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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

SUPPLEMENTAL AGREEMENT TO THE TECHNOLOGICAL DEVELOPMENT CONTRACT

References are made to the announcements of the Company dated 28 February 2023 and 3 March 2023 in relation to the entering into the Technological Development Contract between the Coastal Company and the Consortium (the “**Announcements**”). Unless otherwise stated, all the capitalised terms used herein shall have the same meanings as those defined in the Announcements.

THE SUPPLEMENTAL AGREEMENT

Pursuant to the Technological Development Contract, the initial payment RMB9,090,320 (the “**Initial Payment**”), being 40% of the Service Fee, shall be payable by the Coastal Company to the Consortium within 30 days after the Coastal Company receives the Consortium’s written payment application and the certificate of registration (the “**Certificate of Registration**”) of the Technological Development Contract with Shenzhen Technology Market Management Office* (深圳市技術市場管理辦公室) (the “**Office**”).

On 4 September 2023, the Coastal Company and the Consortium entered into a supplemental agreement (the “**Supplemental Agreement**”), pursuant to which the parties agreed to remove the requirement of producing the Certificate of Registration by the Consortium as one of the conditions for the Initial Payment. Accordingly, the Initial Payment shall be payable by the Coastal Company to the Consortium within 30 days after the Coastal Company receives the Consortium’s written payment application.

Saved as disclosed above, all other principal terms of the Technological Development Contract as disclosed in the Announcements remain unchanged and shall continue to be valid for all purposes.

REASONS FOR ENTERING INTO THE SUPPLEMENTAL AGREEMENT

The Consortium submitted the application for the Certificate of Registration of the Technological Development Contract several times, but all the applications were refused on the ground that Shenzhen Science and Technology Innovation Committee* (深圳市科技創新委員會) (the superior management organisation of the Office) determined that the Technological Development Contract did not meet relevant requirements as BIM modeling and application projects under the Technological Development Contract could no longer be recognised as innovative research and development projects. As a result, the Consortium is unable to obtain the Certificate of Registration.

The Coastal Company considers that the main purpose of obtaining the Certificate of Registration was for claiming additional tax reduction, the failure to obtain the Certificate of Registration will not affect the Consortium's performance of its contractual obligations and duties under the Technological Development Contract and obtaining the Certificate of Registration did not form part of the basis for calculating the Service Fee under the Technological Development Contract (pursuant to which, the Service Fee of RMB22,725,800 was determined based on the estimated total costs of the Consortium in the project calculated based on nature of works and the estimated manpower to be involved in each kind of works). In this regard, the Coastal Company agreed to enter into the Supplemental Agreement with the Consortium in order to fulfill its contractual payment obligation under the Technological Development Contract.

The Directors (including the independent non-executive Directors) are of the view that the Supplemental Agreement was entered into (i) the ordinary and usual course of business of the Group and (ii) on terms that are fair and reasonable and in the interests of the Company and its Shareholders as a whole.

INFORMATION ON THE PARTIES

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).

Digital Technology Company is mainly engaged in the information and digital businesses of transportation infrastructure, environmental protection and clean energy that comply national policies and industrial trend. Digital Technology Company is owned as to 51% by Shenzhen Expressway, the controlling shareholder of the Company, and 49% by Yunji Intelligent.

Yunji Intelligent is a professional engineering consulting company initiated by Shenzhen Expressway. Its business scope covers pre-consultation, survey and design, tendering agency, cost consulting, engineering supervision, testing and inspection, as well as maintenance consulting, etc., and with the qualification and capability of providing consulting services to the whole process of investment and construction of the engineering project. To the best of the Directors' knowledge, information and belief after making all reasonable enquiries, Yunji Intelligent is owned as to 22% by Shenzhen Expressway and 78% by Independent Third Parties.

LISTING RULES IMPLICATIONS

Digital Technology Company and Yunji Intelligent together form the Consortium and shall assume joint and several rights and obligations under the Technological Development Contract. Digital Technology Company is owned as to 51% by Shenzhen Expressway, the Company's controlling shareholder, and is therefore an associate of Shenzhen Expressway and a connected person of the Company. Accordingly, the entering into of the Technological Development Contract and the Supplemental Agreement between the Coastal Company and the Consortium constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules.

As one or more of the applicable percentage ratios set out in Rule 14.07 of the Listing Rules in respect of the Technological Development Contract and the Supplemental Agreement exceeds 0.1% but all of them (other than the profit ratio) are less than 5%, the Technological Development Contract and the Supplemental Agreement is subject to the reporting and announcement requirements but is exempt from the circular (including independent financial advice) and shareholders' approval requirements under Chapter 14A of the Listing Rules.

Mr. Xiangwen LIAO*, being the Chairman and executive Director of the Company, is also an the President and executive director of Shenzhen Expressway as at the date of this announcement, he may be regarded as having a material interest in the transactions under the Technological Development Contract and the Supplemental Agreement, and had therefore abstained from voting on the relevant Board resolution approving the Supplemental Agreement and the transactions contemplated thereunder. Saved as disclosed in this announcement, no Directors are required to abstain from voting on the relevant Board resolution approving the Supplemental Agreement.

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

Hong Kong, 4 September 2023

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*