Vanho Securities. The contribution amount and number of new shares to be subscribed by each Investor are as follows:

Investors	Contribution amount (RMB)	No. of shares to be subscribed
the Company	950,000,000	311,475,410
Capital Group	2,280,000,000	747,540,984
Kunpeng Fund	270,000,000	88,524,590
Futian Investment	<u>500,000,000</u>	<u>163,934,426</u>
Total	4,000,000,000	1,311,475,410

Each Investor shall pay the full amount of its contribution to the designated bank account of Vanho Securities by cash within 5 working days from the date of the Capital Increase Agreement. Upon payment of the contribution amount by the Investors, and the relevant securities regulatory authorities having approved or filed the subject capital increase, Vanho Securities shall release the proof of contribution to each of the Investors in 15 working days, and complete the relevant business registration regarding the said change as soon as practicable. Under the lock-up period as required under applicable PRC laws, rule or requirements of the securities regulatory authorities, each Investor shall not transfer its shares in Vanho Securities.

In the event Vanho Securities failed to obtain approval from or complete the filing with relevant securities regulatory authorities in respect of the subject capital increase within 12 months from the date of the Capital Increase Agreement, such period can be extended upon agreement by all parties therein. Otherwise, if ultimately Vanho Securities could not complete the filing or the securities regulatory authorities reject to approve the capital increase, Vanho Securities shall return the full contribution amount to each of the Investors together with interest calculated by the demand deposit interest rate announced by the People's Bank of China.

The contribution amount to be paid by the Company under the Capital Increase Agreement will be financed by the internal resources of the Group.

Completion:

Upon completion of the Capital Increase Agreement, the registered capital of Vanho Securities will be increased to RMB3,584,473,120 and divided into 3,584,473,120 shares, the capital structure of which will be as follow:

Shareholders	No. of shares held	Shareholding (%)
the Company	311,475,410	8.68%
Capital Group	2,043,376,979	57.01%
Kunpeng Fund	634,044,040	17.69%
Futian Investment	163,934,426	4.57%
Shum Yip Group Limited (深業集團有限公司)	172,248,716	4.81%
Shenzhen Capital Group Co., Ltd. (深圳市創新投資集團有限公司)	78,159,970	2.18%
Shenzhen Yuanzhifuhai No. 10 Investment Enterprise (Limited Partnership) (深圳遠致富海十號投資企業(有限合夥))	75,103,267	2.10%
Chengdu Jiaozi Financial Holding Group Co., Ltd. (成都交子金融控股集團有限公司)	73,221,688	2.04%
Haikou Financial Holding Co., Ltd. (海口市金融控股有限公司)	<u>32,908,624</u>	<u>0.92%</u>
Total	3,584,473,120	100.00%

Upon completion of the Capital Increase Agreement, the Company will hold approximately 8.68% equity interest in the enlarged capital of Vanho Securities. Vanho Securities will not become a subsidiary of the Company and will not be consolidated into the financial statements of the Company.

Determination basis of the price of capital increase

The aforesaid price of the capital increase was determined by the Investors (including the Company) and Vanho Securities after arm's length negotiation and based on normal commercial terms. In the determination of the price of the capital increase, the Company has comprehensively considered major price negotiation factors including the long-term positive trend of the PRC's economic development, the overall development of the PRC's securities industry, the Group's need for investment and financing model innovation, and industry-finance integration, and the valuation report prepared by Pengxin Appraisal.

Pengxin Appraisal prepared a valuation on the entire shareholders' equity of Vanho Securities at the base date of 31 December 2019. The valuation has adopted market approach and used the price-to-book ratios of comparable listed securities companies selected from the Shanghai and Shenzhen Stock Exchanges as value ratio, and has taken into account the combined influence of factors such as market liquidity discounts of non-listed companies. The value of the entire shareholders' equity of Vanho Securities is valued to be RMB6,943 million as at the valuation base date. When Pengxin Appraisal selected the comparable listed securities companies, it has considered various factors such as their asset scale, business scale, and business structure, etc.

INFORMATION OF VANHO SECURITIES

Vanho Securities is a joint stock limited company incorporated in the PRC with limited liability. It is a national comprehensive securities trader with full license qualification in the PRC. It is principally engaged in securities brokerage, securities proprietary trading, credit trading, investment banking, asset management and financial consultation businesses, etc.

The table below sets out the consolidated audited financial information of Vanho Securities for the two years ended 31 December 2019 prepared in accordance with the PRC Accounting Standards for Business Enterprises:

	For the year ended 31 Dec 2018	For the year ended 31 Dec 2019
	<i>(RMB)</i>	<i>(RMB)</i>
Net profit (before tax)	113,588,497.97	174,540,358.07
Net profit (after tax)	87,434,553.21	125,696,192.03
	As at 31 Dec 2018	As at 31 Dec 2019
	<i>(RMB)</i>	<i>(RMB)</i>
Net assets	5,173,861,391.28	5,311,213,281.56

INFORMATION OF THE INVESTORS

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.

Kunpeng Fund 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.

Capital Group 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.

Futian Investment is a limited company incorporated in the PRC which principally engaged in equity investment management, property operation management, reconstruction of aged cities, investment and construction of social housing, and such investment and business as required and authorized by the State-owned Assets Supervision and Administration Commission of Futian District of Shenzhen ("Futian SASAC"). Its ultimate beneficial owner is Futian SASAC.

REASONS FOR AND BENEFITS OF ENTERING INTO THE CAPITAL INCREASE AGREEMENT

The Group's major businesses are transportation infrastructure facilities and general environmental protection. Actively innovate its investment and financing models and explore the integration of industry and finance are important ways for the Group to continue to consolidate, improve and expand its major businesses. Vanho Securities has the full license qualification for securities traders and can provide the Group with financial resources and services in investment, mergers and acquisitions and capital operation areas, which will generate synergy and complementarity effect and conducive to the Group's sustainable development. Besides, the Group's investment in Vanho Securities at a reasonable price can also allow the Group to share the fruits of the rapid development of the PRC's capital market and achieve a relatively ideal return on investment.

The Directors of the Company consider the terms in the Capital Increase 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.

IMPLICATIONS UNDER THE LISTING RULES

As the applicable percentage ratios of the transaction under the Capital Increase Agreement are more than 5% but less than 25%, the transaction under the Capital Increase Agreement is subject to the reporting and announcement requirements but exempted from shareholders' approval requirement under Chapter 14 of the Listing Rules.

DEFINITIONS

"Board"	the board of directors of the Company
"Capital Group"	Shenzhen Capital Operation Group Co., Ltd. (深圳市資本運營集團有限公司), a limited company incorporated in the PRC
"Capital Increase Agreement"	the Capital Increase Agreement dated 21 August 2020 entered into among Vanho Securities, the Company, Capital Group, Kunpeng Fund and Futian Investment
"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

“Futian Investment”	Shenzhen Futian Investment Holdings Co., Ltd. (深圳市福田投資控股有限公司), a limited company incorporated in the PRC
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Kunpeng Fund”	Shenzhen Kunpeng Equity Investment Co., Ltd. (深圳市鯤鵬股權投資有限公司), a limited company incorporated in the PRC
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Pengxin Appraisal”	Shenzhen Pengxin Appraisal Limited (深圳市鵬信資產評估土地房地產估價有限公司), an independent valuer 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
“RMB”	Renminbi, the lawful currency of the PRC
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“SZ SASAC”	State-owned Assets Supervision and Administration Commission of the People’s Government of Shenzhen Municipal
“Vanho Securities”	Vanho Securities Co., Ltd. (萬和證券股份有限公司), a joint stock limited company incorporated in the PRC with limited liability

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, 21 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).