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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)

INSIDE INFORMATION

POTENTIAL DISPOSAL OF 22.5% EQUITY INTEREST IN THE PROJECT COMPANY AND THE CORRESPONDING SHAREHOLDER'S LOAN BY THE GROUP

This announcement is made by the Company pursuant to Rule 13.09 (2) of the Listing Rules and the Inside Information Provisions under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the “SFO”).

Reference is made to (i) the announcement of the Company dated 29 November 2019 (the “**Announcement**”) in relation to the formation of a joint venture among Shenwan Infrastructure (an indirect non-wholly owned subsidiary of the Company) and certain subsidiaries within GPCG; and (ii) the announcement of the Company dated 27 December 2019 in relation to the successful bid for the land use rights of the Project Land by the Project Company. Unless otherwise stated or the context otherwise requires, capitalised terms used herein shall have the same meanings as those defined in the Announcement.

THE POTENTIAL DISPOSAL

The Board announces that the Group (through Shenwan Infrastructure) and GPCG (through Guangdong Highway Construction (a non-wholly owned subsidiary within GPCG)) intend to dispose of an aggregate of 60% equity interest in the Project Company (representing 22.5% equity interest owned by Shenwan Infrastructure and 37.5% equity interest owned by Guangdong Highway Construction), together with the transfer of their rights in the corresponding portion of their respective shareholders' loans advanced to the Project Company (including the outstanding interest accrued thereon) (the “**Potential Disposal**”) through a public tender process (the “**Public Tender**”) in the PRC.

As at the date of this announcement, the registered capital of the Project Company in the total amount of RMB 10,000,000 is owned as to 37.5% by the Group (through Shenwan Infrastructure) and 62.5% (in aggregate) by GPCG (through Guangdong Highway Construction as to 37.5%, Lealu Investment as to 20% and Leaxin Investment as to 5%). For reference purpose, as at 31 May 2020, the principal amount of the shareholder's loan advanced by the Group to the Project Company was approximately RMB 818,550,000.

It is expected that if the Potential Disposal is materialised, the equity interest in the Project Company, and the rights in the shareholders' loans advanced to the Project Company (including the outstanding interest accrued thereon), will be owed as to 15% by the Group (through Shenwan Infrastructure), 25% by GPCG (through Lealu Investment and Leaxin Investment) and 60% by the successful bidder.

A preliminary disclosure of information relating to the Potential Disposal is made by Shenwan Infrastructure and Guangdong Highway Construction to the public on the Shenzhen United Property and Share Rights Exchange* (深圳聯合產權交易所), the Southern United Assets and Equity Exchange* (南方聯合產權交易中心) and the Guangdong United Assets and Equity Exchange* (廣東聯合產權交易中心) on the date of this announcement (the “**Pre-Listing Disclosure**”), and the Pre-Listing Disclosure period is 20 working days from the date of the Pre-Listing Disclosure. The base price for the transfer of 60% equity interest in the Project Company and the corresponding portion of the shareholders' loans advanced to the Project Company (including the outstanding interest accrued thereon) through the Public Tender is yet to be determined and will be disclosed as and when appropriate.

REASONS FOR AND BENEFITS OF THE POTENTIAL DISPOSAL

As disclosed in the Annual Report of the Company for the year ended 31 December 2019, the Project Company intends to introduce professional property developer as strategic partner to optimise its shareholder structure and to take advantage of strategic partner's professionalism in developing large-scale premium residential project. The Potential Disposal by way of a public tender provides the opportunity to the Project Company to select the most appropriate strategic partner among the bidders with the best available terms in the market. If the Potential Disposal is materialised, it is expected that the general working capital and cash flow position of the Group will be further strengthened.

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 the Guangdong-Hong Kong-Macao 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 on the Project Land which is located at the core area of the Greater Bay Area.

Shenwan Infrastructure, an indirect non-wholly owned subsidiary of the Company, is principally engaged in infrastructure and correlated businesses and set up for the potential development and utilisation of the land along the GS Superhighway.

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.

Guangdong Highway Construction is principally engaged in development, investment and operation of expressways in Pearl River Delta, which is also the PRC joint venture partner of the GS Superhighway JV and a subsidiary within GPCG.

The Project Company is principally engaged in the property development business.

LISTING RULES IMPLICATIONS

Guangdong Highway Construction, being a substantial shareholder of GS Superhighway JV (a deemed subsidiary of the Company), is a connected person at the subsidiary level of the Company under the Listing Rules. The Potential Disposal, if materialised, will constitute a connected transaction of the Company at the subsidiary level under Chapter 14A of the Listing Rules and may constitute a notifiable transaction of the Company under Chapter 14 of the Listing Rules.

As the Potential Disposal is only at the Pre-Listing Disclosure stage, no definitive sale and purchase agreement with respect to the Potential Disposal has been entered into by the Group. As the Potential Disposal may or may not proceed, Shareholders and potential investors of the Company are advised to exercise caution when dealing in the securities of the Company. The Company will make further announcement(s) in compliance with the Listing Rules and Part XIVA of the SFO as and when appropriate or required.

DEFINITIONS

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

“Project Company”	Guangzhou Zhentong Development Company Limited* (廣州臻通實業發展有限公司), a joint venture company established in the PRC for the development of the Project Land, the equity interest of which is held as to 37.5%, 37.5%, 20% and 5% by Shenwan Infrastructure, Guangdong Highway Construction, Lealu Investment and Leaxin Investment respectively.
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“GPCG”

Guangdong Provincial Communication Group Company Limited* (廣東省交通集團有限公司) and its subsidiaries collectively (including Guangdong Highway Construction, Lealu Investment and Leaxin Investment) as a group

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

Hong Kong, 12 June 2020

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), and Mr. Junye CAI* and Mr. Jiyang TANG*; 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*