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Shenzhen International Holdings Limited
深圳國際控股有限公司
(Incorporated in Bermuda with limited liability)
(Stock Code: 00152)



深圳高速公路集團股份有限公司
SHENZHEN EXPRESSWAY CORPORATION LIMITED
(a joint stock limited company incorporated in the People's
Republic of China with limited liability)
(Stock Code: 00548)

JOINT ANNOUNCEMENT

SPIN-OFF OF YICHANG EXPRESSWAY AND DISCLOSEABLE TRANSACTION IN RELATION TO THE ISSUANCE OF E FUND SZ EXPRESSWAY REIT

TRANSFER OF INTERESTS IN THE PROJECT COMPANY

The respective boards of directors of SZ International and SZ Expressway (a subsidiary owned as to approximately 52% by SZ International) hereby announce that on 13 March 2024, SZ Expressway (as vendor) entered into the Equity Transfer Agreement and Creditor's Right Transfer Agreement with SPV (as purchaser) and the Project Company, pursuant to which SPV agreed to acquire from SZ Expressway 100% equity interest in the Project Company and two debt receivables from the Project Company at the consideration of RMB2,046 million. Upon completion of the Equity Transfer Agreement, the Project Company will cease to be a subsidiary of SZ International and SZ Expressway.

As SZ Expressway has subscribed 40% of the fund units issued by E Fund SZ Expressway REIT, the equity interests owned by SZ International and SZ Expressway in the Project Company will be reduced from 100% to 40% after completion of the equity transfer of the Project Company.

REASONS FOR AND BENEFITS OF THE TRANSFER OF INTERESTS IN THE PROJECT COMPANY

The Transfer of Interests in the Project Company is a crucial component of SZ Expressway's implementation of the issuance plan of E Fund SZ Expressway REIT. Through the issuance of the E Fund SZ Expressway REIT, SZ Expressway can transfer its mature project with stable cash flows to publicly traded REITs funds, effectively revitalise its existing expressway infrastructure assets, recover its operating investments and realise its returns in advance, enhance its asset turnover efficiency, and bolster its rolling investment capability, and helps SZ Expressway to further expand its financing channels and refine its business models.

LISTING RULES IMPLICATIONS

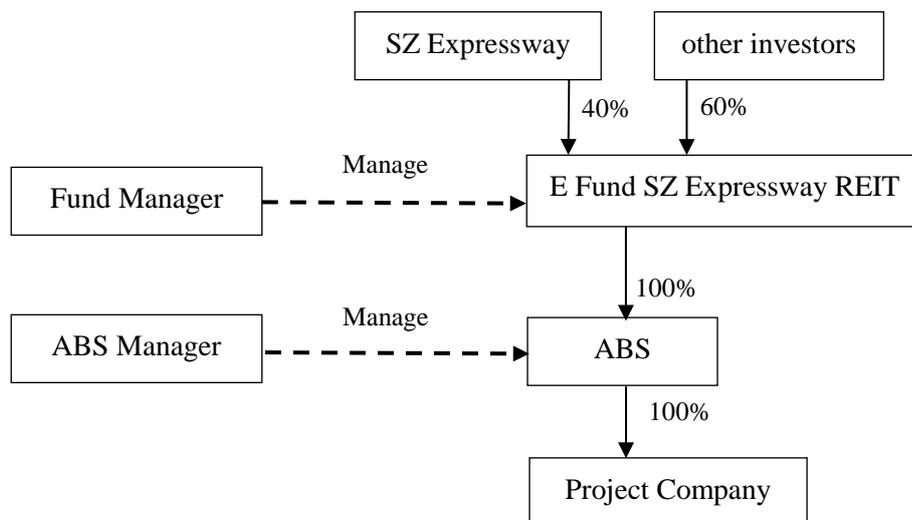
As the highest applicable percentage ratio(s) in respect of the Transfer of Interests in the Project Company for each of SZ International and SZ Expressway exceed 5% but less than 25%, the transaction under the Transfer of Interests in the Project Company constitutes a discloseable transaction for each of SZ International and SZ Expressway and is subject to the reporting and announcement requirements but exempted from the shareholders' approval requirement under Chapter 14 of the Listing Rules.

INTRODUCTION

Reference is made to the joint announcements (the “**Announcements**”) of SZ International and SZ Expressway dated 18 August 2023, 17 November 2023, 2 January 2024 and 13 March 2024 in relation to, among others, the Stock Exchange's grant of consent and waivers in respect of the proposed spin-off of the Yichang Expressway project; and the fund manager of the project, E Fund Management Co., Ltd. (the “**Fund Manager**”) having received the letter of no objection from the SSE and the approval from the CSRC in respect of the E Fund SZ Expressway REIT. The E Fund SZ Expressway REIT has completed its offering on 7 March 2024, among which SZ Expressway subscribed 120 million fund units issued by the E Fund SZ Expressway REIT, representing 40% of the total issued units. Unless otherwise specified, capitalised terms used herein shall have the same meanings as those defined in the Announcements.

The manager of the asset-backed scheme of the E Fund SZ Expressway REIT, E Fund Asset Management Co., Ltd. (the “**ABS Manager**”) has set up the asset-backed scheme of the E Fund SZ Expressway REIT (the “**ABS**”). The ABS will acquire the equity interest and creditor's right in the Project Company from SZ Expressway through its wholly-owned special purpose vehicle (“**SPV**”), Changde Yichang Enterprise Operation Management Co., Ltd. (常德市益常企業運營管理有限公司). Ultimately, the E Fund SZ Expressway REIT will own the entire operational rights and interest of Yichang Expressway (the “**Transfer of Interests in the Project Company**”).

Upon completion of the Transfer of Interests in the Project Company, the interests held by SZ International and SZ Expressway in the Project Company will be reduced from 100% to 40%, the Project Company will merge with SPV through reverse absorption. The structure of the E Fund SZ Expressway REIT will be as follows:



Notes:

- (1) SZ Expressway established a wholly-owned subsidiary to provide operation and management services as the operating management agency of Yichang Expressway during the existence of the E Fund SZ Expressway REIT.
- (2) In accordance with relevant laws and regulations and the fund management contract of the E Fund SZ Expressway REIT, the Fund Manager (which fulfills the conditions and qualifications specified by the CSRC) will be ultimately responsible for the daily operations of the E Fund SZ Expressway REIT.

TRANSFER OF INTERESTS IN THE PROJECT COMPANY

The respective boards of directors of SZ International and SZ Expressway (a subsidiary owned as to approximately 52% by SZ International) announce that, to implement the Transfer of Interests in the Project Company, on 13 March 2024, SZ Expressway (as vendor) entered into the equity transfer agreement (the “**Equity Transfer Agreement**”) and the creditor’s right transfer agreement (the “**Creditor’s Right Transfer Agreement**”) with SPV (as purchaser) and the Project Company. The principal terms of which are set out as follows:

EQUITY TRANSFER AGREEMENT

Date : 13 March 2024

Parties : SZ Expressway (as vendor);
 SPV (as purchaser); and
 the Project Company

Subject matter : SZ Expressway agreed to sell and the SPV agreed to acquire 100% equity interest in the Project Company. The parties agreed that they should submit the documents in relation to the transfer of the equity interest in the Project Company to the relevant registration authority within 3 working days after the establishment of the ABS (i.e. 13 March 2024).

Consideration : The consideration of 100% equity interest in the Project Company is calculated as follows:

Using the proceeds of RMB2,047.5 million raised from the issuance of the E Fund SZ Expressway REIT, subject to deduction of agreed items, and the corresponding adjustment for the changes in value of the subject matter between the transaction base date and the actual completion date. The deductible items mainly include receivable from SPV approximately RMB648.5 million in respect of the transfer of the creditor's right of SZ Expressway in the Project Company under the Creditor's Right Transfer Agreement and reserved fees approximately RMB1.58 million related to transaction taxes, etc.

The board of directors of SZ Expressway expects the consideration for 100% equity interest in the Project Company to be approximately RMB1,397.5 million.

Payment manner of the consideration : After all the payment conditions of the first installment are fulfilled (or waived by SPV in writing), SPV will pay SZ Expressway the first installment amount of RMB1,390 million within 10 working days. The payment date for the first installment (hereinafter referred to as the "**First Installment Payment Date**") is the completion date.

After all the payment conditions of the second installment are fulfilled (or waived by SPV in writing), SPV will pay SZ Expressway the second installment within 10 working days. The amount of the second installment is the difference between the total consideration and the amount of the first installment.

If the price for 100% equity interest of the Project Company is lower than the first installment already paid by SPV, SPV is not required to pay the second installment, and SZ Expressway should refund the difference between the paid first installment and the total consideration to SPV within 10 working days after the completion of the completion audit.

Key payment conditions : Payment of the first installment is subject to fulfillment of the following key payment conditions:

- (a) all parties have completed necessary external approval procedures, and SZ Expressway has obtained approval from the competent authority for state-owned asset supervision and administration, the competent transportation authority, the authority which grants the toll collection right to the target expressway, and other external regulatory authorities (if required) for the proposed transaction;
- (b) agreements, contracts, and other necessary written documents related to the E Fund SZ Expressway REIT and the ABS have been signed and become effective;
- (c) apart from the Creditor’s Right Transfer Agreement, the Project Company has fully repaid the interest on loans payable to SZ Expressway and other related amounts (if any), or SPV has confirmed full provision (which should be reflected in the financial statements of the Project Company, and subsequently reflected it in the completion audit); and SZ Expressway has fully repaid amounts payable to the Project Company (if any);
- (d) registration in relation to the equity transfer has been completed;
- (e) the Fund Manager has effective supervision over the regulatory accounts, basic accounts, and other bank accounts of SPV and the Project Company; and
- (f) there is no other circumstances that may have a significant adverse impact on the transfer of the equity interest in the Project Company.

Payment of the second installment is subject to fulfillment of the following key payment conditions:

- (a) the payment conditions for the first installment are continued to be fulfilled;
- (b) SPV has completed the completion audit for the Project Company;
- (c) during the period from the transaction base date (i.e. 30 September 2023) to the completion date, unless otherwise waived by SPV, there have been no significant adverse changes in the business and financial condition, and the asset-liability situation of the Project Company;
- (d) there is no other circumstances that may have a significant adverse impact on the transfer of the equity interest in the Project Company.

CREDITOR'S RIGHT TRANSFER AGREEMENT

- Date : 13 March 2024
- Parties : SZ Expressway (as vendor);
SPV (as purchaser); and
the Project Company
- Subject matter : SZ Expressway agreed to sell and the SPV agreed to acquire two debts in the total amount of approximately RMB648.5 million from the Project Company as of the First Installment Payment Date, including loans (interests inclusive) of RMB452.9 million made by SZ Expressway to the Project Company and shareholder's profits of RMB195.6 million payable by the Project Company to SZ Expressway.
- Consideration : SPV should pay the consideration of the creditor's right of the debts in the consideration of approximately RMB648 million to SZ Expressway on the First Installment Payment Date. The creditor's right shall be deemed delivered and transferred to the SPV on the same date.

Basis of Consideration

The total consideration for the Transfer of Interests in the Project Company (including 100% equity interest of the Project Company and the two debt receivables owed by the Project Company) shall be equal to the proceeds of RMB2,047.5 million raised through the public offering of the E Fund SZ Expressway REIT, less the reasonable initial expenses of the public fund and ABS, and subject to adjustments to be made for the changes in value between the transaction base date and the actual completion date. The board of directors of SZ Expressway expects the total consideration for the Transfer of Interests in the Project Company to be approximately RMB2,046 million.

FINANCIAL EFFECTS OF THE TRANSFER OF INTERESTS IN THE PROJECT COMPANY

Prior to completion of the Transfer of Interests in the Project Company, SZ Expressway is a subsidiary owned as to approximately 51.56% by SZ International, and the Project Company is a wholly-owned subsidiary of SZ Expressway.

After the completion of the Transfer of Interests in the Project Company, the Project Company will be wholly-owned by the E Fund SZ Expressway REIT, SZ Expressway owned 40% of the issued fund units of the E Fund SZ Expressway REIT. Accordingly, SZ International and SZ Expressway will indirectly own 40% interests in the Project Company after completion of the proposed spin-off, and the Project Company will cease to be a subsidiary of SZ International

and SZ Expressway.

For SZ International, taking into account the expected consideration for the transfer of the equity interest in the Project Company and the unaudited net book value of the Project Company in the consolidated financial statements of approximately RMB1,243 million as at 28 February 2024, SZ International is expected to record the profit after tax of approximately RMB123 million since the Transfer of Interests in the Project Company.

For SZ Expressway, taking into account the expected consideration for the transfer of the equity interest in the Project Company and the unaudited net book value of the Project Company in the consolidated financial statements of approximately RMB1,243 million as at 28 February 2024, SZ Expressway is expected to record the profit after tax of approximately RMB123 million since the Transfer of Interests in the Project Company.

The transfer of the creditor's right in the Project Company is a par transfer, which has no impact on the profit or loss of SZ International or SZ Expressway.

In conclusion, the actual amount of impact of the Transfer of Interests in the Project Company on SZ International and SZ Expressway will be calculated based on the difference between the actual consideration for the transfer of the equity interest in the Project Company and the book value of the Project Company as at the Completion Date and will be subject the final audit and confirmation by the respective auditors of SZ International and SZ Expressway.

PROPOSED USE OF PROCEEDS

SZ Expressway expects that the estimated net proceeds to be approximately RMB1,207 million, and such amount is currently planned to be used for SZ Expressway Group's core business investment in toll highways and new energy power generation. The use of such funds for investment in the core business is conducive to expanding the scale of core assets of the core business, optimizing the financial structure, implementing the development strategy, and achieving sustainable development of SZ Expressway.

INFORMATION OF THE PROJECT COMPANY

As at the date of this joint announcement, the Project Company is a wholly-owned PRC subsidiary of SZ Expressway. The Project Company principally engaged in the operation and management of Yichang Expressway. Yichang Expressway is located in Yiyang city and Changde city of Hunan province, the PRC. It is the main road connecting the provincial capital Changsha city and the Changzhutan Economic Zone with the north-western region of Hunan province. It is a dual four-lane expressway with a total length of approximately 73.083km. The concession period operates until March 2034. The financial information of the Project Company prepared in accordance with China Accounting Standards for the two years ended 31 December 2022 and the nine months ended 30 September 2023 is set out below:

| | For the year ended 31 December | | For the nine months |
|-------------------------|---------------------------------------|------------------|----------------------------|
| | 2021 | 2022 | ended 30 September |
| | <i>(RMB'000)</i> | <i>(RMB'000)</i> | 2023 |
| | (audited) | (audited) | <i>(RMB'000)</i> |
| | | | (audited) |
| Net profit (before tax) | 266,440 | 219,599 | 195,676 |
| Net profit (after tax) | 199,832 | 164,709 | 146,748 |

The audited net asset value of the Project Company as at 31 December 2022 was approximately RMB1,040,820,000, and its audited net asset value as at 30 September 2023 was approximately RMB676,161,000.

INFORMATION OF THE PARTIES

SZ International

SZ International and its subsidiaries are principally engaged in logistics, toll road, port and general-environmental protection businesses. SZ International perceives the Guangdong-Hong Kong-Macao Greater Bay Area, the Yangtze River Delta, the Beijing-Tianjin-Hebei areas and major logistics gateway cities as key strategic regions. Through investment, mergers and acquisitions, restructuring and consolidation, it focuses on the investment, construction and operation of logistics infrastructure in the four major areas of “Inland Port Networking, Logistics Parks, Air Cargo and Railway Freight Logistics Infrastructure” (including inland ports, urban integrated logistics parks, air cargo terminals and railway logistics terminals) and toll roads. It provides its customers with value-added logistics services including intelligent warehouse and integrated cold chain warehousing, and also expanded its business segments to include the comprehensive development of land related to the “logistics + commerce” industries as well as the investment in and operation of general-environmental protection business.

SZ Expressway

SZ Expressway and its subsidiaries are principally engaged in the investment, construction, operation and management of toll highways and general-environmental protection business. At present, the general-environmental protection business mainly includes solid waste recycling treatment and clean energy power generation.

SPV

Changde Yichang Enterprise Operation Management Co., Ltd. (常德市益常企業運營管理有限公司) is a limited company incorporated in the PRC which was wholly-owned by SZ Expressway. As at the date of this joint announcement, it is wholly-owned by the ABS. SPV is a special purpose vehicle established to implement the issuance plan of the E Fund SZ Expressway REIT.

Fund Manager

E Fund Management Co., Ltd. is a limited company incorporated in the PRC which principally engaged in comprehensive asset management. According to information publicly disclosed, approximately 22.65% interest is held by each of the three major shareholders of E Fund Management Co., Ltd., which are (i) GF Securities Company Limited, a company listed on the Stock Exchange (Stock code: 1776) and Shenzhen Stock Exchange (Stock code: 000776); (ii) Guangdong Yue Cai Trust Company Limited, whose ultimate beneficial owner is the People's Government of Guangdong Province; and (iii) Yingfeng Group Limited, the ultimate beneficial owner of which is a natural person, Mr. He Jian Feng.

ABS Manager

E Fund Asset Management Co., Ltd. is a limited company incorporated in the PRC which principally engaged in asset management for specific clients and other businesses permitted by the CSRC. Its ultimate beneficial owner is E Fund Management Co., Ltd..

As at the date of this joint announcement, to the best of the knowledge, information and belief of the respective directors of SZ International and SZ Expressway, having made all reasonable enquiries, each of the Fund Manager, the ABS Manager, SPV and their respective ultimate beneficial owner is a party independent of SZ International, SZ Expressway and their connected persons.

REASONS FOR AND BENEFITS OF THE EQUITY TRANSFER OF PROJECT COMPANY

The Transfer of Interests in the Project Company is a crucial component of SZ Expressway's implementation of the issuance plan of E Fund SZ Expressway REIT. Through the issuance of the E Fund SZ Expressway REIT, SZ Expressway can transfer its mature project with stable cash flows to publicly traded REITs funds, effectively revitalise its existing expressway infrastructure assets, recover its operating investments and realise its returns in advance, enhance its asset turnover efficiency, and bolster its rolling investment capability, and helps SZ Expressway to further expand its financing channels and refine its business models.

In light of the above, the respective board of directors of SZ International and SZ Expressway is of the view that the terms of each of the Equity Transfer Agreement and the Creditor's Right Transfer Agreement is on normal commercial terms, fair and reasonable and in the interest of SZ International, SZ Expressway and their respective shareholders as a whole.

LISTING RULES IMPLICATIONS

As the highest applicable percentage ratio(s) in respect of the Transfer of Interests in the Project Company for each of SZ International and SZ Expressway exceed 5% but less than 25%, the transaction under the Transfer of Interests in the Project Company constitutes a discloseable transaction for each of SZ International and SZ Expressway and is subject to the reporting and announcement requirements but exempted from the shareholders' approval requirement under Chapter 14 of the Listing Rules.

By Order of the Board
Shenzhen International Holdings Limited
Liu Wangxin
Joint Company Secretary

By Order of the Board
Shenzhen Expressway Corporation Limited
Zhao Gui Ping
Joint Company Secretary

13 March 2024

As at the date of this joint announcement, the board of directors of SZ International consists of Messrs. Li Haitao, Liu Zhengyu, Wang Peihang and Dr. Dai Jingming as executive directors and Mr. Pan Chaojin, Dr. Zeng Zhi, Dr. Wang Guowen and Professor Ding Chunyan as independent non-executive directors.

As at the date of this joint announcement, the directors of SZ Expressway are: Mr. LIAO Xiang Wen (Executive Director and President), Mr. YAO Hai (Executive Director), Mr. WEN Liang (Executive Director), Mr. DAI Jing Ming (Non-executive Director), Ms. LI Xiao Yan (Non-executive Director), Mr. LÜ Da Wei (Non-executive Director), Mr. LI Fei Long (Independent non-executive Director), Mr. MIAO Jun (Independent non-executive Director), Mr. XU Hua Xiang (Independent non-executive Director) and Mr. YAN Yan (Independent non-executive Director).