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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 TRANSACTION

**LAND RESUMPTION ALONG LUOGANG INTERCHANGE OF THE
GS SUPERHIGHWAY**

LAND RESUMPTION

On 30 September 2022, GS JV entered into the Compensation Agreement with Land Reserve Centre and the Representatives, pursuant to which GS JV agreed to surrender land use rights of the Resumed Land together with the Attached Buildings to Land Reserve Centre in consideration of approximately RMB317.0 million and the Incentive Fee of approximately RMB2.4 million (if any).

LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios in respect of the Land Resumption exceed 5% but all of them are less than 25%, the Land Resumption constitutes a discloseable transaction for the Company, and is therefore subject to the reporting and announcement requirements pursuant to Chapter 14 of the Listing Rules.

INTRODUCTION

Reference is made to the Company's voluntary announcement dated 29 November 2021 in relation to the potential compensated land resumption concerning land parcels along Luogang interchange of the GS Superhighway.

On 30 September 2022, GS JV entered into the Compensation Agreement with Land Reserve Centre and the Representatives, pursuant to which GS JV agreed to surrender land use rights of the Resumed Land together with the Attached Buildings to Land Reserve Centre in consideration of approximately RMB317.0 million and the Incentive Fee (as defined below) of approximately RMB2.4 million (if any).

COMPENSATION AGREEMENT

Date

30 September 2022

Parties

- (1) Land Reserve Centre
- (2) The Representatives
- (3) GS JV

To the best knowledge, information and belief of the Directors, having made all reasonable enquiries, Land Reserve Centre is a public institution in Guangzhou City, Guangdong Province, the PRC entrusted by Huangpu District Government to execute the Land Resumption and the Representatives are the representatives of Land Reserve Centre for the purpose of the Land Resumption, both of them and their ultimate beneficial owners are Independent Third Parties.

Pursuant to the Compensation Agreement, GS JV agreed to surrender and Land Reserve Centre agreed to resume the land use rights of the Resumed Land together with the Attached Buildings.

Resumed Land, Attached Buildings and Compensation

GS JV owned the land use rights of the Resumed Land. The Resumed Land comprises of two land parcels and is located at the Luogang interchange of Huangpu District of Guangzhou City, the PRC (i.e. in the Guangzhou section of the GS Superhighway) with an aggregated ascertained site area of 294,540.09 sq.m.. The Resumed Land has been approved for use as transportation land and is currently used by GS JV as the toll collection plaza and green area for the GS Superhighway. The Attached Buildings include several functional buildings and structures, such as management offices and sheds, constructed on the Resumed Land with an aggregated gross floor area of 13,785.70 sq.m..

Pursuant to the Compensation Agreement, the Compensation payable by Land Reserve Centre to GS JV for the Land Resumption is approximately RMB317.0 million, comprising the aggregate compensation amount for (i) the land use rights of the Resumed Land; (ii) the Attached Buildings; and (iii) the ground attachments, planted plants, loss arising from suspension of the Group's business operation, assets relocation expenses and temporary placement expenses. The Compensation was determined between Land Reserve Centre and GS JV on normal commercial terms after arm's length negotiations with reference to the Valuation Report.

In addition to the Compensation, Land Reserve Centre agreed to pay an incentive fee of approximately RMB2.4 million (the "**Incentive Fee**") to GS JV, provided that GS JV is able to complete the Land Resumption in accordance with the terms of the Compensation Agreement. In this regard, the aggregate amount to be payable by Land Reserve Centre to GS JV upon completion of the Land Resumption will be approximately RMB319.4 million.

Completion of the Land Resumption

Upon entering into the Compensation Agreement, GS JV shall (i) remove all movable items like equipment and inventories etc. and cooperate with Land Reserve Centre or the Representatives to demolish the buildings and structures located in areas specified in the Compensation Agreement within 1 month; (ii) cancel the relevant land use rights certificate of the Resumed Land with the relevant governmental authorities within 10 business days; (iii) commence survey and risk assessment in relation to land pollution of the Resumed Land within 10 business days; and (iv) terminate utilities like water and electricity etc.. GS JV shall within 10 business days thereafter handover the Resumed Land and the Attached Buildings to Land Reserve Centre (the “**Land Handover**”).

Payment Terms

The Compensation and the Incentive Fee shall be paid in cash in the following manners:

- (i) upon entering into the Compensation Agreement, Land Reserve Centre shall pay to GS JV of approximately RMB126.8 million (representing 40% of the Compensation) within 15 business days following the receipt of funds from the district finance department; and
- (ii) upon completion of the Land Handover and the receipt of proceeds from the subsequent disposal of the Resumed Land by Land Reserve Centre, Land Reserve Centre shall pay to GS JV of approximately RMB190.2 million (representing 60% of the Compensation) and the Incentive Fee of approximately RMB2.4 million (if any) within 15 business days following the receipt of funds from the district finance department.

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.

GS JV is principally engaged in the operation and management of the GS Superhighway, which is a joint venture established by Hopewell China and Guangdong Highway Construction.

Land Reserve Centre is a public institution in Guangzhou City, Guangdong Province, the PRC entrusted by Huangpu District Government responsible for the implementation of the land resumption and the preliminary organisation work of listing-for-sale of the resumed land in the development district of Guangzhou City.

Yunpu Street Office is an agency representing Huangpu District Government of Guangzhou City, the PRC. Dongjin Company is a limited company established in the PRC and is engaged in businesses of land consolidation services, building materials sales and house demolition services in the PRC. Both Yunpu Street Office and Dongjin Company are the Representatives of Land Reserve Centre in carrying out the Land Resumption.

FINANCIAL EFFECTS OF THE LAND RESUMPTION AND USE OF PROCEEDS

The actual financial effects of the Land Resumption will be determined when the net gain on the Land Resumption, taking into account the carrying value of the Resumed Land and the Attached Buildings of approximately RMB5.6 million (with reference to the latest available management accounts of GS JV prepared under the PRC accounting standards), the relevant transaction expenses and charges in connection with the Land Resumption, can be determined after completion. GS JV currently expects to record a gain (before tax) of approximately RMB312.0 million (including the Incentive Fee) as a result of the Land Resumption. The proceeds from the Land Resumption of approximately RMB319.4 million will be used for the general working capital of GS JV, after deducting all relevant expenses, charges and taxes.

REASONS FOR AND BENEFITS OF THE LAND RESUMPTION

In recent years, the Company is studying with Guangdong Highway Construction the feasibility of integrating the transformation and expansion work of the GS Superhighway with the land development along GS Superhighway, that is in line with the land planning of the local government, in order to seek a win-win solution.

According to the Company's understanding, after the vacated land parcels are resumed by the local government, it is expected that the land use rights of such land parcels (with the finally determined nature of land use) will be put up for bidding and auction. It is the intention of the Group and Guangdong Highway Construction to participate in the bidding for the land use rights of the resumed land parcels, in order to capture the opportunity to invest in land development project along the GS Superhighway which is in line with the Company's strategy to optimise its land value and maximise the Shareholders' return.

The Resumed Land is currently used by GS JV as the toll collection plaza and green area for the GS Superhighway. It is expected that normal operation of the GS Superhighway would be maintained after the Land Resumption. Furthermore, with reference to the Valuation Report, the Compensation for the Land Resumption is considered to be fair and reasonable.

In view of the above, the Board believes that the terms of the Land Resumption contemplated under the Compensation Agreement are in the interests of the Company and the Shareholders as a whole.

LISTING RULES IMPLICATION

As one or more of the applicable percentage ratios in respect of the Land Resumption exceed 5% but all of them are less than 25%, the Land Resumption constitutes a discloseable transaction for the Company, and is therefore subject to the reporting and announcement requirements pursuant to Chapter 14 of the Listing Rules.

DEFINITIONS

In this announcement, the following expressions have the meanings set out below unless the context requires otherwise:

“Attached Buildings”	buildings constructed on the Resumed Land with an aggregated gross floor area of 13,785.70 sq.m.
“Board”	the board of Directors
“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))
“Compensation”	the compensation in an aggregated sum of approximately RMB317.0 million in respect of the Land Resumption under the Compensation Agreement
“Compensation Agreement”	The Compensation Agreement for Resumption of State-owned Land Use Rights* (收回國有土地使用權補償合同) entered into among Land Reserve Centre, GS JV and the Representatives on 30 September 2022 in relation to the Land Resumption
“Director(s)”	director(s) of the Company
“Dongjin Company”	Guangzhou Dongjin New District Development Co. Ltd.* (廣州東進新區開發有限公司), a limited company established in the PRC
“Group”	the Company and its subsidiaries from time to time
“GS JV”	Guangzhou-Shenzhen-Zhuhai Superhighway Company Limited* (廣深珠高速公路有限公司), the joint venture established for the GS Superhighway
“GS Superhighway”	Guangzhou-Shenzhen Superhighway
“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 JV and a limited company established in the PRC
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC

“Hopewell China”	Hopewell China Development (Superhighway) Limited* (合和中國發展(高速公路)有限公司), a company established in Hong Kong with limited liability and an indirect non-wholly owned subsidiary of the Company
“Independent Third Part(ies)”	independent third part(ies) who is/are not connected person(s) of the Company and is/are independent of and not connected with any of the directors, chief executive or substantial shareholders of the Company or any of their respective subsidiaries or their respective associates
“Land Reserve Centre”	Guangzhou Development District Land Development Reserve Exchange Centre* (廣州開發區土地開發儲備交易中心), a public institution in Guangzhou City, Guangdong Province, the PRC entrusted by Huangpu District Government to execute the Land Resumption
“Land Resumption”	the resumption of the land use rights of the Resumed Land and the Attached Buildings by Land Reserve Centre under the Compensation Agreement
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“PRC”	the People’s Republic of China
“Valuation Report”	the valuation report dated 16 November 2021 issued by Shenzhen World Union Land and Property Appraisal Co. Ltd.* (深圳市世聯土地房地產評估有限公司), an independent professional valuer engaged by GS JV for assessing the Compensation, pursuant to which the appraised value for the Land Resumption was RMB316,988,263.42 as at 16 August 2021
“Representatives”	Yunpu Street Office and Dongjin Company
“Resumed Land”	two land parcels located at the Luogang interchange of Huangpu District of Guangzhou City, the PRC (i.e. in the Guangzhou section of the GS Superhighway) with an aggregated ascertained site area of 294,540.09 sq.m.
“RMB”	Renminbi, the lawful currency of the PRC
“Shareholders”	shareholders of the Company
“sq.m.”	square meters
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

“Yunpu Street Office”

Guangzhou Huangpu District People’s Government
Yunpu Street Office* (廣州市黃埔區人民政府雲埔街
道辦事處)

“%”

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, 30 September 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*