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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)

**CONTINUING CONNECTED TRANSACTION
IN RELATION TO 2024 COASTAL EXPRESSWAY (SHENZHEN SECTION)
MAINTENANCE SERVICES AGREEMENT**

**2024 COASTAL EXPRESSWAY (SHENZHEN SECTION) MAINTENANCE
SERVICES AGREEMENT**

The Board is pleased to announce that on 25 January 2024, the Coastal Company entered into the 2024 Coastal Expressway (Shenzhen Section) Maintenance Services Agreement with the Engineering Development Company, pursuant to which the Engineering Development Company shall provide the Maintenance Services (as defined hereinafter) to the Coastal Company for a term of one year commencing from 1 January 2024.

LISTING RULES IMPLICATIONS

As the Coastal Company is an indirect non-wholly owned subsidiary of the Company and the Engineering Development Company is an indirect non-wholly owned subsidiary of Shenzhen Expressway (the intermediate controlling shareholder of the Company holding 71.83% of the total issued share capital of the Company) and therefore a connected person of the Company, the transactions contemplated under the 2024 Coastal Expressway (Shenzhen Section) Maintenance Services Agreement constitutes continuing connected transactions for the Company under Chapter 14A of the Listing Rules.

As the highest applicable percentage ratio in respect of the Annual Cap exceeds 0.1% but all applicable percentage ratios are less than 5%, the transactions contemplated under the 2024 Coastal Expressway (Shenzhen Section) Maintenance Services Agreement are exempt from the circular (including independent financial advice) and independent shareholders' approval requirements and are only subject to the announcement and reporting requirements under Chapter 14A of the Listing Rules.

INTRODUCTION

References are made to the announcement and the circular of the Company dated 18 August 2022 and 23 September 2022, respectively in respect of, inter alia, the capital injection of Shenwan Bay Area Infrastructure (Shenzhen) Company Limited* (深灣基建(深圳)有限公司) to the Coastal Company to obtain 51% of the enlarged equity interest in the Coastal Company (the “**Subscription**”). The Subscription was completed on 30 November 2022 and the Coastal Company changed from a wholly owned subsidiary of Shenzhen Expressway to become an indirect non-wholly owned subsidiary of the Company. Engineering Development Company has been entrusted to provide daily maintenance, electrical and mechanical maintenance and towing services for the Coastal Expressway (Shenzhen Section) in the past and continued to provide these services to the Coastal Company after completion of the Subscription in order to ensure the smooth and stable maintenance of the Coastal Expressway (Shenzhen Section) after completion of the Subscription. As the Services Agreement has expired, on 25 January 2024 the Coastal Company entered into the 2024 Coastal Expressway (Shenzhen Section) Maintenance Services Agreement with the Engineering Development Company, pursuant to which the Engineering Development Company agreed to provide the Maintenance Services (as defined hereinafter) to the Coastal Company in accordance with the terms therein.

2024 COASTAL EXPRESSWAY (SHENZHEN SECTION) MAINTENANCE SERVICES AGREEMENT

Material Terms of the 2024 Coastal Expressway (Shenzhen Section) Maintenance Services Agreement

The material terms of the 2024 Coastal Expressway (Shenzhen Section) Maintenance Services Agreement are summarised as follows:

Date

25 January 2024

Parties

- (a) Coastal Company
- (b) Engineering Development Company

Term

From 1 January 2024 to 31 December 2024

Scope of services

The Engineering Development Company shall provide maintenance services under the agreed scope including among others, (i) daily maintenance such as daily cleaning, maintenance and repair of the roadbed, road surface, bridge, culverts, tunnels, road intersections, greenery and environmental protection facilities, service areas, parking areas, navigation signs, traffic engineering of and facilities along the Coastal Expressway (Shenzhen Section); (ii) electrical and mechanical maintenance such as troubleshooting, repair, emergency response, maintenance and cleaning of toll collection system, communication facilities, transmission facilities, monitoring system, electricity supply systems, lighting systems and ancillary electrical and mechanical facilities to ensure the stable operation of the electrical and mechanical system of the Coastal Expressway (Shenzhen Section); and (iii) towing services of accident vehicles, faulty vehicles and goods, etc. (the “**Maintenance Services**”).

The Coastal Expressway (Shenzhen Section) is constructed in two phases, i.e. Coastal Phase I and Coastal Phase II. Coastal Phase I has been opened to traffic in 2013. The agreed scope of the Maintenance Services under the 2024 Coastal Expressway (Shenzhen Section) Maintenance Services Agreement is mainly for Coastal Phase I, which extends from Dongbao River, the boundary between Dongguan and Shenzhen, to Nanshan District, Shenzhen and connecting with Shenzhen Western Corridor.

Maintenance Services Fee and Payment Terms

The Maintenance Services fee will be paid on a monthly basis. The amount of the monthly Maintenance Services fee payable by the Coastal Company is determined based on the quantity of maintenance or repair works that have been completed by the Engineering Development Company and verified by the Coastal Company.

After receiving the monthly calculation and settlement statements submitted by the Engineering Development Company, the Coastal Company shall modify or approve the above application statements within 14 days. The amount to be paid in each instalment period is 85% of the measured amount, with the remaining amount to be paid after the completion of the annual settlement. The Coastal Company shall within 14 days settle the monthly invoice issued by the Engineering Development Company.

Quality Management and Defect Responsibility

The Engineering Development Company shall establish an effective quality assurance system to carry out comprehensive quality management, implement the laws and regulations of the PRC and the Ministry of Transportation of the PRC on strengthening quality management, and to ensure that the quality of the Maintenance Services meet the frequency and quality standards stipulated in the relevant laws and regulations of the PRC.

According to the 2024 Coastal Expressway (Shenzhen Section) Maintenance Services Agreement, the Engineering Development Company shall provide a defect liability period to certain repair works. The defect liability period is generally 6 months from the date of issuance of the project acceptance certificate by the Coastal Company. During the defect liability period, the Engineering Development Company shall be responsible for repairing the defects to the standard qualified by the Coastal Company according to the terms required in the 2024 Coastal Expressway (Shenzhen Section) Maintenance Services Agreement.

Historical transaction amounts

The aggregate amount paid by the Coastal Company for the provision of the daily maintenance, electrical and mechanical maintenance and towing services by the Engineering Development Company for the year ended 31 December 2023 was approximately RMB18.8 million. Since the audited figure of the amount payable by the Coastal Company to the Engineering Development Company for the provision of the daily maintenance, electrical and mechanical maintenance and towing services for the year ended 31 December 2023 is not available yet, it is only an estimated figure based on the information currently available to the Company as at the date of this announcement.

Annual Cap

The Company expects that the Annual Cap for the transactions contemplated under the 2024 Coastal Expressway (Shenzhen Section) Maintenance Services Agreement for the year ended 31 December 2024 shall be in the amount not more than RMB22.4 million.

The Annual Cap was determined with reference to (i) the historical transaction amounts of the maintenance service fees paid or payable by the Coastal Company for the year ended 31 December 2023; and (ii) the estimation of the Coastal Company in relation to its needs for highway maintenance, expenses on equipment and labour resources, maintenance expenses and estimated amount of works.

Pricing Policy

The fees for the Maintenance Services to be provided by the Engineering Development Company under the 2024 Coastal Expressway (Shenzhen Section) Maintenance Services Agreement is determined after arms' length negotiations between the Engineering Development Company and the Coastal Company with reference to the following factors:

- (i) the price budget prepared by an independent third-party cost consulting institution;
- (ii) the provincial and municipal relevant policies related to construction pricing and construction budget, such as Regulations for Preparing Guangdong Province Highway Maintenance Project Budget* 《廣東省公路養護工程預算編制辦法》, Highway Project Budget Quota* 《公路工程預算定額》, Shenzhen Construction Project Valuation Rate Standard* 《深圳市建設工程計價費率標準》 and Guangdong Province Transportation Construction Project Main Purchased Materials Information Price List* 《廣東省交通建設工程主要外購材料資訊價表》.

REASONS FOR AND BENEFITS OF ENTERING INTO THE 2024 COASTAL EXPRESSWAY (SHENZHEN SECTION) MAINTENANCE SERVICES AGREEMENT

The Engineering Development Company had been providing the daily maintenance, electrical and mechanical maintenance and towing services to the Coastal Company before the completion of the Subscription in 2022 and possesses the relevant expertise and experience. By entering into the 2024 Coastal Expressway (Shenzhen Section) Maintenance Services Agreement, the Coastal Company will continue to enjoy the Maintenance Services provided by the relevant member of the Shenzhen Expressway Group and can ensure the smooth and stable maintenance of the Coastal Expressway (Shenzhen Section).

The Directors (including the independent non-executive Directors but excluding Mr. Xiangwen LIAO*) consider that the entering into the 2024 Coastal Expressway (Shenzhen Section) Maintenance Services Agreement will provide the Coastal Company with secured and reliable maintenance services, and is of the view that (i) the 2024 Coastal Expressway (Shenzhen Section) Maintenance Services Agreement was entered into on normal commercial terms and in the ordinary and usual course of business of the Group, and no less favourable than those available to or from independent third parties, and (ii) the terms of the 2024 Coastal Expressway (Shenzhen Section) Maintenance Services Agreement are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Mr. Xiangwen LIAO*, being the chairman of the Board and an executive Director of the Company, is also an executive director of Shenzhen Expressway as at the date of this announcement, he may be regarded as having a material interest in the transactions contemplated under the 2024 Coastal Expressway (Shenzhen Section) Maintenance Services Agreement, and had therefore abstained from voting on the relevant Board resolutions approving the 2024 Coastal Expressway (Shenzhen Section) Maintenance Services Agreement and the transactions contemplated thereunder. Save as disclosed in this announcement, no Director is required to abstain from voting on the relevant Board resolutions approving the 2024 Coastal Expressway (Shenzhen Section) Maintenance Services Agreement.

INFORMATION OF THE PARTIES

Coastal Company

The Coastal Company is owned as to 51% and 49% by the Company and Shenzhen Expressway, respectively. Its principal business is the investment, construction and operation of Coastal Expressway (Shenzhen Section).

The Engineering Development Company

The Engineering Development Company is a company incorporated in the PRC which is indirectly owned as to 60% by Shenzhen Expressway and directly owned as to 40% by Mr. Cui Gangxian*, an independent third party of the Group. Its principal business is the provision of services of road maintenance, electrical and mechanical maintenance, tow truck rescue, cleaning, landscaping maintenance and property maintenance.

LISTING RULES IMPLICATIONS

As the Coastal Company is an indirect non-wholly owned subsidiary of the Company and the Engineering Development Company is an indirect non-wholly owned subsidiary of Shenzhen Expressway (the intermediate controlling shareholder of the Company holding 71.83% of the total issued share capital of the Company) and therefore a connected person of the Company, the transactions contemplated under the 2024 Coastal Expressway (Shenzhen Section) Maintenance Services Agreement constitutes continuing connected transactions for the Company under Chapter 14A of the Listing Rules.

As the highest applicable percentage ratio in respect of the Annual Cap exceeds 0.1% but all applicable percentage ratios are less than 5%, the transactions contemplated under the 2024 Coastal Expressway (Shenzhen Section) Maintenance Services Agreement are exempt from the circular (including independent financial advice) and independent shareholders' approval requirements and are only subject to the announcement and reporting requirements under Chapter 14A of the Listing Rules.

DEFINITIONS

“2024 Coastal Expressway (Shenzhen Section) Maintenance Services Agreement”	the agreement dated 25 January 2024 entered into between the Coastal Company and the Engineering Development Company in relation to the provision of daily maintenance, electrical maintenance and towing services for the Coastal Expressway (Shenzhen Section) in 2024
“Annual Cap”	the maximum amount to be paid by the Coastal Company to the Engineering Development Company for the Maintenance Services provided per year
“Board”	the board of Directors
“Coastal Company”	Shenzhen Guangshen Coastal Expressway Investment Company Limited* (深圳市廣深沿江高速公路投資有限公司), a company incorporated in the PRC with limited liability, the equity interest of which is currently held as to 51% and 49% by the Company and Shenzhen Expressway respectively
“Coastal Expressway (Shenzhen Section)”	the Shenzhen section of Guangshen Coastal Expressway, which comprises of Coastal Phase I and Coastal Phase II
“Coastal Phase I”	Phase I of Coastal Expressway (Shenzhen Section), on the main line of Coastal Expressway (Shenzhen Section), the toll mileage is approximately 30.9 km and was opened to traffic on 28 December 2013

“Coastal Phase II”	Phase II of Coastal Expressway (Shenzhen Section) which includes two parts, being the construction of the interchange of the International Convention and Exhibition Center which was completed and opened to traffic in 2019 and the construction of the connection lane on the Shenzhen side of Shenzhen-Zhongshan Channel which has total length of approximately 5.7 km and is currently under construction
“Company”	Shenzhen Investment Holdings Bay Area Development Company Limited (深圳投控灣區發展有限公司), a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the Stock Exchange (Stock Codes: 737 (HKD Counter) and 80737 (RMB Counter))
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	the director(s) of the Company
“Engineering Development Company”	Shenzhen Expressway Engineering Development Limited* (深圳高速工程發展有限公司), a company incorporated in the PRC and an indirect non-wholly owned subsidiary of Shenzhen Expressway
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC” or “China”	the People’s Republic of China
“RMB”	Renminbi, the lawful currency of the PRC

“Services Agreement”	the agreement dated 11 August 2022 entered into between the Coastal Company and the Engineering Development Company in relation to the provision of daily maintenance, electrical and mechanical maintenance and towing services for the Coastal Expressway (Shenzhen Section)
“Shareholder(s)”	shareholder(s) of the Company
“Shenzhen 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 Stock Exchange (Stock Code: 00548) and the A shares of which are listed on the Shanghai Stock Exchange (Security Code: 600548)
“Shenzhen Expressway Group”	Shenzhen Expressway and its subsidiaries from time to time
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary(ies)”	has the meaning ascribed to it under the Listing Rules
“%”	per cent

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

Hong Kong, 25 January 2024

As at the date of this announcement, the Board comprises four Executive Directors namely, Mr. Xiangwen LIAO (Chairman), Mr. Jianming WU* (Executive General Manager), Mr. Cheng WU* (Deputy General Manager) and Mr. Ji LIU* (Deputy General Manager and secretary to the Board); two Non-executive Directors namely, Ms. Siyan CHEN* and Mr. Xuan WANG*; and three Independent Non-executive Directors namely, Mr. Yu Lung CHING, Mr. Tony Chung Nin KAN and Mr. Peng XUE*.*

** For identification purpose only*