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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)

CONNECTED TRANSACTION

SURVEY AND DESIGN CONTRACT

SURVEY AND DESIGN CONTRACT

On 29 June 2021, GS Superhighway JV entered into a Survey and Design Contract with the Contractor to engage the Contractor to conduct survey and design for the Guangzhou section of the Road Expansion Project at a Service Fee of RMB46,462,831. The Contractor is owned as to 40% by GPCG (being a connected person of the Company at the subsidiary level) and 60% (in aggregate) by individuals who are Independent Third Parties.

LISTING RULES IMPLICATIONS

Given that the Contractor is owned as to 40% by GPCG, being the holding company of Guangdong Highway Construction, the substantial shareholder of GS Superhighway JV (a deemed subsidiary of the Company), the Contractor is an associate of Guangdong Highway Construction, and thus a connected person of the Company at the subsidiary level. The Survey and Design Contract therefore constitutes a connected transaction of the Company at the subsidiary level under Chapter 14A of the Listing Rules.

As one or more of the applicable percentage ratios in relation to the Survey and Design Contract exceeds 1% but all of them are less than 5%, the Survey and Design Contract is only subject to the reporting and announcement requirements but exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

The Directors (including the independent non-executive Directors) have approved the Survey and Design Contract and considered that the terms thereunder are fair and reasonable and on normal commercial terms, and the entering into of the Survey and Design Contract is in the ordinary and usual course of business of the Group and in the interest of the Company and the Shareholders as a whole.

As none of the Directors has any material interest in the Survey and Design Contract and the transactions contemplated thereunder, none of the Directors is required to abstain from voting on the board resolutions approving the Survey and Design Contract and the transactions contemplated thereunder.

SURVEY AND DESIGN CONTRACT

On 29 June 2021, GS Superhighway JV entered into a Survey and Design Contract with the Contractor which constitutes a connected transaction of the Company, the principal terms of which are set out below.

Date

29 June 2021

Parties

- (1) GS Superhighway JV (a deemed subsidiary of the Company)
- (2) Contractor (an associate of a connected person of the Company at the subsidiary level)

Subject matter

GS Superhighway JV has agreed to engage the Contractor to provide services in relation to the survey and design for the Guangzhou section of the Road Expansion Project. The scope of services to be provided by the Contractor includes survey and design of routes, subgrades, pavements, bridges and culverts, route crossings, landscape greening, services and facilities along the routes, etc. together with the preparation of survey and design reports and proposals, budgets estimations and other documentations relating thereto.

Service fee

The service fee for the provision of the services under the Survey and Design Contract shall be RMB46,462,831 (the “**Service Fee**”), among which, up to 97% of the Service Fee shall be payable by GS Superhighway JV to the Contractor by way of progress payments based on tasks completed by the Contractor throughout the process (including delivery of requisite designs, drawings, reports, written analysis and opinions and other documentations, etc. by the Contractor) and the remaining 3% of the Service Fee will be withheld as retention monies which will be paid after the relevant certificate of completion in respect of the completion of the construction works on the entire Road Expansion Project is issued by the relevant government authority in the PRC.

GS Superhighway JV has conducted a bidding process through the Guangzhou Public Resources Trading Center* (廣州公共資源交易中心) to obtain tenderers for the services required under the Survey and Design Contract. The Contractor was the successful tenderer and the Service Fee was determined under such bidding process taking into account the scope of tasks/services required under the Survey and Design Contract, the professional expertise, experience, quality, personnel, credit rating, track record and compliance performance of the tenderers and the technical proposals and service fees submitted by the tenderers.

The Service Fee will be funded by internal resources and bank financing of GS Superhighway JV.

INFORMATION ON THE PARTIES

The Group is principally engaged in expressway business and adopts development strategies focusing on the infrastructure and correlated business as well as land development and utilisation along the GS Superhighway within Greater Bay Area. The Group currently operates two expressways namely, the GS Superhighway and the Guangzhou-Zhuhai West Superhighway and engages in the development of residential project located at the core area of the Greater Bay Area.

GS Superhighway JV is principally engaged in the operation and management of the GS Superhighway, which is a joint venture established by Hopewell China Development and Guangdong Highway Construction, and is a deemed subsidiary of the Company.

The Contractor is principally engaged in design of highway, municipal, construction and rail transit projects; engineering survey; consultation for highway, municipal utilities works, hydrogeology, engineering survey and geotechnical engineering; engineering bidding agency; preparation of soil and water conservation plans; consultation in respect of and preparation of engineering documents; engineering survey and mapping. To the best of the Company's knowledge, information and belief, the Contractor is owned as to (i) 40% by GPCG; (ii) approximately 4.43944%, 3.49749%, 3.49749%, 3.49749%, 3.21779% and 2.86888% by Jiangshan LI* (李江山), Zhanjun HUANG* (黃湛軍), Linong LIANG* (梁立農), Xiaoyang CAI* (蔡小楊), Chunlin CHEN* (陳春霖), and Kegeng TIAN* (田可耕) respectively (all being Independent Third Parties); and (iii) the remaining 38.98142% (in aggregate) by 186 other individuals (each holding less than 1% of the shareholdings of the Contractor and all being Independent Third Parties).

GPCG is principally engaged in construction and operation of expressways and related financing operation, transportation and logistics, ancillary resources comprehensive operations and related services, operations of expressways facilities, research and development, design and supervisory and management services, which is ultimately controlled by the People's Government of Guangdong Province.

REASONS FOR AND BENEFITS OF ENTERING INTO THE SURVEY AND DESIGN CONTRACT

As disclosed in the Company's 2020 Annual Report, various works have been conducted in order to accelerate the Road Expansion Project as planned. After the preliminary feasibility report of the expansion work was completed at the end of 2020, a vital step was to carry out the feasibility report revision and the survey and design work simultaneously. A public tender process was carried out in order to select a suitable contractor for the survey and design work in a fair, open and just way. After due and comprehensive evaluation of the tenderers, the Contractor was awarded the Survey and Design Contract. The GS Superhighway JV is of the view that the entering into of the Survey and Design Contract will move the progress of the Road Expansion Project forward and as an important step to achieve the expansion works commencement target in 2022.

LISTING RULES IMPLICATIONS

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As one or more of the applicable percentage ratios in relation to the Survey and Design Contract exceeds 1% but all of them are less than 5%, the Survey and Design Contract is only subject to the reporting and announcement requirements but exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

The Directors (including the independent non-executive Directors) have approved the Survey and Design Contract and considered that the terms thereunder are fair and reasonable and on normal commercial terms, and the entering into of the Survey and Design Contract is in the ordinary and usual course of business of the Group and in the interest of the Company and the Shareholders as a whole.

As none of the Directors has any material interest in the Survey and Design Contract and the transactions contemplated thereunder, none of the Directors is required to abstain from voting on the board resolutions approving the Survey and Design Contract and the transactions contemplated thereunder.

DEFINITIONS

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

“associate”	shall have the meaning ascribed to it under the Listing Rules
“Board”	the board of Directors
“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”	shall have the meaning ascribed to it under the Listing Rules
“Contractor”	Guangdong Communication Planning & Design Institute Group Co., Ltd * (廣東省交通規劃設計研究院集團股份有限公司), company established in the PRC

“Director(s)”	director(s) of the Company
“GPCG”	Guangdong Provincial Communication Group Company Limited* (廣東省交通集團有限公司), being a state-owned enterprise established in the PRC
“Group”	the Company and its subsidiaries (including GS Superhighway JV)
“GS Superhighway”	Guangzhou-Shenzhen Superhighway
“GS Superhighway JV”	Guangzhou-Shenzhen-Zhuhai Superhighway Company Limited (廣深珠高速公路有限公司), a joint venture established by the Group in partnership with Guangdong Highway Construction for the operation and management of the GS Superhighway
“Guangdong Highway Construction”	Guangdong Provincial Highway Construction Company Limited* (廣東省公路建設有限公司), a company established in the PRC with limited liability which is the PRC joint venture partner of GS Superhighway JV and a subsidiary of GPCG
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Hopewell China Development”	Hopewell China Development (Superhighway) Limited (合和中國發展(高速公路)有限公司), a company incorporated in Hong Kong with limited liability and a subsidiary of the Company.
“Independent Third Parties”	third parties independent of and not being connected persons of the Company or its subsidiaries
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	the People’s Republic of China which, for the purpose of this announcement, excludes Hong Kong, the Macao Special Administrative Region of the PRC and Taiwan
“RMB”	Renminbi, the lawful currency of the PRC

“Road Expansion Project”	the construction works for the expansion of the road sections of the GS Superhighway from the north at the Huangcun interchange (黃村立交) in Guangzhou down to the south at the Huanggang toll station (皇崗收費站) in Shenzhen from a 6-lane to a 10-lane expressway in dual directions (except for road section(s) with higher traffic volume to be expanded to a 12-lane expressway in dual directions)
“Service Fee”	shall have the meaning as defined under the section headed “Service fee” in this announcement
“Share(s)”	ordinary share(s) of HK\$0.10 each in the share capital of the Company
“Shareholder(s)”	holder(s) of Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Survey and Design Contract”	a contract dated 29 June 2021 entered into between GS Superhighway JV and the Contractor in relation to the provision of services for the survey and design for the Guangzhou section of the Road Expansion Project
“%”	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, 29 June 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*

** For identification purpose only*