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Shenzhen Investment Holdings Bay Area Development Company Limited

深圳投控灣區發展有限公司

(incorporated in the Cayman Islands with limited liability)

Stock Codes: 737 (HKD counter) and 80737 (RMB counter)

ANNOUNCEMENT

PURSUANT TO RULE 3.7 OF THE TAKEOVERS CODE, RULE 13.09 OF THE LISTING RULES AND PART XIVA OF THE SECURITIES AND FUTURES ORDINANCE

This announcement is made by Shenzhen Investment Holdings Bay Area Development Company Limited (the “**Company**”, together with its subsidiaries, collectively the “**Group**”) pursuant to Rule 3.7 of the Hong Kong Code on Takeovers and Mergers (the “**Takeovers Code**”), Rule 13.09 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) and the Inside Information Provisions (as defined under the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

THE MOU AND POSSIBLE SALE AND PURCHASE OF SHARES OF THE COMPANY

The board of directors of the Company (the “**Board**”) wishes to inform the shareholders of the Company (the “**Shareholders**”) and potential investors that, as informed by Shenzhen Investment Holdings Co., Ltd. (“**SIHC**” or the “**Potential Vendor**”), the ultimate controlling shareholder of the Company, on 15 March 2021 SIHC entered into a memorandum of understanding (the “**MOU**”) with Shenzhen Expressway Company Limited (the “**Potential Purchaser**”) in relation to the possible sale and purchase of the shares of the Company (the “**Shares**”).

According to publicly available information, the Potential Purchaser is a company incorporated in the People’s Republic of China (the “**PRC**”), the shares of which are listed on The Stock Exchange of Hong Kong Limited (HKEx Stock code: 548) and Shanghai Stock Exchange (SSE Stock code:600548), which is a subsidiary of Shenzhen International Holdings Limited, a company listed on The Stock Exchange of Hong Kong Limited (HKEx Stock code: 152), which in turn is owned as to approximately 43.39% by SIHC as at the date of this announcement. SIHC is ultimately controlled by the State-owned Assets Supervision and Administration Commission of the People’s Government of Shenzhen Municipality. According to the information provided by the Potential Purchaser, the principal activities of the Potential Purchaser and its subsidiaries are the investment, construction, operation and management of toll highways and environmental protection business in China.

Pursuant to the MOU, the Potential Purchaser intends to purchase, and the Potential Vendor intends to sell all its interest in the 2,213,449,666 Shares, representing approximately 71.83 % of the total issued Shares (the “**Possible Transaction**”). The Possible Transaction is subject to further negotiation and execution of a formal sale and purchase agreement between the parties. Under the MOU, the Potential Vendor shall not negotiate with any other party relating to the sale and purchase of its interests in any part of the Shares for a period of 6 months from the date of the MOU (the “**Exclusivity Period**”). The Potential Purchaser shall pay an earnest money of HK\$10,000,000 (the “**Earnest Money**”) to the Potential Vendor within 5 days of the MOU. The MOU shall be terminated (i) upon the signing of the formal sale and purchase agreement or (ii) upon mutual agreement to terminate in writing or (iii) upon expiry of the Exclusivity Period (whichever occurs first), in which case, the Earnest Money shall be refunded to the Potential Purchaser. In the event of any breach of the MOU by the Potential Purchaser, the Potential Vendor may forfeit the Earnest Money or in the event of any breach of the MOU by the Potential Vendor, the Potential Purchaser may require the Potential Vendor to pay back twice the amount of the Earnest Money.

The MOU does not create legally binding obligations on the parties in relation to the Possible Transaction, save for certain provisions relating to the Exclusivity Period, Earnest Money, confidentiality, termination, costs and governing law.

According to the Potential Purchaser, the main purpose of signing the MOU between the Potential Vendor and the Potential Purchaser on the Possible Transaction is to promptly seize Shenzhen’s strategy on promoting the reformation of state-owned enterprises, and business opportunities arising from the optimization of industrial layout; so as to achieve the goals of acquiring high-quality toll highway assets and expanding the scale and profit base of toll highway business. As informed by the Potential Purchaser, it disclosed the relevant information in relation to the Possible Transaction on the website of the Shanghai Stock Exchange in accordance with the relevant requirements of the securities market in the PRC and simultaneously disclosed it in Hong Kong on the website of The Stock Exchange of Hong Kong Limited.

As at the date of this announcement, no formal agreements have been entered into in respect of the Possible Transaction, and negotiation thereof is still in progress and the Possible Transaction may or may not proceed.

According to the Potential Purchaser, it intends to apply for a waiver from the obligation to make a mandatory general offer under Note 6(a) of Rule 26.1 of the Takeovers Code from the Executive (as defined below). As such, the completion of the Possible Transaction may or may not trigger the general offer obligation of the Potential Purchaser under the Takeovers Code. The Executive may or may not grant the aforesaid waiver.

RELEVANT SECURITIES OF THE COMPANY

As at the date of this announcement, the Company has in issue a total of 3,081,690,283 Shares. Save for the aforesaid, the Company has no other relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) as at the date hereof.

MONTHLY UPDATE

In compliance with Rule 3.7 of the Takeovers Code, monthly update announcement(s) will be made until announcement of firm intention to make an offer under Rule 3.5 of the Takeovers Code or of a decision not to proceed with an offer is made. Further announcement(s) will be made by the Company as and when appropriate or required in accordance with the Listing Rules and the Takeovers Code (as the case may be).

DEALING DISCLOSURE

For the purposes of the Takeovers Code, the offer period commences on the date of this announcement, being 15 March 2021. In accordance with Rule 3.8 of the Takeovers Code, respective associates of the Company and the Potential Purchaser (as defined in the Takeovers Code, including among others, the Shareholders and shareholders of the Potential Purchaser having interests of 5% or more in the relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of the Company and the Potential Purchaser) are hereby reminded to disclose their dealings in the securities of the Company pursuant to the requirements of the Takeovers Code.

RESPONSIBILITIES OF STOCKBROKERS, BANKS AND OTHER INTERMEDIARIES

In accordance with Rule 3.8 of the Takeovers Code, the full text of Note 11 to Rule 22 of the Takeovers Code is reproduced below:

“Responsibilities of stockbrokers, banks and other intermediaries

Stockbrokers, banks and others who deal in relevant securities on behalf of clients have a general duty to ensure, so far as they are able, that those clients are aware of the disclosure obligations attaching to associates of an offeror or the offeree company and other persons under Rule 22 and that those clients are willing to comply with them. Principal traders and dealers who deal directly with investors should, in appropriate cases, likewise draw attention to the relevant Rules. However, this does not apply when the total value of dealings (excluding stamp duty and commission) in any relevant security undertaken for a client during any 7 day period is less than \$1 million.

This dispensation does not alter the obligation of principals, associates and other persons themselves to initiate disclosure of their own dealings, whatever total value is involved.

Intermediaries are expected to co-operate with the Executive in its dealings enquiries. Therefore, those who deal in relevant securities should appreciate that stockbrokers and other intermediaries will supply the Executive with relevant information as to those dealings, including identities of clients, as part of that co-operation.”

“Executive” referred to above has the meaning ascribed to it under the Takeovers Code.

WARNING: THERE IS NO ASSURANCE THAT THE POSSIBLE TRANSACTION WILL MATERIALISE OR EVENTUALLY BE CONSUMMATED AND THE RELEVANT DISCUSSIONS MAY OR MAY NOT LEAD TO A GENERAL OFFER UNDER RULE 26.1 OF THE TAKEOVERS CODE. SHAREHOLDERS AND POTENTIAL INVESTORS OF THE COMPANY SHOULD EXERCISE CAUTION WHEN DEALING IN THE SECURITIES OF THE COMPANY. PERSONS WHO ARE IN DOUBT AS TO THE ACTION THEY SHOULD TAKE SHOULD CONSULT THEIR STOCK BROKERS, BANK MANAGERS, SOLICITORS OR OTHER PROFESSIONAL ADVISERS.

By Order of the Board
**Shenzhen Investment Holdings Bay Area
Development Company Limited**
Ji LIU*
Executive Director and Deputy General Manager

Hong Kong, 15 March 2021

As at the date of this announcement, the Board comprises three Executive Directors, namely Mr. Tianliang ZHANG (General Manager), Mr. Cheng WU* (Deputy General Manager) and Mr. Ji LIU* (Deputy General Manager and secretary to the Board); three Non-executive Directors, namely Mr. Zhengyu LIU* (Chairman), Mr. Junye CAI* and Mr. Weiguo ZONG*; and three Independent Non-executive Directors, namely Mr. Brian David Man Bun LI, Mr. Yu Lung CHING and Mr. Tony Chung Nin KAN.*

The directors of the Company jointly and severally accept full responsibility for the accuracy of the information contained in this announcement and confirm, having made all reasonable inquiries, that to the best of their knowledge, opinions expressed in this announcement have been arrived at after due and careful consideration and there are no other facts not contained in this announcement, the omission of which would make any statement in this announcement misleading.

** For identification purpose only*