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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)

CONTINUING CONNECTED TRANSACTION IN RELATION TO 2025-2027 COASTAL EXPRESSWAY (SHENZHEN SECTION) OPERATION AND MAINTENANCE MANAGEMENT ENTRUSTED AGREEMENT

2025-2027 COASTAL EXPRESSWAY (SHENZHEN SECTION) OPERATION AND MAINTENANCE MANAGEMENT ENTRUSTED AGREEMENT

The Board is pleased to announce that on 25 July 2025 (after trading hours), the Coastal Company entered into the 2025-2027 Coastal Expressway (Shenzhen Section) Operation and Maintenance Management Entrusted Agreement with the Operation Development Company, pursuant to which the Operation Development Company shall provide the Operation and Maintenance Management Services (as defined hereinafter) to the Coastal Company for a term of commencing from 26 July 2025 and expiring on 31 December 2027.

LISTING RULES IMPLICATIONS

As the Coastal Company is an indirect non-wholly owned subsidiary of the Company and the Operation Development Company is an indirect wholly owned subsidiary of Shenzhen Expressway (the intermediate controlling shareholder of the Company holding approximately 71.83% of the total issued shares of the Company) and therefore a connected person of the Company, the 2025-2027 Coastal Expressway (Shenzhen Section) Operation and Maintenance Management Entrusted Agreement and the transactions contemplated thereunder constitute continuing connected transactions for the Company under Chapter 14A of the Listing Rules.

As the highest applicable percentage ratio in respect of the Proposed Annual Caps, on an annual basis, exceeds 0.1% but all applicable percentage ratios are less than 5%, the 2025-2027 Coastal Expressway (Shenzhen Section) Operation and Maintenance Management Entrusted Agreement and the transactions contemplated thereunder are exempt from the circular (including independent financial advice) and independent Shareholders' approval requirements and are only subject to the announcement and reporting requirements under Chapter 14A of the Listing Rules.

INTRODUCTION

References are made to the announcement and the circular of the Company dated 18 August 2022 and 23 September 2022, respectively in respect of, inter alias, the capital injection of Shenwan Bay Area Infrastructure (Shenzhen) Company Limited* （深灣基建（深圳）有限公司） to the Coastal Company to obtain 51% of the enlarged equity interest in the Coastal Company (the "**Subscription**"). The Subscription was completed on 30 November 2022 and the Coastal Company changed from a wholly owned subsidiary of Shenzhen Expressway to become an indirect non-wholly owned subsidiary of the Company. Pursuant to the Previous Services Agreement, the Operation Development Company has been entrusted to provide the Operation and Maintenance Management Services (as defined hereinafter) to the Coastal Company after completion of the Subscription in order to ensure the smooth and stable operation of the Coastal Expressway (Shenzhen Section). As the Previous Services Agreement expired on 25 July 2025, on 25 July 2025 (after trading hours) the Coastal Company entered into the 2025-2027 Coastal Expressway (Shenzhen Section) Operation and Maintenance Management Entrusted Agreement with the Operation Development Company, pursuant to which the Operation Development Company agreed to provide the Operation and Maintenance Management Services (as defined hereinafter) to the Coastal Company in accordance with the terms therein.

2025-2027 COASTAL EXPRESSWAY (SHENZHEN SECTION) OPERATION AND MAINTENANCE MANAGEMENT ENTRUSTED AGREEMENT

Major Terms of the 2025-2027 Coastal Expressway (Shenzhen Section) Operation and Maintenance Management Entrusted Agreement

Major terms of the 2025-2027 Coastal Expressway (Shenzhen Section) Operation and Maintenance Management Entrusted Agreement are summarised as follows:

Date

25 July 2025

Parties

(a) the Coastal Company
(b) the Operation Development Company

Term

From 26 July 2025 to 31 December 2027

Scope of services

The Operation Development Company shall continue to provide operation and maintenance management services in respect of Coastal Expressway (Shenzhen Section) to ensure the normal operation of the toll roads, which include (i) management of the operation and the road administration of the Coastal Expressway (Shenzhen Section), including but not limited to management of toll collection, management of toll stations, monitoring of business activities, management of road assets and service areas, safety and emergency management, marketing and other related matters; (ii) management of the maintenance for toll roads and ancillary facilities, including but not limited to road inspections, management of the daily maintenance and maintenance projects, and other comprehensive management work carried out to maintain the normal operation of toll roads; and (iii) comprehensive management services in relation to the aforementioned (i) and (ii), including but not limited to administrative management, archive management, human resource management, etc. (the "**Operation and Maintenance Management Services**").

The Coastal Expressway (Shenzhen Section) is constructed in two phases, i.e. Coastal Phase I and Coastal Phase II. Coastal Phase I has been opened to traffic in 2013 and the construction of Coastal Phase II has been fully completed and opened to traffic in June 2024, including the interchange of the International Convention and Exhibition Center, and the connecting lane on the Shenzhen side of Shenzhen-Zhongshan Link, which opened to traffic in 2019 and June 2024 respectively. The agreed scope of the Operation and Maintenance Management Services under the 2025-2027 Coastal Expressway (Shenzhen Section) Operation and Maintenance Management Entrusted Agreement covers both Coastal Phase I and Coastal Phase II. Coastal Phase I extends from Dongbao River, the boundary between Dongguan and Shenzhen, to Nanshan District, Shenzhen and connecting with Hong Kong-Shenzhen Western Corridor. Coastal Phase II extends from Huanghe Toll Station on Jihe Expressway to the East Artificial Island of the Shenzhen-Zhongshan Link. It is an important transportation hub that connects the Shenzhen-Zhongshan Link, the Coastal Phase I, the Guangzhou-Shenzhen Superhighway, the Jihe Expressway and the Shenzhen International Airport.

Service fees and payment terms

The fees (the "**Management Fees**") payable by the Coastal Company to the Operation Development Company shall be determined based on the actual costs and expenses incurred by the Operation Development Company for the provision of the Operation and Maintenance Management Services, such as the remuneration and welfare benefits of the management personnel (excluding the management personnel of toll stations and the staff of road administration team), administrative expenses, supporting service fees and related taxes.

The Operation Development Company shall prepare an annual budget (including the budget for the Management Fees (the "**Management Fees Budget**")) and submitted it to the shareholders of the Coastal Company for approval. At the beginning of each of the first three quarters of each calendar year during the term of the 2025-2027 Coastal Expressway (Shenzhen Section) Operation and Maintenance Management Entrusted Agreement, the Operation Development Company shall submit a payment application for the Management Fees of the current quarter based on the approved Management Fees Budget. In the fourth quarter, the Operation Development Company shall submit a payment application based on the actual Management Fees incurred throughout the year and deduction of the Management Fees already paid during the first three quarters. The Coastal Company shall settle the Management Fees within 2 working days after the approval of the payment applications.

Historical transaction amounts

The table below sets out the existing annual caps for the provision of the Operation and Maintenance Management Services by the Operation Development Company to the Coastal Company under the Previous Services Agreement for the three years ended 25 July 2025:

	For the year ended 25 July 2023 (RMB)	**For the year ended 25 July 2024 (RMB)**	**For the year ending 25 July 2025 (RMB)**
Existing annual cap amounts	37,956,926.83	22,224,700.17	23,113,688.17

Note: The annual cap for the year ended 25 July 2023 included estimated contract sums payable by the Operation Development Company to third party contractors in the amount of approximately RMB16,587,022.82.

For a period commencing from the date entering into of the Previous Services Agreement to 31 December 2022, and the two years ended 31 December 2024, the audited aggregate amounts paid and/or payable by the Coastal Company regarding the Operation and Maintenance Management Services provided by the Operation Development Company were approximately RMB18.81 million, RMB14.09 million and RMB15.05 million, respectively. For the period commencing from 1 January to 25 July 2025, the aggregate amounts paid and/or payable by the Coastal Company regarding the Operation and Maintenance Management Services provided by the Operation Development Company were approximately RMB10.19 million, which is unaudited and is only an estimated figure based on the information currently available to the Company as at the date of this announcement. As at the date of this announcement, the annual caps for the provision of the Operation and Maintenance Services by the Operation Development Company to the Coastal Company under the Previous Services Agreement have not been exceeded.

The Proposed Annual Caps and Basis of Determination

The Directors expect that, pursuant to the 2025-2027 Coastal Expressway (Shenzhen Section) Operation and Maintenance Management Entrusted Agreement, the provision of the Operation and Maintenance Management Services by the Operation Development Company to the Coastal Company will not exceed the Proposed Annual Caps set out below:

	For the period commencing from 26 July 2025 and ending on 31 December 2025 (RMB)	**For the year ending 31 December 2026 (RMB)**	**For the year ending 31 December 2027 (RMB)**
Proposed Annual Caps	7,276,639	20,027,323	20,628,142

The Proposed Annual Caps were determined with reference to (i) the historical transaction amounts of the Operation and Maintenance Management Services fees paid and/or payable by the Coastal Company under the Previous Services Agreement for the three years ended 25 July 2025 and the anticipated increase in the relevant costs for the term of the 2025-2027 Coastal Expressway (Shenzhen Section) Operation and Maintenance Management Entrusted Agreement; (ii) the increased scope of the services under the 2025-2027 Coastal Expressway (Shenzhen Section) Operation and Maintenance Management Entrusted Agreement in view of the opening to traffic of the Coastal Phase II in June 2024; and (iii) the assessment of budget in relation to labour costs, administrative office expenses etc. that may be incurred by the provision of the Operation and Maintenance Management Services.

Pricing policy

The fees for the Operation and Maintenance Management Services under the 2025-2027 Coastal Expressway (Shenzhen Section) Operation and Maintenance Management Entrusted Agreement are determined after arms' length negotiations between the Operation Development Company and the Coastal Company with reference to (i) the actual services fees paid by the Coastal Company to the Operation Development Company in 2024; and (ii) the anticipated increase in the relevant labour costs, property rent, property management fees, etc. due to factors such as inflation and economic and social development.

INTERNAL CONTROL MEASURES

In order to ensure that the pricing mechanism and terms of the 2025-2027 Coastal Expressway (Shenzhen Section) Operation and Maintenance Management Entrusted Agreement are fair and reasonable and no less favourable than the terms offered by any independent third party and the Proposed Annual Caps will not be exceeded, the Group has established a series of internal control procedures, namely :-

(i) the Group will evaluate the budget of the Coastal Company (including the Management Fees Budget) annually in order to ensure that the expenses and fees of the Coastal Company are reasonable. Any actual costs exceeding the approved annual budget shall be subject to the separate approval of the shareholders of the Coastal Company;

(ii) the management of the Group closely monitors the continuing connected transactions under the 2025-2027 Coastal Expressway (Shenzhen Section) Operation and Maintenance Management Entrusted Agreement not exceeding the Proposed Annual Caps thereunder. In the event the Proposed Annual Caps are expected to be exceeded, the Board will revise the Proposed Annual Caps and comply with the applicable Listing Rules accordingly;

(iii) the Group's audit committee will convene meetings every year to discuss and assess the implementation of the continuing connected transactions of the Group;

(iv) the external auditors of the Group will conduct a year-end audit for each financial year, and will issue their conclusion and letter to the Board in relation to the annual caps of the continuing connected transactions of the Group conducted during the preceding financial year pursuant to the Listing Rules; and

(v) in accordance with the Listing Rules, the independent non-executive Directors will conduct an annual review with respect to the continuing connected transactions of the Group throughout the preceding financial year and give confirmation on the transaction amounts and terms of the transactions in each annual report of the Group.

REASONS FOR AND BENEFITS OF ENTERING INTO THE 2025-2027 COASTAL EXPRESSWAY (SHENZHEN SECTION) OPERATION AND MAINTENANCE MANAGEMENT ENTRUSTED AGREEMENT

The Operation Development Company had been providing the Operation and Maintenance Management Services to the Coastal Company before the completion of the Subscription in 2022 and the expiry of the Previous Services Agreement and possesses the relevant expertise and experience. By entering into the 2025-2027 Coastal Expressway (Shenzhen Section) Operation and Maintenance Management Entrusted Agreement, the Coastal Company will continue to enjoy the operational and maintenance management services for Coastal Expressway (Shenzhen Section) provided by the Operation Development Company and can ensure the smooth and stable operation and maintenance of the Coastal Expressway (Shenzhen Section).

The Directors (including the independent non-executive Directors but excluding Mr. Xiangwen LIAO*) consider that (i) the 2025-2027 Coastal Expressway (Shenzhen Section) Operation and Maintenance Management Entrusted Agreement was entered into on normal commercial terms and in the ordinary and usual course of business of the Group, and (ii) the terms of the 2025-2027 Coastal Expressway (Shenzhen Section) Operation and Maintenance Management Entrusted Agreement are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Mr. Xiangwen LIAO*, being the chairman of the Board and an 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 contemplated under the 2025-2027 Coastal Expressway (Shenzhen Section) Operation and Maintenance Management Entrusted Agreement, and had therefore abstained from voting on the relevant Board resolutions approving the 2025-2027 Coastal Expressway (Shenzhen Section) Operation and Maintenance Management Entrusted Agreement and the transactions contemplated thereunder. Save as disclosed in this announcement, no Director is required to abstain from voting on the relevant Board resolutions approving the 2025-2027 Coastal Expressway (Shenzhen Section) Operation and Maintenance Management Entrusted Agreement.

INFORMATION OF THE PARTIES

Coastal Company

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).

Operation Development Company

Operation Development Company is a company incorporated in the PRC which is indirectly wholly owned by the Shenzhen Expressway. Its principal business is the provision of highway operation, maintenance management services and intelligent transportation business.

LISTING RULES IMPLICATIONS

As the Coastal Company is an indirect non-wholly owned subsidiary of the Company and the Operation Development Company is an indirect wholly owned subsidiary of Shenzhen Expressway (the intermediate controlling shareholder of the Company holding approximately 71.83% of the total issued shares of the Company) and therefore a connected person of the Company, the 2025-2027 Coastal Expressway (Shenzhen Section) Operation and Maintenance Management Entrusted Agreement and the transactions contemplated thereunder constitute continuing connected transactions for the Company under Chapter 14A of the Listing Rules.

As the highest applicable percentage ratio in respect of the Proposed Annual Caps, on an annual basis, exceeds 0.1% but all applicable percentage ratios are less than 5%, the 2025-2027 Coastal Expressway (Shenzhen Section) Operation and Maintenance Management Entrusted Agreement and the transactions contemplated thereunder are exempt from the circular (including independent financial advice) and independent Shareholders' approval requirements and are only subject to the announcement and reporting requirements under Chapter 14A of the Listing Rules.

2025-2027 Coastal Expressway (Shenzhen Section) Operation and Maintenance Management Entrusted Agreement	an agreement dated 25 July 2025 entered into between the Coastal Company and the Operation Development Company in relation to provision of the Operational and Maintenance Management Services for Coastal Expressway (Shenzhen Section)
"Board"	the board of Directors of the Company
"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 the PRC with limited liability, the equity interest of which is currently held as to 51% and 49% by the Company and Shenzhen Expressway respectively
"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 was opened to traffic in June 2024
"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
"Group"	the Company and its subsidiaries
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange
"Operation Development Company"	Shenzhen Expressway Operation Development Limited* (深圳高速運營發展有限公司), a company incorporated in the PRC with limited liability and a wholly-owned subsidiary of Shenzhen Expressway
"PRC" or "China"	the People's Republic of China
"Previous Services Agreement"	an agreement dated 26 July 2022 entered into between the Coastal Company and the Operation Development Company in relation to provision of the Operational and Maintenance Management Services for Coastal Expressway (Shenzhen Section)
"Proposed Annual Caps"	the maximum amounts to be paid by the Coastal Company to the Operation Development Company for the Operational and Maintenance Management Services provided per year under the 2025-2027 Coastal Expressway (Shenzhen Section) Operation and Maintenance Management Entrusted Agreement
"RMB"	Renminbi, the lawful currency of the PRC
"Shareholder(s)"	shareholder(s) of the Company
"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)
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"subsidiary(ies)"	has the meaning ascribed to it under the Listing Rules

"%"	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, 25 July 2025

As at the date of this announcement, the Board comprises four Executive Directors namely, Mr. Xiangwen LIAO (Chairman), Mr. Jianming WU* (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*