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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
MAJOR TRANSACTION
FURTHER DEVELOPMENT OF THE INVESTMENT IN JIHE
EXPRESSWAY RECONSTRUCTION AND EXPANSION PROJECT**

Reference is made to the joint announcements (the “**Announcements**”) made by SZ International and SZ Expressway dated 30 September 2022 and 13 October 2022 in relation to, among others, the Jihe Expressway R&E Project and the signing of the PPP Contract and the Joint Construction Agreement (I). Unless otherwise stated, capitalised terms used herein shall have the same meanings as those defined in the Announcements.

As disclosed in the Announcements, SZCDTI, as the cooperative investor of the Jihe Expressway R&E Project, entered into the strategic cooperation framework agreements (I) and (II) with SZ Expressway on 30 September 2022, pursuant to which the parties agreed to cooperate in investment in the Jihe Expressway R&E Project and jointly fulfil the investment obligation under the PPP Contract. The amounts to be raised by SZCDTI under the strategic cooperation framework agreements (I) and (II) are RMB1.4935 billion and RMB13.80945 billion, respectively. SZ Expressway and SZCDTI entered into the Joint Construction Agreement (I) on 13 October 2022 in respect of SZCDTI’s investment of RMB1.4935 billion in the Jihe Expressway R&E Project, details of which are set out in the announcement of even date.

SZ Expressway and SZCDTI have reached consensus on the specific commercial conditions and implementation details of the strategic cooperation framework agreement (II) and entered into the joint investment and construction agreement (II) in respect of the Jihe Expressway R&E Project (the “**Joint Construction Agreement (II)**”) on 24 October 2022.

JOINT CONSTRUCTION AGREEMENT (II)

The principal terms of the Joint Construction Agreement (II) are set out as follows:

- Date : 24 October 2022
- Parties : SZCDTI; and
SZ Expressway
- Cooperation period : Tentatively 29 years which comprises the construction period of 4 years and the operation period of 25 years. The construction period may be extended should the Transport Commission determine to further extend the construction period in accordance with the PPP Contract.

Construction arrangement : SZ Expressway and SZCDTI agreed to jointly undertake the investment obligation under the PPP Contract.

SZ Expressway shall self-raise RMB12.987 billion for investment in the Jihe Expressway R&E Project and construct assets package from such fund. SZ Expressway will own such assets package and the relevant rights attached thereto.

SZCDTI shall raise fund of RMB13.80945 billion in the Jihe Expressway R&E Project and construct assets package from such fund (the “**SZCDTI Assets Package II**”). SZCDTI will own the SZCDTI Assets Package II and the relevant rights attached thereto. SZ Expressway shall, according to the toll revenue obtained from the operation of the Jihe Expressway R&E Project, make priority payment of the asset usage fee and obtain the right for using the SZCDTI Assets Package II. SZ Expressway will be legally entitled to the entire concession operation right of the Jihe Expressway R&E Project according to the PPP Contract.

SZ Expressway shall be responsible for the overall construction, operation and maintenance of the Jihe Expressway R&E Project. SZCDTI shall entrust SZ Expressway to carry out its management work including construction and maintenance on its behalf.

SZ Expressway and SZCDTI, as the co-contracting entities, may enter into contract(s) with other external party(ies) in relation to the implementation of the Jihe Expressway R&E Project, such as project contracting contract(s), service procurement contract(s) and goods procurement contract(s), and they shall bear their liabilities and obligations under such contracts in proportion to their investment amount.

Asset usage fee : After the operation period of the Jihe Expressway R&E Project commences, SZ Expressway shall make priority payment of the asset usage fee to SZCDTI as agreed for use of the SZCDTI Assets Package II of RMB1,014 million per year.

The asset usage fee is determined based on the expected investment return rate of 4%, and having taken into account factors and assumptions such as the interest to be accrued from SZCDTI’s investment during the construction period, the expected operation period of 25 years, and the value-added tax rate. The asset usage fee is subject to adjustment if the operating period, VAT rate, etc. are adjusted or different from expectations.

Effectiveness : Effective upon the signing and sealing of the Joint Construction Agreement (II).

If the PPP contract is terminated for any reason or the Joint Construction Agreement (II) cannot be performed due to the adjustment of the operation mode of the Jihe Expressway R&E Project, the Joint Construction Agreement (II) will be terminated upon confirmation or approval (if necessary) by the competent authorities.

Information of Jihe Expressway, the Jihe Expressway R&E Project, SZCDTI, SZ International and SZ Expressway was set out in the announcement dated 30 September 2022 and remain unchanged as at the date hereof.

REASONS FOR AND BENEFITS OF THE SIGNING OF JOINT CONSTRUCTION AGREEMENT (II)

As disclosed in the Announcements, the total investment amount of the Jihe Expressway R&E Project is approximately RMB43.29 billion, among which the government will provide an investment subsidy of RMB15 billion during the construction period, and SZ Expressway should invest an actual amount of approximately RMB12.987 billion. The remaining amount of approximately RMB15.3 billion will be satisfied by the investment from the cooperative investor, SZCDTI, pursuant to the Joint Construction Agreements (I) and (II).

Pursuant to the Joint Construction Agreements (I) and (II), SZ Expressway can introduce the cooperative investment fund with a term matches with the term of the Jihe Expressway R&E Project through payment of reasonable asset usage fees, effectively lower its burden on capital expenditure, and is conducive for the implementation of the Jihe Expressway R&E Project. As disclosed in the announcement dated 30 September 2022, the implementation of the Jihe Expressway R&E Project is in the overall interests of the respective shareholders of SZ International and SZ Expressway.

The boards of directors of each of SZ International and SZ Expressway are of the view that the terms and conditions of the Joint Construction Agreement (II) are arrived after arm's length negotiation of the cooperating parties, on normal commercial terms and fair and reasonable. The signing of the Joint Construction Agreement (II) is in the interests of each of SZ International, SZ Expressway and their respective shareholders as a whole.

LISTING RULES IMPLICATIONS

As the asset usage fee will be recognised as expenditure of revenue nature incurred in SZ Expressway's ordinary and usual course of business, the transaction under the Joint Construction Agreement (II) does not constitute a transaction 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

24 October 2022

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, Mr. Hu Wei and Dr. Zhou Zhiwei as non-executive directors and Mr. Pan Chaojin, Dr. Zeng Zhi and Dr. Wang Guowen as independent non-executive directors.

As at the date of this joint announcement, the directors of SZ Expressway 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), Mr. LÜ Da Wei (Non-executive Director), Mr. BAI Hua (Independent non-executive Director), Mr. LI Fei Long (Independent non-executive Director), Mr. MIAO Jun (Independent non-executive Director) and Mr. XU Hua Xiang (Independent non-executive Director).

In this announcement, certain English names are translation of their Chinese names, and are included herein for identification purposes only. In the event of any inconsistency, the Chinese names shall prevail.