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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)

MAJOR AND CONNECTED TRANSACTION

**DISPOSAL OF 22.5% AND 37.5% EQUITY INTEREST
IN THE PROJECT COMPANY AND
THE CORRESPONDING SHAREHOLDERS' LOANS
BY THE GROUP AND GPCG RESPECTIVELY**

WRITTEN SHAREHOLDERS' APPROVAL

THE TRANSACTION AGREEMENT

The online bidding procedure under the Public Tender in relation to the Disposal has ended. The Board is pleased to announce that Shenzhen Run Investment, a wholly-owned subsidiary of China Resources Land Limited (Stock Code: 1109), has been confirmed by GuangDong Exchange as the successful bidder of the Public Tender in relation to the Disposal.

On 10 September 2020, Shenwan Infrastructure and Guangdong Highway Construction, as the Vendors, and Shenzhen Run Investment, as the Purchaser, entered into the Transaction Agreement in respect of the Disposal. The transaction price of RMB1,985,689,026.68 for the Subject Equity Interest and Subject Shareholders' Loans and Interests as at 31 December 2019 is the highest bidding price obtained through the online bidding process under the Public Tender, among which RMB744,633,385.01 shall be paid to Shenwan Infrastructure and RMB1,241,055,641.67 shall be paid to Guangdong Highway Construction. In addition to the payment of the transaction price mentioned above, (i) the Post-Valuation Date Interests and (ii) the Post-Valuation Date Shareholders' Loans and Interests (on a dollar-for-dollar basis) shall also be paid by the Purchaser to the Vendors as part of the total consideration for the Subject Interests.

THE NEW JV AGREEMENT AND THE AMENDED JV ARTICLES

On 10 September 2020, Shenwan Infrastructure, Lealu Investment, Leaxin Investment and the Purchaser entered into the New JV Agreement and the Amended JV Articles to regulate their respective rights and obligations in relation to the management, operation and affairs of the Project Company after the Purchaser becomes a shareholder of the Project Company.

Guangdong Highway Construction, Lealu Investment and Leaxin Investment are all subsidiaries within the GPCG. To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Purchaser and its ultimate beneficial owner are independent third parties and are not connected with the Company or its connected persons.

LISTING RULES IMPLICATIONS

Guangdong Highway Construction, being a substantial shareholder of GS Superhighway JV (a deemed subsidiary of the Company), is a connected person of the Company at the subsidiary level under Chapter 14A of the Listing Rules. The Disposal, being a joint disposal by Shenwan Infrastructure and Guangdong Highway Construction, and the New JV Agreement and the Amended JV Articles entered into among Shenwan Infrastructure, Lealu Investment (being a subsidiary of Guangdong Highway Construction), Leaxin Investment (being an indirect subsidiary of the holding company of Guangdong Highway Construction) and the Purchaser, together constitutes a connected transaction of the Company at the subsidiary level under Chapter 14A of the Listing Rules.

The Directors (including the independent non-executive Directors) have approved the Transaction Documents and the Directors (including the independent non-executive Directors) have confirmed that the terms of the Transaction Documents are fair and reasonable, on normal commercial terms (though not in the ordinary and usual course of business of the Group) and in the interests of the Company and the Shareholders as a whole. By reason of the aforesaid, the Transaction Documents are subject to the reporting and announcement requirements, but exempt from the circular, independent financial advice and Shareholders' approval requirements pursuant to rule 14A.101 of the Listing Rules.

Nonetheless, as one or more of the applicable percentage ratios in relation to the Transaction Documents exceed 25% but all of them are less than 75%, the transaction contemplated thereunder also constitutes a major transaction of the Company under Chapter 14 of the Listing Rules, and are therefore subject to the reporting, announcement and the Shareholders' approval requirements under Chapter 14 of the Listing Rules.

As none of the Directors has any material interest in the Transaction Documents, none of the Directors is required to abstain from voting on the board resolutions approving the Transaction Documents.

WRITTEN SHAREHOLDERS' APPROVAL

To the best of the Directors' knowledge, information and belief, after having made all reasonable enquiries, no Shareholder or any of their respective associates has any material interest in the Transaction Documents and thus none of the Shareholders is required to abstain from voting if the Company were to convene a general meeting for the approval of the Transaction Documents.

As at the date of this announcement, SIICHIC holds 2,213,449,666 Shares, representing approximately 71.83% of the issued share capital of the Company. On 10 September 2020, the Company has obtained the written shareholders' approval from SIICHIC with respect to the Transaction Documents and the transaction contemplated thereunder. Accordingly, no extraordinary general meeting of the Company is required to be convened for the approval of the Transaction Documents pursuant to rule 14.44 of the Listing Rules.

Pursuant to rule 14.41(a) of the Listing Rules, a circular containing, among other things, further details of the Transaction Documents and such other information as required under the Listing Rules is currently expected to be despatched to the Shareholders on or before 5 October 2020.

Reference is made to the announcements of the Company dated 12 June 2020 and 19 July 2020 in relation to the potential disposal of 22.5% and 37.5% equity interest in the Project Company and the corresponding shareholders' loans by the Group and the GPCG respectively through the Public Tender.

RESULTS OF THE PUBLIC TENDER

The online bidding procedure under the Public Tender in relation to the Disposal has ended. The Board is pleased to announce that Shenzhen Run Investment, a wholly-owned subsidiary of China Resources Land Limited (Stock Code: 1109), has been confirmed by Guangdong Exchange as the successful bidder of the Public Tender in relation to the Disposal. The transaction price of RMB1,985,689,026.68 for the Subject Equity Interest and Subject Shareholders' Loans and Interests as at 31 December 2019 is the highest bidding price obtained through the online bidding process under the Public Tender, among which RMB744,633,385.01 shall be paid to Shenwan Infrastructure and RMB1,241,055,641.67 shall be paid to Guangdong Highway Construction. In addition to the payment of the transaction price mentioned above, (i) the Post-Valuation Date Interests and (ii) the Post-Valuation Date Shareholders' Loans and Interests (on a dollar-for-dollar basis) shall also be paid by the Purchaser to the Vendors as part of the total consideration for the Subject Interests.

THE TRANSACTION AGREEMENT

On 10 September 2020, Shenwan Infrastructure and Guangdong Highway Construction, as the Vendors, and Shenzhen Run Investment, as the Purchaser, entered into the Transaction Agreement, the principal terms of which are set out below.

Date

10 September 2020

Parties

- (a) Shenwan Infrastructure, as the Vendor;
- (b) Guangdong Highway Construction, as the Vendor; and
- (c) Shenzhen Run Investment, as the Purchaser.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Purchaser and its ultimate beneficial owner are independent third parties and are not connected with the Company or its connected persons.

Subject Interests

Pursuant to the terms and conditions of the Transaction Agreement, the Vendors agree to sell and assign, and the Purchaser agrees to purchase and take the assignment of, (i) an aggregate of 60% equity interest (representing 22.5% equity interest owned by Shenwan Infrastructure and 37.5% equity interest owned by Guangdong Highway Construction) in the Project Company (the major asset of which is the land use right of the Project Land) and (ii) the corresponding Subject Shareholders' Loans and Interests held by Shenwan Infrastructure and Guangdong Highway Construction as at the date of full settlement of the Consideration.

The equity-holding structures of the Project Company before and after Completion are illustrated below: –

	Before Completion	After Completion
Shenwan Infrastructure	37.5%	15%
Guangdong Highway Construction	37.5%	-
Lealu Investment	20%	20%
Leaxin Investment	5%	5%
The Purchaser	-	60%

Consideration and payment terms

The Consideration consists of:

- (a) the transaction price of RMB1,985,689,026.68 in respect of the Subject Equity Interest and the Subject Shareholders' Loans and Interests as at 31 December 2019, which is the highest bidding price obtained through the Public Tender, among which RMB744,633,385.01 shall be paid to Shenwan Infrastructure and RMB1,241,055,641.67 shall be paid to Guangdong Highway Construction by the Purchaser.

The minimum bidding price in the Public Tender of RMB1,225,689,026.68 was determined with reference to a valuation report issued by an independent qualified appraisal institution in the PRC in respect of the valuation of the Subject Interests under the asset-based approach as at 31 December 2019, being the date of valuation, among which, (i) the valuation for the 22.5% equity interest in the Project Company and the corresponding shareholder's loan (together with the outstanding interests accrued thereon) (on a dollar-for-dollar basis) held by Shenwan Infrastructure were approximately RMB272,898,700 and RMB186,734,700 respectively; and (ii) the valuation for the 37.5% equity interest in the Project Company and the corresponding shareholder's loan (together with the outstanding interests accrued thereon) (on a dollar-for-dollar basis) held by Guangdong Highway Construction were approximately RMB454,831,100 and RMB311,224,500 respectively;

- (b) the interests further accrued on the Subject Shareholders' Loans and Interests as at 31 December 2019 at the rate of 8 per cent per annum during the Post-Valuation Date Period (the "**Post-Valuation Date Interests**") shall be paid by the Purchaser to the Vendors on a dollar-for-dollar basis. For reference purpose, as at 17 September 2020, the Post-Valuation Date Interests payable to Shenwan Infrastructure and Guangdong Highway Construction will amount to RMB10,789,117.16 and RMB17,981,861.93 respectively; and
- (c) the shareholders' loans further advanced by Shenwan Infrastructure and Guangdong Highway Construction to the Project Company during the Post-Valuation Date Period corresponding to their respective percentages of equity interest in the Project Company to be transferred to the Purchaser under the Disposal together with interests accrued thereon at the rate of 8 per cent per annum from the date of advancement of such shareholders' loans up to the date of full settlement of the Consideration (the "**Post-Valuation Date Shareholders' Loans and Interests**") shall be paid by the Purchaser to the Vendors on a dollar-for-dollar basis. For reference purpose, as at 17 September 2020, the Post-Valuation Date Shareholders' Loans and Interests payable to Shenwan Infrastructure and Guangdong Highway Construction will amount to RMB335,010,000.00 and RMB558,350,000.00 respectively.

The Consideration shall be paid in cash in the following manner:

- (a) within 5 Business Days from the effective date of the Transaction Agreement, part of the Consideration in the amount of RMB1,617,982,318.68 (being the amount of the transaction price deducting the earnest money of RMB367,706,708.00 already paid by the Purchaser to Guangdong Exchange in the Public Tender process) shall be payable in lump sum by the Purchaser to the Vendors through a custodian account designated by Guangdong Exchange;
- (b) within 3 Business Days from the date of receipt of the payment mentioned in (a) above from the Purchaser by Guangdong Exchange and the settlement of the transaction service fees by the Vendors and the Purchaser to Guangdong Exchange, Guangdong Exchange shall transfer to the Vendors the respective amounts of the transaction price (including the earnest money) payable to them, being RMB744,633,385.01 to Shenwan Infrastructure and RMB1,241,055,641.67 to Guangdong Highway Construction; and

- (c) the consideration for the Post-Valuation Date Interests and Post-Valuation Date Shareholders' Loans and Interests shall be payable in cash by the Purchaser to the respective Vendors directly in lump sum on the same date on which the Purchaser makes the payment as mentioned in sub-paragraph (a) above.

Completion of the Disposal

Within 30 days after the issuance of a transaction certificate to the Vendors and the Purchaser by GuangDong Exchange, the Vendors and the Purchaser shall proceed to complete all necessary filing and registration procedures with the relevant government authorities to give effect to the transfer of the Subject Equity Interest, the Amended JV Articles and the appointments of the directors and other senior management as required under the New JV Agreement.

INFORMATION ON THE PROJECT COMPANY

The Project Company, incorporated on 29 November 2019, is principally engaged in the property development business. Set out below is the key audited financial information of the Project Company for the period from its incorporation on 29 November 2019 to 31 December 2019 prepared in accordance with the International Financial Reporting Standards as disclosed on page 124 to 125 of the 2019 Annual Report:

	For the period from its incorporation on 29 November 2019 to 31 December 2019
	<i>RMB'000</i>
Loss before taxation and extraordinary items	5,030
Loss for the period	5,030

(Note: No tax expenses were recorded in the period)

As disclosed in the 2019 Annual Report, the audited net asset value of Project Company as at 31 December 2019 (based on the International Financial Reporting Standards) amounted to approximately RMB4,971,000.

The original acquisition cost of the Group's 22.5% equity interest in the Project Company disposed of under the Disposal was RMB2,250,000.

THE NEW JV AGREEMENT AND THE AMENDED JV ARTICLES

On 10 September 2020, the Parties have also entered into the New JV Agreement and the Amended JV Articles to regulate their respective rights and obligations in relation to the management, operation and affairs of the Project Company after the Purchaser becomes a shareholder of the Project Company, the principal terms of which are set out below.

The Project Company

Upon Completion, the Project Company shall be owned as to 15%, 20%, 5% and 60% by Shenwan Infrastructure, Lealu Investment, Leaxin Investment and the Purchaser respectively. The Project Company's scope of business shall include real estate development and operation, self-owned real estate operating activities, car park operation, investment consulting service, property leasing operation, venue leasing operation (excluding warehouses), property management, property agency and property consultancy. The Project Company shall continue to be engaged in the development of residential project on the Project Land.

Registered capital of the Project Company

The registered capital of the Project Company is RMB10,000,000, among which RMB1,500,000 is owned by Shenwan Infrastructure, RMB2,000,000 is owned by Lealu Investment, RMB500,000 is owned by Leaxin Investment and RMB6,000,000 is owned by the Purchaser, representing their respective percentages of equity interest in the Project Company upon Completion.

The maximum amount of contribution by the Parties

The maximum amount of contribution (whether by way of registered capital, shareholders' loans, or in any other nature) by the Parties to the Project Company shall not exceed RMB6,800,000,000 in total (the "**Total Upper Limit**"), among which the maximum contribution by Shenwan Infrastructure shall not exceed RMB1,020,000,000, the maximum contribution by Lealu Investment shall not exceed RMB1,360,000,000, the maximum contribution by Leaxin Investment shall not exceed RMB340,000,000 and the maximum contribution by the Purchaser shall not exceed RMB4,080,000,000 (each Party's respective maximum contribution amount, the "**Respective Party's Limit**").

*(Note: As registered capital and shareholder's loan have been injected by Shenwan Infrastructure to the Project Company prior to the Disposal, part of which will be transferred to the Purchaser under the Transaction Agreement, the remaining amount of contribution which may become payable by Shenwan Infrastructure to the Project Company after Completion will only be approximately RMB682,000,000 (the "**Group's Remaining Contribution**").)*

Any increase of the Respective Party's Limit is subject to the fulfilment of the following conditions (the "**Conditions**"):

- (i) the Parties shall have obtained the approvals or authorisations from their internal regulatory units and relevant regulatory authorities, and fulfilled the relevant regulatory requirements in relation to foreign investment in real estate, foreign exchange, source of funding for bidding of land and disclosures of listed companies, etc.;
- (ii) in respect of Shenwan Infrastructure, the listing rules applicable to the Company must have been complied with, and the relevant approvals of the Stock Exchange (if applicable) and shareholders' approval of the Company (if applicable) must have been obtained; and
- (iii) the written consent of the Parties must have been obtained.

The total investment amount of the Project Company is not bound by the Total Upper Limit. The Project Company may arrange financing from banks or other third parties for the cost of development of the Project Land with the use of its own credit and assets.

In the event where (i) the Project Company fails to obtain financing from banks and/or other third parties for investment and construction of the Project, and (ii) the amount of contribution by the Parties has reached the Total Upper Limit and the Parties cannot reach an agreement to increase the Respective Party's Limit, the Purchaser is responsible for the financing of the investment and construction of the Project.

Information on the Project Land

The land premium for the land use rights of the Project Land is RMB4,124,000,000, which has to be paid by the Project Company in two instalments. The Project Company has already settled the first instalment in the amount of RMB2,062,000,000. According to the terms of the land grant contract and subsequent approval by the relevant government authority, the second instalment in the amount of RMB2,062,000,000 shall be paid by 25 January 2021, which shall be funded by the Parties by way of shareholders' loans to the Project Company on a pro rata basis as part of the Respective Party's Limit.

Shareholders' loans by the Parties

Before the Project Company is capable of obtaining financing from external source or if the financing obtained by the Project Company is insufficient to meet the funding needs for development of the Project Land, the Parties shall provide shareholders' loans to the Project Company in proportion to their respective equity interest in the Project Company. The provision of any shareholder's loan by the Parties shall be subject to the Respective Party's Limit or the fulfilment of the Conditions if the provision of any shareholder's loan exceeds the Respective Party's Limit.

Prior to the provision of any shareholder's loan to the Project Company, the lending Party and the Project Company shall enter into a shareholder's loan agreement, specifying, among other things, the loan interest rate, loan term, repayment date and liabilities for default, etc., such terms being the same for all lending Parties in respect of the same batch of shareholders' loans. The repayment of the same batch of shareholders' loans (or any part thereof) by the Project Company shall be made among the lending shareholders on a pro rata basis.

External financing of the Project Company

Upon attaining the necessary financing conditions, the Project Company shall first meet its funding needs for subsequent development and construction of the Project Land through financing obtained from banks and/or other financial institutions with its own credit and assets.

In the event that the registered capital of the Project Company does not meet the financing requirements of banks and/or other financial institutions, the Parties shall, subject to the limit of the Total Upper Limit and the fulfilment of the Conditions, increase the registered capital of the Project Company according to the requirements of the banks and/or other financial institutions to meet the financing needs.

Any request for provision of shareholders' guarantee for the Project Company's financing shall be subject to the approvals or authorisations from their internal regulatory units and relevant regulatory authorities.

Exit mechanism

After 95% of the total saleable area of the residential project on the Project Land has been sold, Shenwan Infrastructure, Lealu Investment and Leaxin Investment may exit from their investment in the Project Company by transferring their respective equity interest in the Project Company through equity exchange centres. The Purchaser shall participate in the public tender and make a valid bid according to the appraised price of the Project Company at that time.

However, before 95% of the total saleable area of the residential project on the Project Land has been sold, the Parties should in principle not exit from their investment in the Project Company unless the New JV Agreement provides otherwise. During the development and construction stage of the Project Land, if a Party proposes to transfer its equity interest in the Project Company (the "**Exiting Party**") which is agreed by the other Parties, the other Parties shall have the pre-emptive right to purchase the equity interest of the Exiting Party in the Project Company on the same terms. If the other Parties do not exercise their pre-emptive right, the Exiting Party may transfer its equity interest in the Project Company to a third party. The Exiting Party shall ensure that the transferee unconditionally take up all the rights, obligations and responsibilities of the Exiting Party under the New JV Agreement.

Restriction on transfer, mortgage, pledge, etc.

The Parties may not directly or indirectly transfer, mortgage, pledge or create any encumbrance on any part of their equity interest in the Project Company except with the unanimous consent of all the Parties (save for permitted intra-group transfer of the respective Parties).

Default mechanism

Failure to provide shareholder's loan or capital contribution to the Project Company as agreed in accordance with the New JV Agreement will constitute a breach of contract and the defaulting Party shall compensate the Project Company and non-defaulting Party for all losses arising therefrom, including but not limited to the forfeiture of the Project Land by the government authority, penalty and damages payable to the government authority as a result of delay in payment of the land premium and related taxes and any other penalties and damages relating to failure of settlement of development costs in relation to the development of the Project Land.

Overdue capital contribution/ shareholders' loans

If the defaulting Party fails to provide its shareholder's loan in full by the stipulated time according to the New JV Agreement, other non-defaulting Parties will have the right to advance the relevant shareholder's loan not provided by the defaulting Party to the Project Company and such advancement will be treated as shareholders' loans advanced by the non-defaulting Parties to the Project Company. In this connection, the non-defaulting Parties advancing the shareholders' loans will also be entitled to take up a corresponding pro rata portion of the registered capital of the Project Company held by the defaulting Party calculated in accordance with the New JV Agreement without payment of any consideration to the defaulting Party, and the Parties' respective percentage of equity interest in the Project Company shall be adjusted

accordingly. The non-defaulting Parties shall also have the option to exit the Project Company by (i) transferring their equity interest to third party(ies) or (ii) requiring the defaulting Party to acquire the non-defaulting Parties' equity interest or (iii) dissolving the Project Company with the non-defaulting Parties having the priority to receive distribution of assets.

The defaulting Party shall pay a penalty amounting to 0.05% of the overdue payment per day to the non-defaulting Parties (i) until it has fulfilled its obligation of providing the capital contribution/shareholder's loan to the Project Company; or (ii) if other non-defaulting Parties have provided to the Project Company the relevant capital contribution/shareholder's loan not provided by the defaulting Party, until the non-defaulting Parties have taken up the corresponding pro rata portion of the registered capital of the Project Company held by the defaulting Party upon completion of the registration and filing procedures with the government authorities, or (iii) until the non-defaulting Parties have ceased to be shareholders of the Project Company.

Development and Management of the Project

The Purchaser shall be responsible for appointing or engaging an experienced and capable project management team to be in charge of the development and management of the Project, while Shenwan Infrastructure, Lealu Investment and Leaxin Investment shall be entitled to supervise, inspect and enquire about the financial and operational information of the Project and the Project Company.

Profits distribution

The profits of the Project Company, after repayment of shareholders' loans (including interests accrued thereon), discharge of other liabilities due for payment, retaining of the relevant statutory reserve funds and payment of related taxes, may be distributed to the shareholders of the Project Company on a pro rata basis in accordance with their respective percentages of the paid-up registered capital of the Project Company (subject to adjustments in accordance with the New JV Agreement). Profits distribution plan is subject to unanimous approval by the shareholders of the Project Company.

Management structure of the Project Company

Composition of the board of directors

The board of directors of the Project Company shall consist of seven directors, of which Shenwan Infrastructure shall appoint one director, Lealu Investment shall appoint one director, Leaxin Investment shall appoint one director, and the Purchaser shall appoint four directors. The chairman of the Project Company shall be a director appointed by Leaxin Investment.

Supervisors

The Project Company shall have two supervisors, one appointed by Shenwan Infrastructure and one by Leaxin Investment. Directors and senior management of the Project Company may not concurrently serve as supervisors.

Senior management

The Project Company shall have (i) one general manager (who shall also serve as the legal representative of the Project Company) appointed by the Purchaser, (ii) two deputy general managers, one appointed by Shenwan Infrastructure and one by Leaxin Investment, (iii) one financial controller appointed by Leaxin Investment, and (iv) one finance manager appointed by the Purchaser.

Matters requiring unanimous consent of shareholders of the Project Company

The following matters shall require unanimous consent of the shareholders of the Project Company: (i) to appoint and replace the directors and supervisors in accordance with the nominations of the respective shareholders; (ii) to examine and approve the profit distribution plans, loss recovery plans, surplus fund withdrawal plans and other fund allocation plans; (iii) to adopt resolutions on the increase or reduction of registered capital of the Project Company; (iv) to adopt resolutions on the Project Company's financing arrangements (including obtaining shareholders' loans and issuing corporate bonds), external mortgage of its assets and external guarantees provided by the Project Company (except mortgage guarantees provided to home buyers); (v) to adopt resolutions on the transfer or pledge of equity interest in the Project Company by its shareholders to third parties; (vi) to adopt resolutions on matters such as merger, division, dissolution, liquidation and change in corporate form of the Project Company; (vii) to adopt amendment of the articles of association of the Project Company; (viii) to approve the plans concerning the purchase/disposal of material assets (except the sale of commodity apartments, commercial properties, parking spaces and other properties developed and constructed on the Project Land); (ix) to examine and approve the Project Company's related party transactions with related parties; (x) to examine and approve the results of the Project Company's audited annual financial report; and (xi) to examine and approve the results of asset appraisals.

Matters requiring unanimous consent of the board of directors of the Project Company

The following matters shall require unanimous consent of the board of directors of the Project Company: (i) to formulate and to revise the overall and annual operating policies of the Project; (ii) to formulate and to revise the investment plans of the Project Company; (iii) to prepare annual financial budgets and financial statements; (iv) to formulate the profit distribution plans, loss recovery plans, surplus fund withdrawal plans and other fund allocation plans; (v) to formulate plans on the increase or reduction of registered capital of the Project Company; (vi) to formulate plans on the Project Company's financing arrangements (including obtaining shareholders' loans and issuing corporate bonds), external mortgage of its assets and external guarantees provided by the Project Company (except mortgage guarantees provided to home buyers); (vii) to formulate plans for the merger, division, dissolution, liquidation and change in corporate form of the Project Company; (viii) to formulate the Company's basic management system (including salary system, personnel management system, financial management system, tender and bidding system, system of using company chop) and rights and responsibilities system; (ix) to formulate the plans concerning the purchase/disposal of material assets (except the sale of commodity apartments, commercial properties, parking spaces and other properties developed and constructed on the Project Land); and (x) to examine and approve major adjustments to the operating plans of the Project as stated in the Amended JV Articles.

UNDERTAKING BY CONTROLLING SHAREHOLDER OF PURCHASER

China Resources (Shenzhen) Company Limited* (華潤(深圳)有限公司), an indirect controlling shareholder of the Purchaser, has also separately provided an undertaking to Shenwan Infrastructure, Guangdong Highway Construction, Lealu Investment and Leaxin Investment (i) that the shareholding structure of the Purchaser shall remain unchanged (unless otherwise agreed by all the shareholders of the Project Company) during the period when the Purchaser holds equity interest in the Project Company, and (ii) to assume the obligations and responsibilities of the Purchaser under the Transaction Agreement and the New JV Agreement should the Purchaser fail to perform such obligations and responsibilities.

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 Greater Bay Area. The Group currently operates two expressways namely, the GS Superhighway and the GZ 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. The ultimate holding company of the Company is Shenzhen Investment Holdings Co., Ltd (深圳市投資控股有限公司), a company established in the PRC with limited liability and wholly-owned by Shenzhen Municipal State-owned Assets Supervision and Administration Commission.

The Project Company, a joint venture established in the PRC for the development of the Project Land, is principally engaged in the property development business.

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.

Guangdong Highway Construction, a non wholly-owned subsidiary of Guangdong Provincial Communication Group Company Limited* (廣東省交通集團有限公司), is principally engaged in development, investment and operation of expressways in Pearl River Delta, which is the PRC joint venture partner of GS Superhighway JV.

Lealu Investment, a wholly-owned subsidiary of Guangdong Highway Construction, is principally engaged in commercial service businesses and set up for the potential development of the Project Land.

Leaxin Investment, a wholly-owned subsidiary of Leatop Real Estate, which is a wholly-owned subsidiary of Guangdong Provincial Communication Group Company Limited* (廣東省交通集團有限公司), is principally engaged in commercial service businesses and set up for the potential development of the Project Land.

Shenzhen Run Investment, a wholly-owned subsidiary of China Resources Land Limited, is principally engaged in consultancy services. China Resources Land Limited, the shares of which are listed on the Stock Exchange (Stock Code: 1109), together with its subsidiaries (the “**Purchaser Group**”), is principally engaged in property development and property investment, and is ultimately controlled by State-owned Assets Supervision and Administration Commission of the State Council.

FINANCIAL EFFECTS OF THE TRANSACTION DOCUMENTS

The actual financial effects of the Disposal will be determined when the net gain on the Disposal, taking into account the relevant transaction expenses and charges (including taxes) in connection with the Disposal, can be determined after Completion. The Group currently expects to record a gain (before tax) of approximately RMB556,000,000 as a result of the Disposal.

USE OF PROCEEDS

The proceeds from the Disposal of approximately RMB1,090,000,000 will, after deducting all relevant expenses, charges and taxes be used for the Group’s Remaining Contribution, future potential investments and general working capital.

REASONS FOR AND BENEFITS OF ENTERING INTO THE TRANSACTION DOCUMENTS

As disclosed in the 2019 Annual Report, 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 Disposal by way of Public Tender has provided the opportunity to the Project Company to select the most appropriate strategic partner among the bidders with the best available terms in the market.

The Purchaser Group is experienced in developing large-scale premium residential projects in the PRC. The Company believes that it is in the interest of the Group and the Project Company to leverage on the Purchaser Group’s expertise, experience and resources in planning the development and managing the construction works of the Project, which in turn will facilitate the development of the Project Land and enhance the reputation and overall benefit of the Project.

LISTING RULES IMPLICATIONS

Guangdong Highway Construction, being a substantial shareholder of GS Superhighway JV (a deemed subsidiary of the Company), is a connected person of the Company at the subsidiary level under Chapter 14A of the Listing Rules. The Disposal, being a joint disposal by Shenwan Infrastructure and Guangdong Highway Construction, and the New JV Agreement and the Amended JV Articles entered into among Shenwan Infrastructure, Lealu Investment (being a subsidiary of Guangdong Highway Construction), Leaxin Investment (being an indirect subsidiary of the holding company of Guangdong Highway Construction) and the Purchaser, together constitutes a connected transaction of the Company at the subsidiary level under Chapter 14A of the Listing Rules.

The Directors (including the independent non-executive Directors) have approved the Transaction Documents and the Directors (including the independent non-executive Directors) have confirmed that the terms of the Transaction Documents are fair and reasonable, on normal commercial terms (though not in the ordinary and usual course of business of the Group) and in the interests of the Company and the Shareholders as a whole. By reason of the aforesaid, the Transaction Documents are subject to the reporting and announcement requirements, but exempt from the circular, independent financial advice and Shareholders' approval requirements pursuant to rule 14A.101 of the Listing Rules.

Nonetheless, as one or more of the applicable percentage ratios in relation to the Transaction Documents exceed 25% but all of them are less than 75%, the transaction contemplated thereunder also constitutes a major transaction of the Company under Chapter 14 of the Listing Rules, and are therefore subject to the reporting, announcement and the Shareholders' approval requirements under Chapter 14 of the Listing Rules.

As none of the Directors has any material interest in the Transaction Documents, none of the Directors is required to abstain from voting on the board resolutions approving the Transaction Documents.

WRITTEN SHAREHOLDERS' APPROVAL

To the best of the Directors' knowledge, information and belief, after having made all reasonable enquiries, no Shareholder or any of their respective associates has any material interest in the Transaction Documents and thus none of the Shareholders is required to abstain from voting if the Company were to convene a general meeting for the approval of the Transaction Documents.

As at the date of this announcement, SIICHIC holds 2,213,449,666 Shares, representing approximately 71.83% of the issued share capital of the Company. On 10 September 2020, the Company has obtained the written shareholders' approval from SIICHIC with respect to the Transaction Documents and the transaction contemplated thereunder. Accordingly, no extraordinary general meeting of the Company is required to be convened for the approval of the Transaction Documents pursuant to rule 14.44 of the Listing Rules.

Pursuant to rule 14.41(a) of the Listing Rules, a circular containing, among other things, further details of the Transaction Documents and such other information as required under the Listing Rules is currently expected to be despatched to the Shareholders on or before 5 October 2020.

DEFINITIONS

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

“2019 Annual Report”	the annual report of the Company for the year ended 31 December 2019
“Amended JV Articles”	the amended articles of the Project Company dated 10 September 2020 entered into and adopted by the Parties, who will become shareholders of the Project Company upon Completion
“Board”	the board of Directors
“Business Day”	a day on which banks in the PRC are generally open for normal banking business
“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))
“Completion”	completion of the Disposal
“Conditions”	shall have the meaning as defined under the section headed “THE NEW JV AGREEMENT AND THE AMENDED JV ARTICLES – The maximum amount of contribution by the Parties” in this announcement
“Consideration”	the total consideration for the Subject Interests under the Disposal
“connected person(s)”	shall have the meaning ascribed to it under the Listing Rules
“Director(s)”	the director(s) of the Company
“Disposal”	the disposal of the Subject Interests in accordance with the terms of the Transaction Agreement
“Exiting Party”	shall have the meaning as defined under the section headed “THE NEW JV AGREEMENT AND THE AMENDED JV ARTICLES – Exit mechanism” in this announcement
“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, Leatop Real Estate and Leaxin Investment) as a group
“Group”	the Company and its subsidiaries from time to time

“Group’s Remaining Contribution”	shall have the meaning as defined under the section headed “THE NEW JV AGREEMENT AND THE AMENDED JV ARTICLES – The maximum amount of contribution by the Parties” in this announcement
“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 Exchange”	GuangDong United Assets and Equity Exchange* (廣東聯合產權交易中心)
“Guangdong Highway Construction”	Guangdong Provincial Highway Construction Company Limited* (廣東省公路建設有限公司), the PRC joint venture partner of GS Superhighway JV and a company established in the PRC with limited liability and a non wholly-owned subsidiary of 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
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Lealu Investment”	Guangzhou Lealu Investment Company Limited* (廣州利路實業投資有限公司), a company established in the PRC with limited liability and a wholly-owned subsidiary of Guangdong Highway Construction
“Leatop Real Estate”	Guangdong Leatop Real Estate Investment Co., Ltd.* (廣東利通置業投資有限公司), a company established in the PRC with limited liability and a wholly-owned subsidiary of 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
“Leaxin Investment”	Guangzhou Leaxin Investment Company Limited* (廣州利新實業投資有限公司), a company established in the PRC with limited liability and a wholly-owned subsidiary of Leatop Real Estate
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“New JV Agreement”	the joint venture agreement dated 10 September 2020 entered into among the Parties in relation to the Project Company
“Parties”	collectively, Shenwan Infrastructure, Lealu Investment, Leaxin Investment and the Purchaser, and each a “Party”

“Post-Valuation Date Interests”	shall have the meaning as defined in sub-paragraph (b) under the section headed “THE TRANSACTION AGREEMENT – Consideration and payment terms” in this announcement
“Post-Valuation Date Period”	the period from 1 January 2020 up to the date of full settlement of the Consideration
“Post-Valuation Date Shareholders’ Loans and Interests”	shall have the meaning as defined in sub-paragraph (c) under the section headed “THE TRANSACTION AGREEMENT – Consideration and payment terms” in this announcement
“PRC”	the People’s Republic of China which, for the purpose of this announcement, shall exclude Hong Kong, the Macao Special Administrative Region of the PRC and Taiwan
“Project”	the residential project on the Project Land by the Project Company
“Project Company”	Guangzhou Zhentong Development Company Limited* (廣州臻通實業發展有限公司), a joint venture established in the PRC for the development of the Project Land, the equity interest of which is originally held as to 37.5%, 37.5%, 20% and 5% by Shenwan Infrastructure, Guangdong Highway Construction, Lealu Investment and Leaxin Investment respectively. After the Disposal, the equity interest of the joint venture is held as to 15%, 20%, 5% and 60% by Shenwan Infrastructure, Lealu Investment, Leaxin Investment and the Purchaser respectively.
“Project Land”	the land (plot number: 83101203A19206) located at the Xintang interchange on both sides of the GS Superhighway, the details of which were disclosed in the announcement of the Company dated 29 November 2019
“Public Tender”	a public tender process carried out through GuangDong Exchange, Southern United Assets and Equity Exchange* (南方聯合產權交易中心) and Shenzhen United Property and Share Rights Exchange* (深圳聯合產權交易所)
“Purchaser” or “Shenzhen Run Investment”	Shenzhen Run Investment Consulting Co., Ltd.* (深圳市潤投諮詢有限公司), a company established in the PRC with limited liability
“Purchaser Group”	shall have the meaning as defined under the section headed “INFORMATION ON THE PARTIES” in this announcement
“Respective Party’s Limit”	shall have the meaning as defined under the section headed “THE NEW JV AGREEMENT AND THE AMENDED JV ARTICLES – The maximum amount of contribution by the Parties” in this announcement

“RMB”	Renminbi, the lawful currency of the PRC
“Share(s)”	ordinary share(s) of HK\$0.10 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“SIICHIC”	Shenzhen Investment International Capital Holdings Infrastructure Co., Ltd (深圳投控國際資本控股基建有限公司), incorporated in the British Virgin Islands with limited liability
“Shenwan Infrastructure”	Shenwan Bay Area Infrastructure (Shenzhen) Company Limited* (深灣基建(深圳)有限公司), a company established in the PRC with limited liability by the Company for the purpose of investing into the Project Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subject Equity Interest”	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) to be disposed of under the Disposal
“Subject Interests”	the Subject Equity Interest and the Subject Shareholders’ Loans and Interests to be disposed of under the Disposal
“Subject Shareholders’ Loans and Interests”	the shareholders’ loans advanced by Shenwan Infrastructure and Guangdong Highway Construction to the Project Company corresponding to their respective percentages of Subject Equity Interest (including the outstanding interests accrued thereon) to be disposed of under the Disposal
“Total Upper Limit”	shall have the meaning as defined under the section headed “THE NEW JV AGREEMENT AND THE AMENDED JV ARTICLES – The maximum amount of contribution by the Parties” in this announcement
“Transaction Agreement”	the agreement in respect of the Disposal dated 10 September 2020 entered into among Shenwan Infrastructure, Guangdong Highway Construction and the Purchaser
“Transaction Documents”	the Transaction Agreement, the New JV Agreement and the Amended JV Articles collectively

“Vendors” Shenwan Infrastructure and Guangdong Highway Construction,
and each a “Vendor”

“%” 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, 10 September 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. 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*