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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

EXPRESSWAY BIM AND DIGITAL MANAGEMENT, RESEARCH AND DEVELOPMENT CONTRACT

THE TECHNOLOGICAL DEVELOPMENT CONTRACT

On 28 February 2023, the Coastal Company (an indirect non wholly-owned subsidiary of the Company) entered into the Technological Development Contract with the Consortium, pursuant to which the Consortium agreed to conduct expressway BIM and digital management, research and development for Coastal Phase I and Coastal Phase II at a total Service Fee of RMB22,725,800 (including taxes).

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 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 exceeds 0.1% but all of them (other than the profit ratio) are less than 5%, the Technological Development Contract 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.

INTRODUCTION

On 28 February 2023, the Coastal Company (an indirect non wholly-owned subsidiary of the Company) entered into the Technological Development Contract with the Consortium, pursuant to which the Consortium agreed to conduct expressway BIM and digital management, research and development for Coastal Phase I and Coastal Phase II at a total Service Fee of RMB22,725,800 (including taxes), the principal terms of which are set out below.

THE TECHNOLOGICAL DEVELOPMENT CONTRACT

Date: 28 February 2023

Parties: (a) Coastal Company (an indirect non wholly-owned subsidiary of the Company); and
(b) The Consortium comprising Digital Technology Company (an associate of Shenzhen Expressway and a connected person of the Company) and Yunji Intelligent

Principal Content of Research and Development

Pursuant to the Technological Development Contract, the Consortium shall complete the expressway BIM and digital management, research and development for Coastal Phase I and Coastal Phase II, which includes the completion of:

1. The review of drawing and site to ensure that the drawing and BIM are consistent with the site;
2. The road surrounding environment modelling by collecting data through high-precision oblique photography, collecting road surrounding photography data with drones equipped with tilted lenses, and generating 3D model of real scene oblique photography in the required format;
3. The professional BIM creation, drawing archive information extraction and linkage, attribute initialisation and model release, etc., for roadbed, bridge culvert, tunnel, transportation engineering and roadside facilities (including electromechanics, service area, toll station, management center, etc.), safety facilities (signs and signage, etc.) along the whole road section; and
4. The BIM digital management, research and development, including research and application based on BIM maintenance management, asset management, space management, progress, safety, quality, digital sand table and digital delivery, etc.

Upon entering into the Technological Development Contract, the Consortium shall submit the research and management plan to the Coastal Company within 15 days, which shall include the work plan for BIM and digital management, application, research and development.

Progress Schedule

The Consortium shall complete the research and development in the following stages:

1. After entering into the Technological Development Contract, the Consortium shall deliver the completed BIM for Coastal Phase I by batches from 20 February 2023 and upload the same to municipal BIM data center; the last batch of data shall be delivered and uploaded no later than 31 March 2023;
2. The data engineering (BIM) for Coastal Phase II and the digital management, research and development and application of Coastal Phase I and Coastal Phase II and other work, delivery and acceptance shall be completed within one year after entering into the Technological Development Contract; and

3. The guarantee period is one year after the acceptance of the works completed under the Technological Development Contract. The Technological Development Contract shall be terminated at the end of the guarantee period.

Payment Schedule

The total Service Fee of RMB22,725,800 (including taxes) shall be payable to the leader of the Consortium in the following manner:

1. Initial payment: 40% of the Service Fee (i.e. RMB9,090,320) 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 of the Technological Development Contract with Shenzhen Technology Market Management Office* (深圳市技術市場管理辦公室);
2. Payment for data engineering: upon completion of the data engineering works for each road section and being confirmed by both the Coastal Company and the Consortium, the Consortium can apply for payment. The Coastal Company shall settle the payment within 30 days after receiving the Consortium's application, in respect of each road section. The Coastal Company shall pay up to 90% of such fee for each road section, while the remaining 10% shall be paid after checking and acceptance;
3. Payment for BIM digital management, research and development and application: upon completion of the BIM digital management, research and development and application works for each road section and being confirmed by both the Coastal Company and the Consortium, the Consortium can apply for payment. The Coastal Company shall settle the payment within 30 days after receiving the Consortium's application, in respect of each road section. The Coastal Company shall pay up to 90% of such fee for each road section, while the remaining 10% shall be paid after checking and acceptance; and
4. Security deposits: the Consortium shall provide a performance bond in a value equivalent to 5% of the Service Fee to the Coastal Company as the security deposits to ensure the quality of works and services. Such performance bond will be provided to the Coastal Company within 30 days after the checking and acceptance of the works completed under the Technological Development Contract.

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, Yunji Intelligent is owned as to 22% by Shenzhen Expressway and 78% by Independent Third Parties.

REASONS FOR AND BENEFITS OF ENTERING INTO THE TECHNOLOGICAL DEVELOPMENT CONTRACT

The entering into the Technological Development Contract is conducive to improving the Coastal Company's overall management efficiency and operating capability. Through BIM and digital management, research and development, the Coastal Company can realise BIM asset management, space management, maintenance management and digital management of progress, safety and quality etc.. Further, the engagement into the Technological Development Contract is in line with the development trend of digital government and smart city, which is beneficial to the Coastal Company and the Group's long-term development.

The Directors (including the independent non-executive Directors) are of the view that the Technological Development Contract 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.

LISTING RULES IMPLICATIONS

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Mr. Xiangwen LIAO*, being the Chairman and executive Director of the Company, is also an 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 had therefore abstained from voting on the relevant Board resolution approving the Technological Development Contract 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 Technological Development Contract.

DEFINITIONS

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

“associate”	shall have the meaning ascribed to it under the Listing Rules
“BIM”	Building Information Modelling, which is a model equipped with a complete and realistic construction database by building a virtual three-dimensional construction model and using digitisation technology. It is a digitised tool applied to engineering design, construction and management. Meanwhile, the model plays a key role in enhancing productivity, saving costs and shortening construction periods
“Board”	the board of Directors
“Coastal Company”	Shenzhen Guangshen Coastal Expressway Investment Company Limited* (深圳市廣深沿江高速公路投資有限公司), a company incorporated in PRC with limited liability and an indirect non wholly-owned subsidiary of the Company
“Coastal Expressway (Shenzhen Section)”	the Shenzhen section of Guangshen Coastal Expressway, which comprises of Coastal Phase I and Coastal Phase II
“Coastal Phase I”	Phase I of Coastal Expressway (Shenzhen Section), on the main line of Coastal Expressway (Shenzhen Section), the toll mileage is approximately 30.9 km and was opened to traffic on 28 December 2013
“Coastal Phase II”	Phase II of Coastal Expressway (Shenzhen Section) which includes two parts, being the construction of the interchange of the International Convention and Exhibition Center which was completed and opened to traffic in 2019 and the construction of the connection lane on the Shenzhen side of Shenzhen-Zhongshan Channel which has total length of approximately 5.7 km and is currently under construction
“Company”	Shenzhen Investment Holdings Bay Area Development Company Limited, 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))
“Consortium”	A consortium comprising Digital Technology Company and Yunji Intelligent

“Controlling Shareholder”	shall have the meaning ascribed thereto under the Listing Rules
“Digital Technology Company”	Shenzhen Expressway Digital Technology Co., Ltd.* (深圳高速公路集團數字科技有限公司), a company incorporated in the PRC with limited liability and a non wholly-owned subsidiary of Shenzhen Expressway
“Director(s)”	the director(s) of the Company
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Third Party(ies)”	third party(ies) independent from the Company and its connected persons
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	the People’s Republic of China, which for the purpose of this announcement, excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“RMB”	Renminbi, the lawful currency of the PRC
“Service Fee”	The service fee of RMB22,725,800 (including taxes) payable by the Coastal Company to the Consortium under the Technological Development Contract
“Share(s)”	ordinary share(s) of HK\$0.10 each in the share capital of the Company
“Shareholder(s)”	holder(s) of Share(s)
“Shenzhen Expressway”	Shenzhen Expressway Corporation Limited, 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
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

“Technological Development Contract”	a technological development contract dated 28 February 2023 entered into between the Coastal Company and the Consortium in relation to the provision of services for the expressway BIM and digital management, research and development for Coastal Phase I and Coastal Phase II
“Yunji Intelligent”	Yunji Intelligent Engineering Holding Company Limited* (雲基智慧工程股份有限公司), a company incorporated in the PRC with limited liability
“%”	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, 28 February 2023

As at the date of this announcement, the Board comprises five Executive Directors namely, Mr. Xiangwen LIAO (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. Weiguo ZONG* and Ms. Siyan CHEN*; 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*