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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

LEASE AGREEMENT

On 31 May 2022, the Lease Agreement was entered into between Shenwan Infrastructure (as lessee), an indirect subsidiary of the Company, and Shenzhen Expressway (as lessor), the intermediate holding company of the Company, in respect of the lease of the Premises for a term of three years commencing on 1 June 2022. The Premises will be used as office premises of the Group in Shenzhen, PRC.

Shenzhen Expressway is the intermediate holding company of the Company and a substantial shareholder and thus a connected person of the Company under Chapter 14A of the Listing Rules. Accordingly, the Lease Agreement 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 Lease Agreement, on the basis of the estimated value of the right-of-use asset in the amount of approximately RMB17,480,000, exceed(s) 0.1% but all of them are less than 5%, the Lease Agreement is subject to the reporting and announcement requirements but is exempt from the circular (including independent financial advice) and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

INTRODUCTION

On 31 May 2022, the Lease Agreement was entered into between Shenwan Infrastructure (as lessee), an indirect subsidiary of the Company, and Shenzhen Expressway (as lessor), the intermediate holding company of the Company, in respect of the lease of the Premises for a term of three years commencing on 1 June 2022.

THE LEASE AGREEMENT

Details of the Lease Agreement are as follows:

Date of Lease Agreement:	31 May 2022
Parties:	Shenzhen Expressway (as lessor) Shenwan Infrastructure (as lessee)
Premises:	2-4/F, Jiangsu Building, Futian District, Shenzhen, PRC (中華人民共和國深圳市福田區江蘇大廈裙樓二樓至四樓) with gross floor area of 2,800 square metres
Term:	Three years commencing on 1 June 2022
Rental:	RMB560,000 per month (inclusive of tax)
Payment terms:	First 7 months of rental to be paid by 25 December 2022; the annual rental for the year 2023 and 2024 to be paid annually by 25 December 2023 and 25 December 2024 respectively, the last 5 months of rental during the Term shall be paid within 15 days after expiry of the Lease Agreement on 31 May 2025
Usage:	For commercial use

ACCOUNTING IMPLICATION AND TREATMENT UNDER THE LISTING RULES

In accordance with the IFRS 16 applicable to the Group, the Group will recognise the rental payments to be paid by the Group under the Lease Agreement as acquisition of right-of-use asset in its consolidated statement of financial position which will constitute a one-off connected transaction of the Company under Chapter 14A of the Listing Rules. The value of the right-of-use asset under the Lease Agreement is estimated to be approximately RMB17,480,000, being the estimated present value of the total rental payments payable throughout the term of the Lease Agreement in accordance with IFRS 16.

The Board confirms that the rent payable under the Lease Agreement was arrived at after arm's length negotiations between the parties and was determined with reference to the market rent of the Premises as set out in the valuation report on rental appraisal prepared by an independent valuation firm.

REASONS FOR AND BENEFITS OF ENTERING INTO THE LEASE AGREEMENT

In view of the continuous growth of the Group's business, the Board believes that entering into of the Lease Agreement would enable the Group to secure a long-term premises for office use which would facilitate the increasing size of employees and at the same time improve the office environment and enhance working efficiency.

The Directors (including the independent non-executive Directors) are of the view that the Lease Agreement was entered into (i) in the ordinary and usual course of business of the Group; (ii) on normal commercial terms after arm's length negotiations between the parties; and (iii) on terms that are fair and reasonable and in the interests of the Company and its shareholders as a whole.

“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(s)”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	the director(s) of the Company
“Greater Bay Area”	Guangdong-Hong Kong-Macao Greater Bay Area, a national development strategy of PRC
“Group”	the Company and its subsidiaries
“GS Superhighway”	Guangzhou-Shenzhen Superhighway
“IFRS”	International Financial Reporting Standards issued by the International Accounting Standards Board
“Lease Agreement”	the lease agreement entered into between Shenwan Infrastructure (as lessee), an indirect subsidiary of the Company, and Shenzhen Expressway (as lessor), the intermediate holding company of the Company, in respect of the Premises for a term of three years commencing on 1 June 2022
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Premises”	2-4/F, Jiangsu Building, Futian District, Shenzhen, PRC (中華人民共和國深圳市福田區江蘇大廈裙樓二樓至四樓)
“PRC”	the People’s Republic of China
“RMB”	Renminbi, the lawful currency of the PRC
“Shenzhen Expressway”	Shenzhen Expressway Corporation Limited (深圳高速公路集團股份有限公司), a joint stock limited company incorporated in the PRC with limited liability, the H shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 00548) and the A shares of which are listed on the Shanghai Stock Exchange (Security Code: 600548) which is ultimately controlled by State-owned Assets Supervision and Administration Commission of the People’s Government of Shenzhen Municipality
“Shenzhen Expressway Group”	Shenzhen Expressway and its subsidiaries
“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

“Stock Exchange” The Stock Exchange of Hong Kong Limited

“%” 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, 31 May 2022

As at the date of this announcement, the Board comprises five Executive Directors namely, Mr. Wei HU (Chairman), Mr. Tianliang ZHANG* (General Manager), 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, Mr. Junye CAI* and Mr. Weiguo ZONG*; and four Independent Non-executive Directors namely, Mr. Brian David Man Bun LI, Mr. Yu Lung CHING, Mr. Tony Chung Nin KAN and Mr. Peng XUE*.*

** For identification purpose only*