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深圳高速公路集團股份有限公司

(a joint stock limited company incorporated in the People's Republic of China with limited liability)
(Stock Code: 00548)

(Incorporated in Bermuda with limited liability)
(Stock Code: 00152)

JOINT ANNOUNCEMENT

CONNECTED TRANSACTION – RENEWAL AGREEMENTS

RENEWAL AGREEMENTS

The respective board of directors of SZ International and SZ Expressway (a subsidiary indirectly owned as to approximately 51.56% by SZ International) hereby announce that on 16 January 2024, CMF Company, CMF Fund, SIHCL, the Vendor, SZ Expressway and Mei Wah Company entered into the Renewal Agreements, respectively, pursuant to which the parties reached a consensus on the series of arrangement in relation to the postponement of the sale of Placing Shares by CMF Fund, which include, among others, that upon the expiry of the Original Agreed Period, the Shortfall Makeup Obligation owed by SIHCL and the Vendor to CMF under the Shortfall Makeup Agreement and the payment obligation owed by SZ Expressway and Mei Wah Company to SIHCL and the Vendor under the Payment Obligation Agreement shall be renewed; and SZ Expressway and Mei Wah Company shall pay income to CMF accordingly.

REASONS FOR AND BENEFITS OF ENTERING INTO THE RENEWAL AGREEMENTS

SZ Expressway acquired 100% equity interest in the Target Company in 2022 through Mei Wah Company, thereby indirectly holds approximately 71.83% equity interest in Bay Area Development. SZ Expressway and Mei Wah Company undertook the Shortfall Makeup Obligation, being the contingent consideration, which formed part of the cost of the aforesaid acquisition. It was also agreed that CMF Fund may sell the Placing Shares to third party(ies) independent of Bay Area Development from 17 August 2023 and within 6 months thereafter.

Due to influences by various factors such as changes in market conditions, SZ Expressway, Mei Wah Company, SIHCL, the Vendor and CMF agreed that the postponement of the sale of Placing Shares by CMF Fund is in their respective own interests. The parties conducted fair negotiations to and reached new arrangements for the postponement of the sale of Placing Shares by CMF Fund and the related renewal of the Shortfall Makeup Obligation. The parties' agreement on the series of arrangement in relation to the postponement of the sale of Placing Shares by CMF Fund will help to maintain the stability of Bay Area Development's shareholding structure, and Bay Area Development restore its value under the existing market conditions. It is also beneficial to prevent and resolve the risk of fluctuation in the amount of the Shortfall Makeup Obligation, and safeguard the long-term interests of SZ Expressway

and its shareholders. As such, entering into the Renewal Agreements is in the interests of SZ International and SZ Expressway and their respective shareholders as a whole.

LISTING RULES IMPLICATIONS

As at the date of this announcement, SIHCL indirectly owns approximately 44.25% equity interest in SZ International and is a controlling shareholder of SZ International. The Vendor is an associate of SIHCL. Pursuant to Chapter 14A of the Listing Rules, SIHCL and the Vendor are connected persons of SZ International and SZ Expressway. Besides, as the Renewal Agreements are inter-related to each other, the transactions under the Renewal Agreement will constitute connected transactions of SZ International and SZ Expressway, respectively.

As the highest applicable percentage ratios of the transactions under the Renewal Agreements exceeds 0.1% but are all less than 5% for each of SZ International and SZ Expressway, both SZ International and SZ Expressway are required to comply with reporting and announcement requirements but is exempt from the independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

INTRODUCTION

Reference is made to the announcement of Bay Area Development (known as Hopewell Highway Infrastructure Limited prior to 14 June 2019, currently a subsidiary indirectly owned as to approximately 71.83% by SZ Expressway) dated 17 September 2018; the joint announcement of SZ International and SZ Expressway dated 10 August 2021; and the respective circulars both dated 24 November 2021 of SZ International and SZ Expressway.

As disclosed in the abovementioned documents, after 5 years from 17 August 2018 (the "**Original Agreed Period**"), CMF Fund may sell all or part of the Placing Shares then owned by it to third party(ies) independent of Bay Area Development within 6 months thereafter. In the event the proceeds from the sale of the Placing Shares received by CMF Fund are less than the total costs invested by CMF (i.e. the original acquisition cost of the Placing Shares together with other related costs and expenses less the amount of dividends of Bay Area Development received/receivable by CMF Fund in respect of the Placing Shares), then SIHCL and the Vendor should pay the shortfall to CMF Fund (the "**Shortfall Makeup Obligation**").

Thereafter on 10 August 2021, Mei Wah Company and the Vendor entered into a sale and purchase agreement, pursuant to which Mei Wah Company agreed to acquire the entire equity interest in the Target Company from the Vendor and bear the indebtedness owed by the Target Company to the Vendor and other third parties. On the same date, SZ Expressway, Mei Wah Company, SIHCL and the Vendor also entered into the Payment Obligation Agreement, pursuant to which SZ Expressway and Mei Wah Company agreed to undertake the payment obligation of SIHCL and the Vendor under the Shortfall Makeup Agreement.

As of the date of this announcement, CMF Fund has not transferred any of the Placing Shares. As at the date of this announcement, CMF Fund owns 291,207,411 Placing Shares, representing approximately 9.45% of the total issued shares of Bay Area Development. On 16 January 2024, CMF, SIHCL and the Vendor confirmed under the Supplemental Shortfall Makeup Agreement that, based on the calculation method agreed under the Shortfall Makeup Agreement, the total investment cost of CMF in respect of the Placing Shares was HK$1,075,713,016.54 as at 17 August 2023.

Payment of the Renewed Period Income and the Exit Period Income	:	The bonus and dividend actually registered for the Placing Shares owned by CMF (including any bonus shares derived from the Placing Shares, if any) will be included in the income of CMF of a specific period. As such, SZ Expressway and Mei Wah Company only need to pay the shortfall amounts, which the bonus and dividend actually registered by CMF that are insufficient for the Renewed Period Income and Exit Period Income. Within 20 working days after each anniversary of the Renewed Period or the Early Termination Date, SZ Expressway and Mei Wah Company should make a one-time payment to CMF for the Renewed Period Income. Within 10 working days after the Exit Date, SZ Expressway and Mei Wah Company should make a one-time payment to CMF for the Exit Period Income. If the amount of the current Renewed Period Income or the Exit Period Income is positive, after deduction of the registered bonus and dividend, SZ Expressway and Mei Wah Company should make up for the Renewed Period Income or Exit Period Income. While the amount is negative, SZ Expressway and Mei Wah Company have the right to off-set such amount towards the income of the next period. If any surplus remaining after the off-set, CMF shall return such surplus to SZ Expressway and Mei Wah Company on the Early Termination Date or the Exit Date. If SZ Expressway and Mei Wah Company fail to make up the Renewed Period Income and/or the Exit Period Income on time, it shall pay a penalty to CMF. The penalty amount is calculated based on the unpaid income at a daily rate of 0.05%. If SZ Expressway and Mei Wah Company fail to make the corresponding payment (including the penalty) within the agreed deadline, CMF has the right to declare an immediate early termination of the Renewed Period after 20 working days from the date of such default.
Others	:	If CMF does not serve any sale notice pursuant to the Supplemental Shortfall Makeup Agreement before 17 May 2028, then the Renewed Period Income will be calculated up to 17 August 2028, and no need to calculate the Exit Period Income. All obligations of SZ Expressway under the Renewal Income Makeup Agreement are joint obligations of both Mei Wah Company and SZ Expressway, CMF has the right to choose to assert all obligations of Mei Wah Company and SZ Expressway against either one of them or both simultaneously. The agreement is governed by PRC law. Either party may submit the dispute to the Shenzhen Court of International Arbitration for arbitration in Shenzhen for any dispute arising out of or related to the agreement.

As at the date of this announcement, SZ Expressway and Mei Wah Company have no intention to early terminate the Renewed Period. SZ Expressway intends to pay the Renewed Period Income, the Exit Period Income and the shortfall makeup amount (if any) with its internal resources.

BASIS OF DETERMINATION OF THE RENEWED PERIOD INCOME, THE EXIT PERIOD INCOME AND THE ASSESSMENT OF THE SHORTFALL MAKEUP OBLIGATION

The income rates applicable to the Renewed Period Income and the Exit Period Income are determined by adding 102.5 basis points to the average of the target range of the U.S. federal funds rate. This is determined through mutual negotiation between SZ Expressway and CMF after comparing the yield levels of similar equity funds in overseas markets. It also aligns with the income levels of equity investments in the expressway industry.

Based on the maximum duration of 5 years of the Renewed Period (plus a maximum of 0.5 year of the Exit Period) and in the extreme scenario where Bay Area Development does not distribute any bonus or dividend, the upper limit of income that Mei Wah Company and SZ Expressway need to pay will be: HK$1,075,713,016.54 x 6.4% x 5.5 years = approximately HK$378.651 million.

For the three financial years of 2020 to 2022, Bay Area Development distributed an average annual dividend of approximately HK$0.19 per share. During the same period, CMF's average annual dividend was approximately HKD55.4407 million. The aforesaid historical dividend information regarding Bay Area Development is provided for reference only, and does not guarantee or imply that Bay Area Development will maintain a similar dividend level in the future.

SZ Expressway should account for its Shortfall Makeup Obligation as “trading financial liability” and measure it with its fair value. SZ Expressway engaged Pengxin Appraisal to assess the fair value of the Shortfall Makeup Obligation after the renewal as at 17 August 2023. Pengxin Appraisal assessed the Shortfall Makeup Obligation as a put option by adopting the Black-Scholes model. Considering the opinions of professional consultants, SZ Expressway estimated the fair value of the Shortfall Makeup Obligation after the renewal as at 17 August 2023 is approximately HK$157 million.

INFORMATION OF THE PARTIES

SZ International

SZ International and its subsidiaries are principally engaged in logistics, toll road, port and general-environmental protection businesses. SZ International perceives the Guangdong-Hong Kong-Macao Greater Bay Area, the Yangtze River Delta, the Beijing-Tianjin-Hebei areas and major logistics gateway cities as key strategic regions. Through investment, mergers and acquisitions, restructuring and consolidation, it focuses on the investment, construction and operation of logistics infrastructure in the four major areas of “Inland Port Networking, Logistics Parks, Air Cargo and Railway Freight Logistics Infrastructure” (including inland ports, urban integrated logistics parks, air cargo terminals and railway logistics terminals) and toll roads. It provides its customers with value-added logistics services including intelligent warehouse and integrated cold chain warehousing, and also expanded its business segments to include the comprehensive development of land related to the “logistics + commerce” industries as well as the investment in and operation of general-environmental protection business.

SZ Expressway

SZ Expressway and its subsidiaries are principally engaged in the investment, construction, operation and management of toll highways and general-environmental protection business. At present, the general-environmental protection business mainly includes solid waste resource treatment and clean energy power generation. It is an approximately 51.56% indirectly-owned subsidiary of SZ International.

Mei Wah Company

Mei Wah Company is a company incorporated in Hong Kong which principally engages in investment holdings. It is a wholly-owned subsidiary of SZ Expressway.

Vendor

The Vendor is a limited liability company incorporated in Hong Kong which principally engages in investment holdings. It is a wholly-owned subsidiary of SIHCL.

SIHCL

SIHCL is a company established in the PRC. It is principally engaged in property rights management, capital operation, investment and financing business. SIHCL is wholly-owned by Shenzhen State-owned Assets Supervision and Administration Commission. SIHCL indirectly owns approximately 44.25% equity interest in SZ International.

CMF Company

To the best of the knowledge, information and belief of the respective directors of SZ International and SZ Expressway, and having made all reasonable enquiries, CMF Company is a limited liability independent investment portfolio company established in the Cayman Islands which acts as a trustee of a trust. The ultimate beneficiary of the trust is China Taiping Insurance Group Limited, a state-owned insurance group in the PRC.

CMF Fund

To the best of the knowledge, information and belief of the respective directors of SZ International and SZ Expressway, and having made all reasonable enquiries, CMF Fund is an investment portfolio fund established by CMF Company which principally engages in investment activities.

As at the date of this announcement, to the best of the knowledge, information and belief of the respective directors of SZ International and SZ Expressway, and having made all reasonable enquiries, each of CMF Company, CMF Fund and their respective ultimate beneficial owner is a third party independent of SZ International and SZ Expressway.

are connected persons of SZ International and SZ Expressway. Besides, as the Renewal Agreements are inter-related to each other, the transactions under the Renewal Agreement will constitute connected transactions of SZ International and SZ Expressway, respectively.

As the highest applicable percentage ratios of the transactions under the Renewal Agreements exceeds 0.1% but are all less than 5% for each of SZ International and SZ Expressway, both SZ International and SZ Expressway are required to comply with reporting and announcement requirements but is exempt from the independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

DEFINITIONS

"Bay Area Development"	Shenzhen Investment Holdings Bay Area Development Company Limited, a company incorporated in the Cayman Islands with limited liability and the shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 00737), and 4(o)-4(f)-6(d-2(n

"HK$"	Hong Kong dollar(s), the lawful currency of Hong Kong
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"Investment Costs"	the total investment costs of HK$1,075,713,016.54 made by CMF in respect of the Placing Shares as at the end of the Original Agreed Period (17 August 2023) as calculated in the way as agreed under the Shortfall Makeup Agreement, and confirmed by CMF, SIHCL and the Vendor under the Supplemental Shortfall Makeup Agreement
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange
"Mei Wah Company"	Mei Wah Industrial (Hong Kong) Limited, a limited company incorporated in Hong Kong, and a wholly-owned subsidiary of SZ Expressway
"Payment Obligation Agreement"	the payment obligation agreement entered into among SZ Expressway, Mei Wah Company, SIHCL and the Vendor on 10 August 2021, details of which please refer to the respective circulars of SZ International and SZ Expressway dated 24 November 2021
"Pengxin Appraisal"	Shenzhen Pengxin Appraisal Limited (

"Renewed Period Income"	the income receivable by CMF Fund calculated based on the income rate agreed under the Renewal Income Makeup Agreement for the Renewed Period
"Renewal Agreements"	Renewal Income Makeup Agreement, the Supplemental Payment Obligation Agreement and the Supplemental Shortfall Makeup Agreement
"PRC"	the People's Republic of China
"RMB"	Renminbi, the lawful currency of the PRC
"Shortfall Makeup Agreement"	the shortfall makeup agreement dated 13 August 2018 entered into among CMF, SIHCL and the Vendor (as supplemented and amended by the parties by the first supplemental agreement thereto on 17 September 2018), details of which please refer to the announcement of Bay Area Development dated 17 September 2018
"SIHCL"	Shenzhen Investment Holdings Company Limited ( ), a limited liability company incorporated in the PRC
"Supplemental Payment Obligation Agreement"	the first supplemental agreement to the Payment Obligation Agreement entered into among SIHCL, the Vendor, SZ Expressway and Mei Wah Company on 16 January 2024

"%"	Percentage

By Order of the Board

By Order of the Board