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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
VOLUNTARY ANNOUNCEMENT
INVESTMENT IN THE RECONSTRUCTION AND EXPANSION
PROJECT OF THE SECTION FROM HE'AO TO SHENZHEN AIRPORT OF
SHENYANG - HAIKOU NATIONAL EXPRESSWAY**

This joint announcement is made by SZ International and SZ Expressway (a subsidiary owned as to approximately 52% by SZ International) on a voluntary basis.

SZ Expressway will invest approximately RMB19.23 billion in the reconstruction and expansion project of the section from He'ao to Shenzhen Airport of Shenyang - Haikou National Expressway.

INFORMATION OF JIHE EXPRESSWAY

Jihe Expressway is an integral part of G15 Shenhai National Expressway. It starts from He'ao Interchange in Longgang District, Shenzhen to the east, and ends at Hezhou Interchange in Bao'an District to the west with a total length of approximately 43 km. It is a two-way six-lane expressway. Jihe Expressway is an important east-west corridor in Shenzhen's high-speed road network, and a core route for rapid connections in the eastern, central, and western regions of Shenzhen. It has been in operation for over 20 years. With the economic development of Shenzhen and its surrounding areas, the demand for transportation has been growing rapidly, placing significant pressure on Jihe Expressway's ability to function as a high-speed thoroughfare. Furthermore, the completion and opening of Shenzhen-Zhongshan Bridge, which connects to Jihe Expressway, will further increase the pressure on Jihe Expressway for traffic diversion.

INFORMATION OF THE PROJECT

The major construction of the Project is planned to be fully commenced within this year. The construction period is 5 years and will adopt the three-dimensional composite channel model for the reconstruction and expansion, with a total length of approximately 41.4 km. The construction will be divided into ground-level layer and three-dimensional layer, both of which will be built to the standard of a two-way eight-lane expressway with a design speed of 100 km per hour of which the ground-level layer will primarily widen the existing Jihe Expressway on both sides, supplemented by local separation and construction. The original six-lane expressway will be reconstructed and expanded to eight lanes. The three-dimensional layer

adopts a new construction plan as main approach to connect with the high-speed road network. The construction of the Project will cover the 9.4 km western section (from Hezhou Interchange to Shuilang Interchange) with a ground-level two-way eight-lane and an elevated two-way eight-lane expressway, the 27.8 km middle section (from Shuilang Interchange to Paibang Interchange) with a ground-level two-way eight-lane and an elevated two-way eight-lane expressway and the 4.3 km eastern section (from Paibang Interchange to He'ao Interchange) with a ground-level two-way eight-lane expressway.

INVESTMENT PROPOSAL

SZ Expressway will invest approximately RMB19.23 billion for the construction of the Project, and, as the legal entity of the Project, be responsible for the construction and management of the Project, while the ownership of all road assets arising from the construction of the Project will vested in the SZ Municipal Government. During the operation period of the Project, SZ Expressway will have the concession right over the Project. SZ Expressway shall, upon the expiration of the operation period, transfer the Project (including roads, ancillary facilities, and related documents) to the SZ Municipal Government or its designated institution(s) without consideration.

The newly approved operation period of the Project will be subject to the actual approval of the Guangdong Provincial Government of the PRC.

In addition to the construction funds to be invested by SZ Expressway, the Project will be partially funded by the government for the expropriation and demolition and part of the project construction. The toll revenue of the Project will be allocated with a dynamic adjustment mechanism: the toll revenue will be dynamically adjusted on an annual basis, with the annual toll revenue which falls within 120% of the benchmark toll of a particular year will be fully owned by SZ Expressway; while the portion exceeding 120% of the benchmark toll of that particular year will be fully owned by the government.

The SZ Municipal Government will set performance indicators for SZ Expressway to evaluate the Project, including the performance evaluation during the construction period, operation period and handover period. SZ Expressway will provide a construction period performance guarantee of RMB500 million, an operation period performance guarantee of RMB30 million, and a handover period performance guarantee of RMB220 million to ensure its fulfillment of the relevant construction, operation, handover and other responsibilities.

INVESTMENT INCOME ESTIMATION

Based on the calculation of the 25-year operation period and the benchmark toll fee, during the operation period, average annual operating revenue of the Project will be approximately RMB1.6 billion (excluding the construction service revenue during the construction period recognised in accordance with Accounting Interpretation No. 14 under the PRC Accounting Standards).

The operation period of the Project is subject to the actual approvals of the relevant government authorities and is subject to uncertainty. The above estimation does not constitute a revenue forecast or performance commitment of SZ Expressway.

REASONS FOR AND BENEFITS OF INVESTMENT IN THE PROJECT

The investment, construction and operation management of toll roads and expressways are within the ordinary and usual course of business of SZ Expressway Group. Jihe Expressway is an integral part of the G15 Shenhai National Expressway, and is an important east-west corridor in Shenzhen's high-speed road network, as well as a major transportation artery between the Guangdong-Hong Kong-Macao Greater Bay Area and the core areas of the Pearl River Delta. Jihe Expressway is one of the most premium projects of SZ Expressway in the Guangdong-Hong Kong-Macao Greater Bay Area, and has experienced rapid traffic growth since its completion and operation. In recent years, the revenue and profit contribution of Jihe Expressway to SZ Expressway Group are approximately 10% and 30%, respectively. Jihe Expressway is an important cornerstone for the sustainable development of Shenzhen Expressway Group. The concession period of Jihe Expressway will expire in 2027. With the economic development of Shenzhen and its surrounding areas, as well as the improvement of the surrounding road network, the transportation demand has been growing rapidly, placing significant pressure on Jihe Expressway's ability to function as a high-speed thoroughfare. Therefore, the "14th Five-Year Plan" outlines of Guangdong Province and Shenzhen have both listed the reconstruction and expansion project of Jihe Expressway as a major project. The implementation of the Project will help to implement the government's transportation plan, guarantee the transportation needs of the public, and allow SZ Expressway to obtain a reasonable return on its investment, which is a win-win solution for the government, the community and the enterprise.

After the reconstruction and expansion of Jihe Expressway, its existing transportation capacity will be effectively improved, and will meet the transportation demand of the construction for the Guangdong-Hong Kong-Macao Greater Bay Area and the integration of the Pearl River Delta. Through this Project, SZ Expressway can effectively improve the asset quality of Jihe Expressway, expand the scale of its expressway assets, enhance the space for future development of its core business of toll expressway, and further consolidate its core advantages in the investment, construction and operation of toll expressway. The respective boards of directors of SZ International and SZ Expressway are of the view that the investment proposal of the Project is reasonable, and the implementation of the Project is in line with the overall interests of the respective shareholders of SZ International and SZ Expressway. During the construction period, the Investment in the Project is expected to increase SZ Expressway Group's investment expenditure by approximately RMB19.23 billion, which will correspondingly increase SZ Expressway Group's intangible assets for highway by approximately RMB19.23 billion, and increase SZ Expressway Group's construction service revenue and construction service cost by approximately RMB19.23 billion respectively, with basically no significant impact on the net profit attributable to the shareholders of SZ Expressway. Based on the calculation of the 25-year operation period and the benchmark toll fee, during the operation period, the average annual operating revenue of the Project will be approximately RMB1.6 billion (excluding the construction service revenue during the construction period recognised in accordance with Accounting Interpretation No. 14 under the PRC Accounting Standards). The above figures are preliminary estimation, and the final impact needs to be confirmed at the time of actual occurrence and can only be determined after being audited by the SZ Expressway's auditors. The completion of this Investment will not result in connected transactions and peer competition of SZ Expressway and will not cause any non-operating fund occupation or new external guarantees for SZ Expressway.

EXTRAORDINARY GENERAL MEETING OF SZ EXPRESSWAY

Pursuant to the requirements of the listing rules of the Shanghai Stock Exchange and the articles of association of SZ Expressway, the Investment in the Project constitutes an investment which requires shareholders' approval of SZ Expressway. SZ Expressway will convene the extraordinary general meeting, at which resolution(s) will be proposed to consider and, if thought fit, approve the Investment in the Project. To the best of the knowledge, information and belief of the directors of SZ Expressway, having made all reasonable enquiries, none of the shareholders of SZ Expressway is required to abstain from voting on the resolution(s) approving the Investment in the Project at the extraordinary general meeting.

A circular containing, among others, (i) further details of the Investment in the Project; and (ii) the notice convening the extraordinary general meeting of SZ Expressway, is expected to be despatched by SZ Expressway to its shareholders soon.

After completing the statutory approval procedures, SZ Expressway will commence the construction work for the Project. SZ Expressway intends to enter into a number of engineering contracts with the engineering construction contractors. SZ International and/or SZ Expressway will comply with the applicable compliance requirements under the Listing Rules and fulfill their information disclosure obligations (if applicable).

DEFINITIONS

“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Investment”	SZ Expressway's investment of RMB19.23 billion in the Project
“Jihe Expressway”	the expressway from Shenzhen Airport to He'ao, which forms part of the Shenhai National Expressway (G15)
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	the People's Republic of China
“Project”	the reconstruction and expansion project of the section from He'ao to Shenzhen Airport of Shenyang - Haikou National Expressway
“RMB”	Renminbi, the lawful currency of the PRC
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“SZ Expressway”	Shenzhen Expressway Corporation Limited, a joint stock limited company incorporated in the PRC with limited liability, the H shares of which are listed on the Stock Exchange (stock code: 00548) and the A shares of which are listed on the Shanghai Stock Exchange (stock code: 600548)
“SZ Expressway Group”	SZ Expressway and its subsidiaries

“SZ International”	Shenzhen International Holdings Limited, a company incorporated in Bermuda with limited liability, the shares of which are listed on the Stock Exchange (stock code: 00152)
“SZ Municipal Government”	Shenzhen Municipal People’s Government, Guangdong Province, the PRC

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

22 May 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).

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.