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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

**DISCLOSEABLE TRANSACTION –
CONSTRUCTION CONTRACT OF
OUTER RING PROJECT**

**VOLUNTARY ANNOUNCEMENT -
CONSTRUCTION CONTRACT OF
OUTER RING PROJECT**

THE CONSTRUCTION CONTRACT

The respective board of directors of SZ International and SZ Expressway (a subsidiary owned by SZ International as to approximately 51.56%) announce that after Outer Ring Company, a wholly-owned subsidiary of SZ Expressway, selected the winning bidders through a standard bidding process, it entered into the Construction Contract with the consortium formed by CR No.4 and SZ Municipal on 25 January 2024.

REASONS FOR AND BENEFITS OF ENTERING INTO THE CONSTRUCTION CONTRACT

Outer Ring Company's construction and organization work for the Outer Ring Project is in line with SZ Expressway's overall strategy of investment, construction and management of toll roads. Outer Ring Company determined the Contractors and contract fee through public tender and having gone through all project tender related procedures, which is in compliance with the relevant laws, regulation and requirements. The mechanism for determining the Contractors is fair and cautious. The major terms of the Construction Contract conform to industry practices and market standards. The contract fee is controlled based on the benchmark budget value calculated according to industry norms set by government departments or authorized agencies and published price information. It is determined through public tender, ensuring fairness and reasonableness.

LISTING RULES IMPLICATIONS

SZ International

For SZ International, the signing of the Construction Contract by its indirect non-wholly owned subsidiary, Outer Ring Company, constitutes a transaction for SZ International under Chapter 14 of the Listing Rules. As one or more of the applicable percentage ratios calculated under Rule 14.07 of the Listing Rules exceeds 5% but are all less than 25%, the signing of the Construction Contract constitutes a disclosable transaction for SZ International. SZ International is therefore required to comply with reporting and announcement requirements

but is exempt from the shareholders' approval requirements under Chapter 14 of the Listing Rules.

SZ Expressway

For SZ Expressway, since all applicable percentage ratio under Rule 14.07 of the Listing Rules in respect of the Construction Contract are lower than 5%, SZ Expressway is exempt from the reporting, announcement and shareholders' approval requirements under Chapter 14 of the Listing Rules.

THE CONSTRUCTION CONTRACT

The respective board of directors of SZ International and SZ Expressway (a subsidiary owned by SZ International as to approximately 51.56%) announce that after Outer Ring Company, a wholly-owned subsidiary of SZ Expressway, selected the winning bidders through a standard bidding process, it entered into the Construction Contract with the consortium formed by CR No.4 and SZ Municipal on 25 January 2024. The principal terms of the Construction Contract are set out as follows:

Date : 25 January 2024

Parties : (i) Outer Ring Company (as contracting party); and
(ii) the consortium formed by CR No.4 and SZ Municipal (as contractors).

Subject matters : The Contractors agree to undertake the construction for Section K80+278 to K82+740 of Outer Ring Phase III (Kengzi to Dapeng), and the construction works shall include roadbed, bridges, culverts, landscaping, environmental protection, management of facilities and buildings for service and maintenance, road, river and canal alterations, and pipeline relocation, etc.

Signing Contract fee : RMB 840,912,606

Adjustment to contract fee : The current signing contract fee is calculated with reference to the estimated quantities and unit prices (or lump sum fees) listed in the priced bill of quantities. During the actual implementation of the project, adjustments may be made due to factors such as fluctuations in material prices, alteration of the project, delays in the construction schedule, etc. Any alteration of the project will be carried out in accordance with the relevant regulations of the Outer Ring Company and industry regulatory authorities.

As of the date of this joint announcement, the respective board of directors of SZ International and SZ Expressway were not aware of any matters that may significantly impact the contract fee through such adjustments.

Payment of contract fee : Outer Ring Company shall make advance payments to the Contractors for the purchase of materials, engineering equipment and construction equipment; construction of temporary facilities; and recruitment of construction teams. The advance payment amount amounts to approximately 10% of the contract fee.

From the month following the commencement of the project to the month of issuance of the completion certificate, the parties will assess the progress of the project on a monthly basis. The Contractors should submit application for progress payment together with corresponding supporting documents to the supervisor. The payment should be made by Outer Ring Company upon the supervisor's verification and Outer Ring Company's review and approval.

After completion of the construction and acceptance inspection, the Contractors should submit application for the final payment together with corresponding supporting documents to the supervisor. Upon verification by the supervisor and Outer Ring Company having confirmed there is no concern with the review, Outer Ring Company should pay the final payment.

Construction Period : 36 months from the designated commencement date instructed by the supervisor appointed by Outer Ring Company. In the event of abnormally or severe weather conditions, Outer Ring Company requests for increase of the subject work or other circumstances agreed by the parties, the Contractors may request for extension of the construction period.

Performance guarantee and quality assurance : The Contractors, prior to signing the Construction Contract, have provided 10% of the contract fee in the form of cash or a letter of guarantee as performance guarantee. The Contractors guaranteed that the performance guarantee shall remain valid until Outer Ring Company issues the completion and acceptance certificate of the construction and the Contractors having paid the quality assurance deposit as stipulated in the contracts. Outer Ring Company shall refund the performance guarantee to the Contractors after completion of the project, the relevant acceptance inspection, and receipt of the quality assurance deposit from the Contractors.

The amount of the quality assurance deposit is 3% of the contract fee. It is intended to ensure the fulfillment of the Contractors' obligation to rectify any defects during the defect liability period (2 years from the actual completion date). After the expiration of the defect liability period and the issuance of the completion settlement certificate by Outer Ring Company, the quality assurance deposit will be refunded to the Contractors by Outer Ring Company.

Effectiveness : The Construction Contract shall become effective upon the Contractors having provided the performance guarantee and the parties having signed and stamped the contracts. They will be expired upon completion of the project and the related acceptance inspection, and upon issuance of the defect liability termination certificate after expiration of the defect liability period.

BASIS OF DETERMINATION OF THE CONTRACT FEE OF THE CONSTRUCTION CONTRACT

Outer Ring Company has conducted public tender process for the construction project through the public resource trading platform designated by the Shenzhen Municipal Government. The contract fee is determined by the tender price submitted by the winning entity of the tender.

Outer Ring Company prepares the bill of quantities based on the determined measurement rules, construction blueprints, national standards related to bill of quantities, industry standards, and other relevant rules, the preparation of the relevant tender documents and publication of the tender announcement was prepared in accordance with relevant laws and regulations.

After publication of the tender announcement, eligible bidders had submitted their tender applications. Under the supervision of the public resource trading platform, and through the review and evaluation by the qualification review committee, tender evaluation committee, and tender determination committee conducted in accordance with the established procedures, evaluation rules and bidding principles, the consortium formed by CR No.4 and SZ Municipal was confirmed to be the winner among the other tender participants. Pursuant to the relevant tender documents and regulations, the criteria for evaluating on the tender participants includes their professional qualifications, technical expertise, experiences in similar projects, management personnel, and their tender prices.

The result of the tender was publicly announced without any contest or complaints. Outer Ring Company had reported the progress of the tender to the relevant supervisory department of the Shenzhen Municipal Government.

The construction fee of the Construction Contract will be funded by SZ Expressway and Outer Ring Company through their self-owned funds (including Outer Ring Company's net cash flow from operating, capital injection and/or shareholder loans to Outer Ring Company) as well as external financing.

INFORMATION OF THE CONSTRUCTION

In accordance with the approval of the board of directors, SZ Expressway should continue to invest in Outer Ring Phase III based on Outer Ring Phase I and Outer Ring Phase II. For details regarding the continuous investment in the Outer Ring Project, please refer to the joint announcement of SZ International and SZ Expressway dated 14 July 2023. Outer Ring Phase III has a length of approximately 16.8 km, and the estimated total investment amount is RMB8.447 billion. Outer Ring Company has based on the actual circumstances and arranged the tender for the construction work. The current contracting construction is part of the approximately 2.5 km section of Outer Ring Phase III.

REASONS FOR AND BENEFITS OF ENTERING INTO THE CONSTRUCTION CONTRACT

Outer Ring Company's construction and organization work for the Outer Ring Project is in line with SZ Expressway's overall strategy of investment, construction and management of toll roads. As disclosed in the section headed "Basis of determination of the contract fee of the Construction Contract" above, Outer Ring Company determined the Contractors and contract fee through public tender and having gone through all project tender related procedures, which is in compliance with the relevant laws, regulation and requirements. The mechanism

for determining the Contractors is fair and cautious. The major terms of the Construction Contract conform to industry practices and market standards. The contract fee is controlled based on the benchmark budget value calculated according to industry norms set by government departments or authorized agencies and published price information. It is determined through public tender, ensuring fairness and reasonableness.

In light of the above, the respective board of directors of SZ International and SZ Expressway is of the view that the Construction Contract is in the ordinary and usual course of business of SZ Expressway Group, on normal commercial terms, fair and reasonable and in the interest of SZ International, SZ Expressway and their respective shareholders as a whole.

GENERAL INFORMATION OF THE PARTIES

Outer Ring Company

Outer Ring Company is a company incorporated in the PRC and a wholly-owned subsidiary of SZ Expressway. It principally engages in the construction and operation of the Outer Ring Project.

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 resource treatment and clean energy power generation.

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.

CR No.4

CR No.4 is a limited company incorporated in the PRC which principally engages in project construction, project general contracting and project design, etc. Its ultimate beneficial owner is the State-owned Assets Supervision and Administration Commission of the State Council, a PRC government authority. It represents the state to perform the responsibilities of investors, and supervise and manage state-owned assets as authorised according to the law.

SZ Municipal

SZ Municipal is a limited company incorporated in the PRC which principally engages in project general construction contracting, professional contracting and project management, etc.. Its ultimate beneficial owner is State-owned Assets Supervision and Administration Commission of Shenzhen Municipal People's Government, a PRC government authority. It represents the state to perform the responsibilities of investors, and supervise and manage state-owned assets as authorised according to the law.

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 CR No.4 and its ultimate beneficial owner is a party independent of SZ International, SZ Expressway and their connected persons. Although State-owned Assets Supervision and Administration Commission of Shenzhen Municipal People's Government is the ultimate beneficial owner of SZ International, SZ Expressway and SZ Municipal, taking into account that SZ International and SZ Expressway are not connected with SZ Municipal save for the aforesaid, each of SZ Municipal and its ultimate beneficial owner is independent of SZ International, SZ Expressway and their connected persons pursuant to Rule 14A.10 of the Listing Rules.

LISTING RULES IMPLICATIONS

SZ International

For SZ International, the signing of the Construction Contract by its indirect non-wholly owned subsidiary, Outer Ring Company, constitutes a transaction for SZ International under Chapter 14 of the Listing Rules. As one or more of the applicable percentage ratios calculated under Rule 14.07 of the Listing Rules exceeds 5% but are all less than 25%, the signing of the Construction Contract constitutes a disclosable transaction for SZ International. SZ International is therefore required to comply with reporting and announcement requirements but is exempt from the shareholders' approval requirements under Chapter 14 of the Listing Rules.

SZ Expressway

For SZ Expressway, since all applicable percentage ratio under Rule 14.07 of the Listing Rules in respect of the Construction Contract are lower than 5%, SZ Expressway is exempt from the reporting, announcement and shareholders' approval requirements under Chapter 14 of the Listing Rules. This joint announcement is made by SZ Expressway on voluntary basis.

DEFINITIONS

In this joint announcement, unless the context otherwise requires, the following expressions have the following meanings:

“Construction Contract”	the construction contract in respect of Section K80+278~K82+740 of Outer Ring Phase III entered into among Outer Ring Company, CR No.4 and SZ Municipal on 25 January 2024
“Contractors”	CR No.4 and SZ Municipal

“CR No.4”	China Railway No.4 Engineering Group Co., Ltd* (中鐵四局集團有限公司), a limited company incorporated in the PRC
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Hong Kong Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Listing Rules”	the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange
“Outer Ring Company”	Shenzhen Outer Ring Expressway Investment Company Limited* (深圳市外環高速公路投資有限公司), a company incorporated in the PRC and a wholly-owned subsidiary of SZ Expressway
“Outer Ring Project”	the Shenzhen section of Outer Ring Expressway in Shenzhen with a total length of approximately 77 km and is being implemented in three phases, among which, Outer Ring Phase I (comprising the sections of 35.58 km from Shajing to Guanlan and 15.07 km from Longcheng to Pingdi) totaling approximately 51 km, was opened to traffic on 29 December 2020. Outer Ring Phase II (comprising the section of 9.35 km from Pingdi to Kengzi) was opened to traffic on 1 January 2022. Outer Ring Phase III (comprising the section of 16.8 km from Kengzi to Dapeng) is in the course of undergoing preliminary work
“PRC”	the People’s Republic of China
“RMB”	Renminbi, the lawful currency of the PRC
“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 Main Board of the Hong Kong Stock Exchange and the A Shares of which are listed on the Shanghai Stock Exchange
“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 Main Board of the Hong Kong Stock Exchange (stock code: 00152)
“SZ Municipal”	Shenzhen Municipal Group Co., Ltd.*(深圳市政集團有限公司), a limited company incorporated in the PRC
“%”	per cent

** For identification purposes only*

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

25 January 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 and Dr. Wang Guowen 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. 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 nonexecutive director) and Mr. XU Hua Xiang (Independent non-executive director).