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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)

**DISCLOSEABLE AND CONNECTED TRANSACTION
CONSTRUCTION WORKS AGREEMENT (TJ1 SECTION)**

THE CONSTRUCTION WORKS AGREEMENT (TJ1 SECTION)

After an open tender and bidding process conducted through Guangzhou Public Resources Trading Center, on 7 December 2023, GSZ Company entered into the Construction Works Agreement (TJ1 Section) with Poly Changda, pursuant to which Poly Changda will undertake construction works of TJ1 Section in connection with the Approved Road Section R&E Project at a project price of RMB419,825,633.

LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios set out in Rule 14.07 of the Listing Rules in respect of the Construction Works Agreement (TJ1 Section) exceed 5% but all of them are less than 25%, the entering into the Construction Works Agreement (TJ1 Section) constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules and is subject to the notification and announcement requirements under the Listing Rules, but exempt from the shareholders' approval requirement under Chapter 14 of the Listing Rules.

Given that Poly Changda is owned as to approximately 37.60% by GPCG, which is the holding company of Guangdong Highway Construction, the substantial shareholder of GSZ Company, Poly Changda is an associate of Guangdong Highway Construction, and thus a connected person of the Company at the subsidiary level. The Construction Works Agreement (TJ1 Section) therefore constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules.

The Directors (including the independent non-executive Directors) have approved the Construction Works Agreement (TJ1 Section) and confirmed that the terms thereunder are fair and reasonable, the transaction is on normal commercial terms, and the entering into of the Construction Works Agreement (TJ1 Section) is in the ordinary and usual course of business of the Group and in the interest of the Company and its shareholders as a whole. By reason of the aforesaid, pursuant to Rule 14A.101 of the Listing Rules, the Construction Works Agreement (TJ1 Section) will only be subject to the reporting and announcement requirements, but exempt from the circular, independent financial advice and shareholders' approval requirements under Chapter 14A of the Listing Rules.

1. INTRODUCTION

After an open tender and bidding process conducted through Guangzhou Public Resources Trading Center, on 7 December 2023, GSZ Company entered into the Construction Works Agreement (TJ1 Section) with Poly Changda, the successful bidder, pursuant to which Poly Changda will undertake construction works of TJ1 Section in connection with the Approved Road Section R&E Project at a project price of RMB419,825,633.

2. THE CONSTRUCTION WORKS AGREEMENT (TJ1 SECTION)

The major terms of the Construction Works Agreement (TJ1 Section) are summarised as follows:

Date	7 December 2023
Parties	(i) GSZ Company, a deemed subsidiary of the Company (ii) Poly Changda, a connected person of the Company at the subsidiary level
Subject Matter	<p>Poly Changda (as the contractor) shall undertake the construction works of TJ1 Section in connection with the Approved Road Section R&E Project, which comprises the road section starting from K2+270 and ending at K8+800 with a total length of 6.53km.</p> <p>In connection with the construction works, Poly Changda shall be responsible for the works in TJ1 Section, mainly including the construction of roadbed, bridge culvert and interchange, the mechanical and electrical maintenance, the relocation of pipeline, the transplantation of trees, etc.</p>
Construction Period	48 months commencing from the commencement date instructed by the supervisor of the construction project.
Total Contract Fee	<p>The total contract fee shall be RMB419,825,633, which may be adjusted subject to the actual construction works changes agreed to accept by GSZ Company, price fluctuation of construction materials and change in the relevant PRC laws, regulations and value-added tax. GSZ Company currently does not anticipate that there will be any material adjustments to the total contract fee. The Company will re-comply with the requirements under the Listing Rules (as applicable) if there are any material upward adjustments to the total contract fee under the Construction Works Agreement (TJ1 Section).</p> <p>GSZ Company intends to finance the total contract fee by way of its internal resources and/or external bank financing.</p>

Basis of Determination of Total Contract Fee	<p>GSZ Company conducted an open tender process through Guangzhou Public Resources Trading Center for the Construction Works Agreement (TJ1 Section). In accordance with the relevant regulations and management documents of the PRC and Guangdong Province on tendering and bidding management and on preparation bills of quantities, GSZ Company has prepared relevant tender documents and set maximum bid limits. After filing with relevant department, a public tender announcement was issued.</p> <p>GSZ Company established a bid evaluation committee in accordance with the requirements of relevant laws and regulations, and awarded the contract to Poly Changda after considering the bidder's bid price, experience and performance, technical capabilities and reputation comprehensively. The total contract fee of RMB 419,825,633 was determined based on the bidding price provided by Poly Changda.</p>
Advance Payment	<p>The advance payment amount is 10% of the total contract fee, which will be payable by GSZ Company to Poly Changda by instalments after signing of the Construction Works Agreement (TJ1 Section) and submission of the application for advance payment by Poly Changda.</p> <p>The advance payment may be set off against the incurred contract amount at an agreed ratio upon the incurred contract amount reaching 30% of the total contract fee.</p>
Payment Arrangement	<p>Incurred contract amount will be paid by GSZ Company to Poly Changda by instalments based on the construction progress of not less than RMB500,000 each time. After the monthly measurement report submitted by Poly Changda for the supervisor's review, GSZ Company will pay 50% of the tentative measurement amount of the current period as the first payment. After the completion of the supervisor's reviewing process of the monthly measurement report, GSZ Company will make the second payment based on the approved payment certificate and deduct the first tentative payment amount.</p>
Quality Guarantee Deposit and Defect Responsibility Period	<p>The amount of the quality guarantee deposit is 3% of the total contract fee. The quality guarantee deposit paid is intended to ensure the fulfillment of Poly Changda's obligation to rectify defects during the defect liability period (2 years from the actual completion date).</p>

After the completion of the final account review and filing and the completion of final account audit of the project, 80% of the balance of the quality guarantee deposit will be returned by GSZ Company to Poly Changda within 30 days from the date when the settlement amount is finalised. The remaining balance of the quality guarantee deposit will be returned by GSZ Company to Poly Changda within 30 days after completion of the acceptance inspection.

Performance Guarantee Within 28 days after receiving the letter of acceptance and before the signing of the Construction Works Agreement (TJ1 Section), Poly Changda shall provide a performance guarantee in the amount equivalent to 10% of the total contract fee in the form of cash (or cheque), bank guarantee or other legal means, which shall remain effective until GSZ Company starts to deduct the quality guarantee deposit.

Effectiveness The Construction Works Agreement (TJ1 Section) shall become effective upon Poly Changda having provided the performance guarantee and the parties having signed and stamped the contract.

3. INFORMATION ON THE PARTIES

The Group

The Group is principally engaged in the expressway business, with its development strategy focusing on the development of infrastructure and related businesses in the Greater Bay Area as well as land development and utilisation along expressway.

GSZ Company

GSZ Company (a deemed subsidiary of the Company) is principally engaged in the operation and management of the Guangzhou-Shenzhen section of Beijing-Hong Kong-Macao Expressway, which is a joint venture established by Hopewell China Development (Superhighway) Limited (a non-wholly owned subsidiary of the Company) and Guangdong Highway Construction.

Poly Changda

Poly Changda is a limited liability company established in the PRC. It is an enterprise integrating engineering construction, design, maintenance, investment and other businesses. Poly Changda has highway engineering construction general contracting qualification, highway industry design qualification and engineering general contracting qualifications for port, municipal, construction and railway. To the best of the Directors' knowledge, information and belief, Poly Changda is owned as to (i) approximately 37.60% by GPCG; and (ii) approximately 62.40% (in aggregate) by Independent Third Parties.

GPCG

GPCG (ultimately controlled by the People's Government of Guangdong Province) is principally engaged in operation and construction of expressways and related investing and financing, transportation and logistics, ancillary resources comprehensive operations and related services, concurrently engaged in highway construction, scientific research, design, supervision and other business in related to its highway main business.

4. REASONS FOR AND BENEFITS OF ENTERING INTO THE AGREEMENT

The investment, construction, operation and maintenance of expressways is one of the Group's principal businesses. The entering into of the Construction Works Agreement (TJ1 Section) is a part of the implementation of the Approved Road Section R&E Project. The implementation of Approved Road Section R&E Project will help to enhance the traffic capacity and service level of the Approved Road Section, and strengthen the core competitiveness of the Group in the toll road industry, which is in line with the development strategy of the Group.

Taking into account the reasons set out above, the Directors consider that the terms of the Construction Works Agreement (TJ1 Section) are on normal commercial terms, are fair and reasonable and in the interests of the Company and its shareholders as a whole.

5. LISTING RULE IMPLICATIONS

As one or more of the applicable percentage ratios set out in Rule 14.07 of the Listing Rules in respect of the Construction Works Agreement (TJ1 Section) exceed 5% but all of them are less than 25%, the entering into the Construction Works Agreement (TJ1 Section) constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules and is subject to the notification and announcement requirements under the Listing Rules, but exempt from the shareholders' approval requirement under Chapter 14 of the Listing Rules.

Given that Poly Changda is owned as to approximately 37.60% by GPCG, which is the holding company of Guangdong Highway Construction, the substantial shareholder of GSZ Company, Poly Changda is an associate of Guangdong Highway Construction, and thus a connected person of the Company at the subsidiary level. The Construction Works Agreement (TJ1 Section) therefore constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules.

The Directors (including the independent non-executive Directors) have approved the Construction Works Agreement (TJ1 Section) and confirmed that the terms thereunder are fair and reasonable, the transaction is on normal commercial terms, and the entering into of the Construction Works Agreement (TJ1 Section) is in the ordinary and usual course of business of the Group and in the interest of the Company and its shareholders as a whole. By reason of the aforesaid, pursuant to Rule 14A.101 of the Listing Rules, the Construction Works Agreement (TJ1 Section) will only be subject to the reporting and announcement requirements, but exempt from the circular, independent financial advice and shareholders' approval requirements under Chapter 14A of the Listing Rules.

As none of the Directors had any material interest in the Construction Works Agreement (TJ1 Section) and the transactions contemplated thereunder, none of the Directors had abstained from voting on the board resolutions approving the Construction Works Agreement (TJ1 Section) and the transactions contemplated thereunder.

It is anticipated that the Group and the GSZ Company (a deemed subsidiary of the Company) may enter into agreements in relation to certain transactions to be carried out under the Approved Road Section R&E Project. In the event these transactions are materialised, the Company will conduct further approval procedures and make disclosures as and when appropriate in compliance with the relevant requirements of the Listing Rules in respect of these transactions accordingly. Shareholders and potential investors should exercise caution when dealing in the securities of the Company.

DEFINITIONS

“Approved Road Section”	The Guangzhou Huocun to Dongguan Chang’an section of the Beijing-Hong Kong-Macao Expressway and Guangzhou Huangcun to Guangzhou Huocun section of the Guangzhou-Foshan Expressway* (京港澳高速公路廣州火村至東莞長安段及廣佛高速公路廣州黃村至火村段)
“Approved Road Section R&E Project”	the reconstruction and expansion project of the Approved Road Section approved by Guangdong Provincial Development and Reform Commission on 22 August 2023
“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))
“Construction Works Agreement (TJ1 Section)”	the civil engineering construction works agreement (TJ1 Section) under the reconstruction and expansion project of the Guangzhou Huocun to Dongguan Chang’an section of the Beijing-Hong Kong-Macao Expressway and Guangzhou Huangcun to Huocun section of the Guangzhou-Foshan Expressway* (《京港澳高速公路廣州火村至東莞長安段及廣佛高速公路廣州黃村至火村段改擴建項目土建工程施工合同（第 TJ1 合同段）》) dated 7 December 2023 entered into between GSZ Company and Poly Changda
“Director(s)”	the 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

“Greater Bay Area”	Guangdong-Hong Kong-Macao Greater Bay Area
“Group”	the Company and its subsidiaries
“GSZ Company”	Guangzhou-Shenzhen-Zhuhai Superhighway Company Limited (廣深珠高速公路有限公司), the joint venture established by the Group and Guangdong Highway Construction in Guangzhou City, Guangdong Province of the PRC on 27 April 1988 and a deemed subsidiary of the Company when fulfilling certain agreed obligations /responsibilities under Listing Rules in terms of the Listing Agreement entered into between the Company and the Stock Exchange on 7 August 2003
“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 GSZ Company and a company established in the PRC with limited liability and a non wholly-owned subsidiary of GPCG
“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
“Poly Changda”	Poly Changda Overseas Engineering Company Limited* (保利長大工程有限公司), a limited liability company established in the PRC
“PRC”	the People’s Republic of China
“RMB”	Renminbi, the lawful currency of the PRC
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“TJ1 Section”	road section starting from K2+270 and ending at K8+800 of the Approved Road Section with a total length of 6.53km
“%”	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, 7 December 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*