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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)

PROPOSED NON-PUBLIC ISSUANCE OF H SHARES UNDER SPECIFIC MANDATE

In the first extraordinary general meeting 2020, the first class meeting 2020 of holders of A Shares and the first class meeting 2020 of holders of H Shares held on 31 March 2020, the Shareholders approved the resolutions in relation to the Issuance and the grant of authorisation to the Board and its authorised person(s) to handle matters in relation to the Issuance at their sole discretion. The Company also received the approval from the CSRC for the Issuance in July 2020. However, due to the impacts of the COVID-19 pandemic and the highway toll free policy in 2020, the Issuance has not yet been completed.

After taking into full account the Company's future development strategy and capital needs, H-share market conditions and the feasibility of the Issuance, the Company intends to continue to proceed with the Issuance. Given that the Original Validity Period is about to expire, if the Company proposed to implement the Issuance after the expiration of the Original Validity Period, it should obtain the approval and authorisation from the Shareholders of the Company for extension of the Original Validity Period, and the Company has made adjustment to the target subscribers provision, the Company proposes to submit the updated plan of the Issuance to the 2021 General Meetings for consideration and approval as special resolutions on an individual basis.

The Issuance will be made under specific mandate. Pursuant to the articles of association of the Company and Rule 19A.38 of the Listing Rules, the Company will convene the 2021 General Meetings to seek approval from the Shareholders in relation to (among other things) the updated plan of the Issuance. A circular containing (among other things) the details of the Issuance together with notices of the 2021 General Meetings will be dispatched to the Shareholders in due course in accordance with the Listing Rules and its articles of association.

This announcement does not constitute any invitation or solicitation to acquire, purchase or subscribe for the securities of the Company. The completion of the Issuance is subject to the satisfaction of certain conditions. Accordingly, the Issuance may or may not proceed to completion. Shareholders and potential investors are advised to exercise caution when dealing in the securities of the Company.

References are made to the announcements of Shenzhen Expressway Company Limited (the “**Company**”) dated 10 January 2020, 31 March 2020, 22 April 2020 and 14 July 2020 and the circular dated 27 February 2020 in relation to the proposed non-public issuance by the Company of not more than 300 million H Shares under specific mandate to eligible subscribers (the “**Issuance**”).

I. THE ISSUANCE

In the first extraordinary general meeting 2020, the first class meeting 2020 of holders of A Shares and the first class meeting 2020 of holders of H Shares held on 31 March 2020, the shareholders of the Company (the “**Shareholders**”) approved the resolutions in relation to the Issuance (the “**Issuance Resolutions**”), and the grant of authorisation to the board of directors of the Company (the “**Board**”) and its authorised person(s) to handle matters in relation to the Issuance (the “**Directors Authorisation Matters**”) at their sole discretion. The validity period of the Issuance Resolutions and part of the Directors Authorisation Matters mentioned above is 12 months from the date of approval by the general meetings (the “**Original Validity Period**”). The Company also received the approval from the China Securities Regulatory Commission (the “**CSRC**”) for the Issuance in July 2020. However, due to the impacts of the COVID-19 pandemic and the highway toll free policy in 2020 , the Issuance has not yet been completed.

After taking into full account the Company's future development strategy and capital needs, H-share market conditions and the feasibility of the Issuance, the Company intends to continue to proceed with the Issuance. Given that the Original Validity Period is about to expire, if the Company proposed to implement the Issuance after the expiration of the Original Validity Period, it should obtain the approval and authorisation from the Shareholders of the Company for extension of the Original Validity Period, and the Company has made adjustment to the target subscribers provision, the Company proposes to submit the updated plan for the Issuance to the 2021 General Meetings (as defined below) for consideration and approval as special resolutions on an individual basis.

Details of the issuance plan are as follows:

(I) Type and nominal value of Shares to be issued

The type of Shares to be issued under the Issuance is overseas listed foreign shares (H Shares), with par value of RMB1.00 each.

(II) Method and timing of issuance

The Issuance will be made in accordance with the specific mandate granted by shareholders' general meeting, class meeting of holders of A Shares and class meeting of holders of H Shares, and by way of non-public issuance to specific subscribers. The Issuance will be implemented by the Company in due course upon obtaining the approval by the relevant regulatory authorities including the CSRC and the listing approval by The Stock Exchange of Hong Kong Limited (the “**Hong Kong Stock Exchange**”) for the Issuance within the validity period of the approval.

(III) Method of subscription

The target subscribers of the Issuance will make a one-off subscription in cash for the Issuance of H Shares.

(IV) Target Subscribers

The target subscribers of the Issuance are intended to be eligible investors, including professional investors, institutional investors or other investors in compliance with the requirements under the applicable laws and regulations and by the Hong Kong Stock Exchange. In the event that connected person(s) (as defined in the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”)) of the Company will participate in the Issuance, the Company will perform corresponding approval procedures of connected transactions in strict compliance with the requirements of applicable laws and regulations, the listing rules of the place where the securities are listed and the articles of association of the Company, including but not limited to all disclosure and independent shareholders' approval requirements for connected transactions under Chapter 14A of the Listing Rules.

(V) Size of the Issuance

Pursuant to the relevant laws and regulations and in light of the Company's financial status and investment plans, the total number of H Shares to be issued under the Issuance will be not more than 300 million (inclusive).

The final number of H Shares ultimately issued will be determined by the Board and its authorised person(s) based on the market conditions at that time as authorised by shareholders' general meeting, class meeting of holders of A Shares and class meeting of holders of H Shares of the Company.

(VI) Method of pricing, pricing benchmark date, issue price and adjustment of issue price

The pricing of the Issuance will be conducted with reference to the trading price of the Company's H Shares in the secondary market, and the valuation indicators such as price-earnings ratio and price-to-book ratio, and will take into account factors such as the Company's development, the Company's existing Shareholders' interests, investor acceptance and the risks of the issuance.

If the connected person(s) of the Company eventually subscribe for H Shares in the Issuance, the subscription price of H Shares for the connected person(s) of the Company shall be the same as that for non-connected eligible investors.

The pricing benchmark date of the Issuance is the date on which the H Shares placing/subSCRIPTION agreement is entered into, and its issue price is not lower than the higher of the following:

1. the latest audited net asset value (after the conversion of exchange rate) per share of the Company attributable to ordinary shareholders of the parent company as at the pricing benchmark date
2. 90% of the average trading price of the H Shares traded on the Hong Kong Stock Exchange during the 5 consecutive trading days preceding the pricing benchmark date

Of which, the average trading price of the H Shares in the 5 trading days preceding the pricing benchmark date = the total trading amount of H Shares traded in the 5 trading days preceding the pricing benchmark date/the total volume of H Shares traded in the 5 trading days preceding the pricing benchmark date.

Where any ex-right or ex-dividend event(s), such as dividend distribution, bonus issue, rights issue, and conversion of capital reserve into share capital, occurs during these 5 trading days that leads to an adjustment to the trading price of the Shares, the trading prices of the Shares for the trading days preceding such adjustment shall be adjusted in view of such ex-right or ex-dividend event(s).

The aforementioned net asset value per Share attributable to ordinary shareholders of the parent company will be adjusted in case of ex-right or ex-dividend event(s), such as dividend distribution, bonus issue, rights issue, conversion of capital reserve into share capital during the period from the balance sheet date of the Company's latest audited financial report (as at the pricing benchmark date) to the date of the Issuance.

If any ex-right or ex-dividend event(s), such as dividend distribution, bonus issue, rights issue, and conversion of capital reserve into share capital, occurs during the period from the pricing benchmark date to the date of issuance of H Shares, the issue price shall be adjusted in view of such ex-right or ex-dividend event(s).

The final issue price for the Issuance will be determined by the Board of the Company and its authorised person(s) based on the market conditions at that time as authorised by shareholders' general meeting, class meeting of holders of A Shares and class meeting of holders of H Shares.

(VII) Use of proceeds

Proceeds from the Issuance, after deducting the related costs and expenses, will be used for investments in the principal businesses of the Company, including highways and environmental protection, the repayment of debts of the Company and its subsidiaries, and also for the supplement of working capital.

(VIII) Arrangement for accumulated undistributed profits before the completion of the Issuance

The Company's undistributed profits accumulated prior to the Issuance shall be shared by all the Shareholders after the completion of Issuance.

(IX) Place of listing

The H Share to be issued under the Issuance will be listed and traded on the Main Board of the Hong Kong Stock Exchange in accordance with the relevant rules.

(X) Validity period of the resolutions

The validity period of the resolutions in relation to the Issuance shall be extended 12 months from 31 March 2021.

(XI) Directors Authorisation Matters

The Board has proposed to the shareholders' general meeting, class meeting of holders of A Shares and class meeting of holders of H Shares of the Company to delegate the Board and its authorised person(s) with all powers to deal with and complete all the matters in relation to the Issuance, including but not limited to:

1. to formulate and implement a specific plan of the Issuance in accordance with the Plan of the Issuance as approved at the general meeting of shareholders, the A Shares Class Meeting and the H Shares Class Meeting and the Company's situation, and within the scope of relevant laws, regulations and other normative documents, on matters including but not limited to the timing of the Issuance, the amount of the Issuance, starting and ending dates of the Issuance, method of pricing, issue price, target subscribers, lock-up period, detailed plan for use of proceeds and other matters related to plan of the Issuance.
2. when necessary, to make appropriate adjustments to the plan of the Issuance and continue to handle matters in relation to the Issuance pursuant to the new regulations, guidance and national policies formulated by domestic and overseas securities regulatory authorities and exchanges, market conditions and the actual needs of the Company, and in accordance with the principle of safeguarding the maximisation of interests of the Company and the purpose of the Issuance, save for those which are required to be voted on again at the general meeting in accordance with the relevant laws, regulations, normative documents and its articles of association.
3. to prepare, produce, amend, supplement, execute, submit, report, perform, publish, print, suspend and/or terminate all the agreements or documents related to the Issuance (and subscription of shares thereunder), including but not limited to, application documents submitted to domestic and overseas regulatory authorities, placing/subscription agreements, announcements, circulars and other documents published or printed as required by the Listing Rules.
4. to engage professional parties in relation to the Issuance and to undertake all the works in relation to the examination, registration, filing, approval, postponement and/or withdrawal of the Issuance and listing, and to do all necessary, advisable or appropriate acts related to the Issuance and listing in accordance with the requirements and guidelines of relevant government departments, regulatory authorities and stock exchanges.
5. to amend the terms in relation to the registered capital, total number of shares, shareholding structure, corporate history and other corresponding terms in the articles of association according to the actual circumstances of the Issuance, and to set up special account for proceeds, verify capital, register the changes in the relevant industrial and commercial registration and conduct other relevant matters.

6. to proceed with the share registration procedures, listing and other relevant matters of the new Shares upon completion of the Issuance.
7. to conduct other matters relating to the Issuance within the scope permitted by the relevant laws, regulations and the articles of association.

The authorisation with respect to matters under items (4) to (6) above took effect from the date of approval at the First Extraordinary General Meeting 2020, the First Class Meeting 2020 of Holders of A Shares and the First Class Meeting 2020 of Holders of H Shares and shall remain valid as long as such matter persists, while the valid period of the authorisation with respect to any other matter above shall be extended for 12 months from 31 March 2021.

It is proposed by the Board to the shareholders' general meeting, class meeting of holders of A Shares and class meeting of holders of H Shares to approve the Board to authorise the Chairman and the President of the Company to act as the authorised persons in relation to the Issuance, and to deal with related matters of the Issuance and execute the relevant legal documents. The above authorised persons shall be entitled to handle the above matters in relation to the Issuance on behalf of the Company in the course of the Issuance according to the scope of authorisation as determined in the resolutions of the shareholders' general meeting, class meeting of holders of A Shares and class meeting of holders of H Shares and the authorisation of the Board.

II. REASONS FOR THE ISSUANCE AND THE PROPOSED USE OF PROCEEDS

The Company's businesses are capital-intensive and capital is critical to the sustainability of the Company. According to the Company's development strategies, it will face greater capital expenditure requirement in the next few years. However, since the Company mainly relied on debt financing to raise funds in the past, the current debt level is relatively high (as of 31 December 2020, the Company's asset-liability ratio was 52.35%). If the Company continues to rely solely on debt financing to raise funds, it is expected that the level of debt of the Company will rise further in the future. The ever-rising level of debt would lead to an increase of financial risk of the Company, growth of its cost of debt financing and increase the difficulty in financing, forcing the Company to forgo investment opportunities of high-quality projects and miss the development opportunity in the industry, which is not in the long-term interests of the Company and its Shareholders. Based on the above, the Company urgently needs to supplement the capital for development through equity financing at this stage.

Proceeds from the Issuance, after deducting the related costs and expenses, will be used for the investment on the principal businesses of the Company, including highways and environmental protection, the repayment of debts of the Company and its subsidiaries, and also for the supplement of working capital. The Company will allocate the proceeds based on the principle of maximising the efficiency of capital utilisation and improving the performance of the Company, taking into account the time when the proceeds are received and the progress of specific projects. According to the business plan and fund allocation of the Company, the Company expects that the proceeds would be fully utilised within a year after the completion of the Issuance. The Directors of the Company believe that the Issuance is beneficial for the Company's future business development, and will optimise its capital structure, lower the financial cost, further expand the room for financing of the Company in the future, enhance its profitability continuously and enhance its core competitiveness, which is in line with the long-term development strategies of the Company and is in the interest of the Company and its Shareholders as a whole.

III. EFFECT OF THE ISSUANCE ON THE SHAREHOLDING STRUCTURE OF THE COMPANY

As of the date of this announcement, the total number of issued Shares of the Company is 2,180,770,326 Shares, including 1,433,270,326 A Shares and 747,500,000 H Shares.

Assuming that there are no other changes to the total issued share capital of the Company other than the Issuance from the date of this announcement to the date of the completion of the Issuance, the shareholding structure of the Company (1) as of the date of this announcement, (2) immediately after the completion of the Issuance (assuming that the number of H Shares issued under the Issuance is 300 million) is set out as below:

	As of the date of this announcement		Immediately after the completion of the Issuance	
	Number of Shares	Approximate percentage in total issued Shares of the Company	Number of Shares	Approximate percentage in total issued Shares of the Company
Total A Share	1,433,270,326	65.72%	1,433,270,326	57.78%
Total H Share	747,500,000	34.28%	1,047,500,000	42.22%
Total Shares	2,180,770,326	100.00%	2,480,770,326	100.00%

The Company expected that the public float of the listed securities of the Company will, upon completion of the Issuance, remain in compliance with the Rules 8.08 and 13.32 of the Listing Rules on minimum public float requirement.

IV. FUND-RAISING ACTIVITIES OF THE COMPANY FOR THE PAST TWELVE MONTHS

The Directors confirm that the Company has not carried out any fund-raising activities in relation to the issuance of its equity securities other than preparation of the Issuance within the 12 months immediately preceding the date of this announcement.

V. IMPLICATIONS UNDER THE LISTING RULES

The Issuance will be made under specific mandate. Pursuant to the articles of association of the Company and Rule 19A.38 of the Listing Rules, the Company will convene the 2020 annual general meeting, the first class meeting 2021 of holders of A Shares and the first class meeting 2021 of holders of H Shares (the “**2021 General Meetings**”) to seek approval from the Shareholders in relation to (among other things) the updated plan of the Issuance. A circular containing (among other things) the details of the Issuance together with notices of the 2021 General Meetings will be dispatched to the Shareholders in due course in accordance with the Listing Rules and its articles of association.

If the Issuance is made by the Board under the specific mandate after such specific mandate is approved by the Shareholders, the Company will apply to the Listing Committee of the Hong Kong Stock Exchange for the listing of and permission to deal in the placing Shares to be issued under the Issuance. In addition, if the Company is unable to complete the Issuance within the original validity period as approved by the CSRC due to any event of force majeure, the Company will re-submit an application to the CSRC as and when necessary for extension of approval period or obtain a new approval.

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By Order of the Board
Gong TaoTao
Joint Company Secretary

Shenzhen, the PRC, 24 March 2021

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. WANG Zeng Jin (Executive Director), Mr. WEN Liang (Executive Director), Mr. DAI Jing Ming (Non-executive Director), Ms. LI Xiao Yan (Non-executive Director), Ms. CHEN Hai Shan (Non-executive Director), Ms. CHEN Xiao Lu (Independent non-executive Director), Mr. BAI Hua (Independent non-executive Director) and Mr. LI Fei Long (Independent non-executive Director).