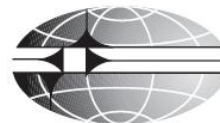


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Shenzhen International Holdings Limited
深圳國際控股有限公司
(Incorporated in Bermuda with limited liability)
(Stock Code: 00152)



深圳高速公路股份有限公司
SHENZHEN EXPRESSWAY COMPANY LIMITED
(a joint stock limited company incorporated in the People's
Republic of China with limited liability)
(Stock Code: 00548)

**JOINT ANNOUNCEMENT
MAJOR TRANSACTION AND CONNECTED TRANSACTION
IN RELATION TO THE ACQUISITION OF
SHENZHEN INVESTMENT INTERNATIONAL CAPITAL HOLDINGS
INFRASTRUCTURE CO., LTD.**

References are made to the joint announcements of Shenzhen International and Shenzhen Expressway dated 15 March 2021 and 14 April 2021 made pursuant to Rule 13.09 of the Listing Rules and the Inside Information Provisions (as defined in the Listing Rules) under Part XIVA of the SFO.

On 15 March 2021, Shenzhen Expressway and SIHCL entered into the MOU, pursuant to which, SIHCL intended to transfer its indirect interests in Bay Area Development representing 71.83% of the total issued share capital of Bay Area Development to Shenzhen Expressway.

On 10 August 2021, (i) the Purchaser and the Seller entered into the Sale and Purchase Agreement in relation to the Acquisition and (ii) SIHCL, the Seller, the Purchaser and Shenzhen Expressway entered into the Payment Obligation Agreement in relation to the Payment Obligation Arrangement. Pursuant to the Transaction Agreements, Shenzhen Expressway Group has conditionally agreed to purchase and the Seller has conditionally agreed to sell the Sale Shares, at an estimated total Consideration of no more than HK\$10,479,000,000.

Upon Completion, the Target Company and Bay Area Development will become subsidiaries of Shenzhen International and Shenzhen Expressway and their financial results will be consolidated into the financial statements of Shenzhen International and Shenzhen Expressway.

REASONS FOR AND BENEFITS OF THE TRANSACTIONS

Based on the reasons described in the paragraphs headed "REASONS FOR AND BENEFITS OF THE

TRANSACTIONS” below and having considered all relevant factors, the board of directors of Shenzhen Expressway believes and considers that the terms of the Transactions are fair and reasonable and that the entering into of the Transaction Agreements is in the interests of the Shenzhen Expressway Shareholders and Shenzhen Expressway as a whole as through the Transactions, Shenzhen Expressway is able to seize Shenzhen’s strategy on promoting the reformation of state-owned enterprises, and business opportunities arising from the optimization of industrial layout, so as to achieve the goals of acquiring high-quality toll highway assets of Bay Area Development and expanding the scale and profit base of toll highway business of Shenzhen Expressway. The Transactions are also in line with the reformation policies and measures of Shenzhen SASAC.

The board of directors of Shenzhen International is of the view that the Transactions are in line with Shenzhen International’s strategy to consolidate premium infrastructure resources. After taking into account the analysis and judgment of Shenzhen Expressway, the effect of the Transactions on Shenzhen International Group and all relevant factors, the board of directors of Shenzhen International considers that the terms of the Transactions are fair and reasonable and that the entering into of the Transaction Agreements is in the interests of the Shenzhen International Shareholders and Shenzhen International.

LISTING RULES IMPLICATION

As certain percentages exceed 25% but all the relevant percentages are below 100%, the Transactions constitute major transaction on the part of Shenzhen International and Shenzhen Expressway under Chapter 14 of the Listing Rules. As SIHCL and the Seller are associates of the controlling shareholder of each of Shenzhen International and Shenzhen Expressway and thus a connected person to Shenzhen International and Shenzhen Expressway within the meaning of the Listing Rules, the Transactions also constitute connected transactions on the part of Shenzhen International and Shenzhen Expressway under Chapter 14A of the Listing Rules and is subject to, among others, the approval of the Shenzhen International Independent Shareholders and Shenzhen Expressway Independent Shareholders at the SGM and the EGM respectively.

TAKEOVERS CODE IMPLICATION

References are made to the joint announcements dated 15 March 2021 and 14 April 2021 of Shenzhen International and Shenzhen Expressway. On 13 April 2021, the Purchaser has obtained a waiver from the obligation to make a mandatory general offer for Bay Area Development arising as a result of the Acquisition pursuant to Note 6(a) of Rule 26.1 of the Takeovers Code from the Executive of SFC.

Shareholders and potential investors of Shenzhen International and Shenzhen Expressway should note that the Transactions are subject to a number of conditions which may or may not be fulfilled. Shareholders and potential investors are reminded to exercise caution when dealing in the securities of Shenzhen International and Shenzhen Expressway.

References are made to the joint announcements of Shenzhen International and Shenzhen Expressway dated 15 March 2021 and 14 April 2021 made pursuant to Rule 13.09 of the Listing Rules and the Inside Information Provisions (as defined in the Listing Rules) under Part XIVA of the SFO.

On 15 March 2021, Shenzhen Expressway and SIHCL entered into the MOU, pursuant to which, SIHCL intended to transfer its indirect interests in Bay Area Development representing 71.83% of the total issued share capital of Bay Area Development to Shenzhen Expressway.

On 10 August 2021, (i) the Purchaser and the Seller entered into the Sale and Purchase Agreement in relation to the Acquisition and (ii) SIHCL, the Seller, the Purchaser and Shenzhen Expressway entered into the Payment Obligation Agreement in relation to the Payment Obligation Arrangement.

TRANSACTION AGREEMENTS

1. Sale and Purchase Agreement

Date: 10 August 2021

Parties: (i) Shenzhen Investment International Capital Holdings Co., Ltd., as the seller; and
(ii) Mei Wah Industrial (Hong Kong) Limited (美華實業(香港)有限公司), as the purchaser.

Subject Matter: Acquisition of the Sale Shares, assumption of repayment obligations of debts owed by the Target Company to the Seller, and the repayment of Third Party Loans, as more particularly described in the section “Consideration for the Sale Shares” below.

Effectiveness: The Sale and Purchase Agreement shall be effective upon the satisfaction of all the conditions set out under the section “Conditions” below.

2. Payment Obligation Agreement

Date: 10 August 2021

Parties: (i) Shenzhen Investment Holdings Company Limited (深圳市投資控股有限公司);
(ii) Shenzhen Investment International Capital Holdings Co., Ltd.;
(iii) Mei Wah Industrial (Hong Kong) Limited (美華實業(香港)有限公司); and
(iv) Shenzhen Expressway Company Limited.

Subject Matter: Assumption of payment obligation under the Supplemental Agreements, as more particularly described in the section “Consideration for the Sale Shares” below. The Assumption of payment obligation by Purchaser and Shenzhen Expressway is conditional upon the Sale and Purchase Agreement being effective.

Effectiveness: The Payment Obligation Agreement shall be effective upon the date on which the Purchaser is registered as the shareholder of the Target Company.

Consideration for the Sale Shares

Pursuant to the Transaction Agreements, Shenzhen Expressway Group has conditionally agreed to purchase and the Seller has conditionally agreed to sell the Sale Shares, at an estimated total Consideration of no more than HK\$10,479,000,000, which comprises of the Amount Payable amounting to HK\$2,450,034,805.18, the outstanding amount of the debts of the Target Company amounting to approximately HK\$7,890,127,007.98 and the Contingent Consideration, which is estimated to be no more than approximately HK\$139,000,000. After deducting approximately HKD151,000,000 of cash and receivables of the Target Company, the price per Bay Area Development Share is estimated to be no more than HK\$4.67.

The Consideration was agreed between the Purchaser and the Seller after arm's length negotiations. As the Acquisition involves the transfer of ownership of listed shares held by state owned entities, the requirements under the Measures have been primarily considered when determining the Consideration, and the following requirements under the Measures are applicable:

- (i) a financial adviser must be appointed for the purposes of valuing the 71.83% equity interests in Bay Area Development; and
- (ii) the price per Bay Area Development Shares must not be lower than (a) the arithmetic mean value of the daily weighted average price of the 30 trading days before 15 March 2021, being the date when the first announcement in relation to the Acquisition is made; and (b) the audited net asset value per Bay Area Development Share for the latest financial year.

Accordingly, CMS was appointed as the financial adviser of Shenzhen Expressway in the PRC in accordance with the Measures. Based on CMS Valuation Report, the price per Bay Area Development Share should be between HK\$4.42 to HK\$4.71. For further details of the CMS Valuation Report, please refer to the section "VALUATION" below.

In addition, the following factors have also been considered when determining the Consideration:

- (i) the valuation of the Target Company conducted by Pengxin Appraisal; and
- (ii) the reasons for the Transactions as described in the paragraphs headed "REASONS FOR AND BENEFITS OF THE TRANSACTIONS" below.

The Consideration for the Sale Shares under the Transaction Agreements shall be satisfied by the Purchaser and Shenzhen Expressway as follows:

| | <i>Description</i> | <i>Attributable amount to the Consideration</i> |
|-------|--|--|
| (i) | Payment of Deposit The MOU Deposit amounting to HK\$10,000,000 paid by the Purchaser to the Seller pursuant to the MOU, which shall form part of the SPA Deposit. | HK\$10,000,000 |
| (ii) | Payment of SPA Deposit Within 5 Business Days from the date of the signing of the Sale and Purchase Agreement (or such date as otherwise agreed in writing by the Purchaser and the Seller), the Purchaser shall pay HK\$725,010,441.55 to the Seller, which shall form part of the SPA Deposit. On the Completion Date, the SPA Deposit, which represents 30% of the Amount Payable, will form part of the Consideration. The Seller shall not use the SPA Deposit without obtaining prior written consent from the Purchaser until the SPA Deposit forms part of the Consideration on the Completion Date. In the event that the Acquisition is terminated in accordance with the Sale and Purchase Agreement, within 7 Business Days from the date of termination of the Acquisition, the Seller shall return the SPA Deposit in full and the respective interest incurred to the Purchaser. | HK\$725,010,441.55 |
| (iii) | Payment of the remaining Amount Payable On the Completion Date (or such date as otherwise agreed in writing by the Purchaser and the Seller), the Purchaser shall pay the remaining HK\$1,715,024,363.63, which represents 70% of the Amount Payable, to the Seller. | HK\$1,715,024,363.63 |
| (iv) | Repayment of outstanding shareholder loans: As at the date of this joint announcement, the Seller has provided shareholder loans in the principal amount of US\$700,000,000 to the Target Company, at an interest rate of 2.85% per annum from 1 January 2021 subject to Completion, repayable as follows: a. the principal of US\$400,000,000 repayable to the Seller within the first 10 Business Days of 26 September 2021. If the Sale and Purchase Agreement becomes effective after 10 September 2021 (i.e. 10 Business Days prior to 26 September 2021), the deadline for the principal payment by the Target Company is extended to 10 Business Days after the effective date of the Sale and Purchase Agreement; | US\$700,000,000 (approximately HK\$5,460,000,000) |

Description

**Attributable amount
to the Consideration**

- b. the remaining principal of US\$300,000,000 repayable to the Seller within the first 10 Business Days of 26 September 2023.

Upon the satisfaction of all the Conditions, the Purchaser shall assume the repayment obligation of the Target Company, or alternatively, provide sufficient funds to the Target Company to enable the Target Company, to repay the outstanding shareholder loans and the respective interests.

- (v) Repayment of Third Party Loans: The Target Company has the Third Party Loans in the principal amount of HK\$2,429,495,000. HK\$2,429,495,000

Within 15 Business Days from the date of the delivery of the Conditions Satisfaction Notification (or such date as otherwise agreed in writing by the Purchaser and the Seller), the Purchaser shall pay an amount equivalent to the outstanding principal and the respective interests of the Third Party Loans to the designated bank account of the Target Company.

The Seller shall procure the Target Company to utilize the Repayment Amount to repay all outstanding payments under the Third Party Loans no later than 2 Business Days prior to the Completion Date and to release all guarantees provided by the Seller to such third party financial institutions under the Third Party Loans.

- (vi) Contingent Considerations (a) Assumption of payment obligation under the Supplemental Agreements: Estimated to be no more than HK\$139,000,000

Reference is made to the announcement of Bay Area Development dated 17 September 2018. Pursuant to the Supplemental Agreements, CMF Fund may during the Agreed Period give a one-off notification to SIHCL and the Seller (or either of them) that CMF Fund intends to, on or within six months after the fifth anniversary of the Previous Placing Completion Date, dispose of all or part of the Previous Placing Shares on-market and/or off-market to independent third party(ies), and if the aggregate amount of the consideration received by the CMF Fund under the CMF Disposal(s) is less than the total investment costs of CMF Fund and its investor in relation to the all or part of the Previous Placing Shares (i.e. the original acquisition cost of

Description

*Attributable amount
to the Consideration*

the Previous Placing Shares together with other related costs and expenses but less the amount of dividends of Bay Area Development received/receivable by the CMF Fund in respect of the Previous Placing Shares), SIHCL and the Seller (or either of them) will pay to the CMF Fund the difference in cash. The original acquisition cost of the Previous Placing Shares was approximately HK\$1,397,795,573.

On 10 August 2021, SIHCL, the Seller, the Purchaser and Shenzhen Expressway entered into the Payment Obligation Agreement, pursuant to which, Purchaser and Shenzhen Expressway shall perform the payment obligation (if any) of SIHCL and the Seller to CMF Fund under the Supplemental Agreements upon Completion.

(b) Payment of taxes arising out of the Transactions

The Purchaser shall be responsible for the payment of all taxes (if any) arising out of the Transactions.

Total:

**Estimated to be no
more than
HK\$10,479,000,000**

Transition Period Arrangement

The Seller and the Purchaser agreed that profit and loss incurred by the Target Company during the Transition Period shall be enjoyed and borne by the Purchasers, save for the special interim dividend for the year ended 31 December 2020 and the final dividend for the year ended 31 December 2020 declared by Bay Area Development. Without the consent of the Purchaser, the Target Company shall not make any distribution on the profit for the Transition Period. If the Target Company makes any distribution on the profit for the Transition Period, the equivalent amount shall be deducted from the Amount Payable accordingly.

In respect of any outstanding dividends previously declared but not paid by the Target Company, the Purchaser shall procure that the Target Company pay, and if necessary, provide shareholders loan to the Target Company to pay, the outstanding dividends to the Seller within 3 Business Days of the Completion Date.

Change of Target Company Directors

On the Completion Date, the Seller shall procure the Target Company to appoint candidates nominated by the Purchaser as the director(s) of the Target Company. Such appointment shall be effective on the Completion Date.

Conditions

The Sale and Purchase Agreement shall be effective from the date on which the following conditions are satisfied:

- (i) the necessary shareholders' approval of the Seller and the approval from SIHCL in respect of the transactions contemplated under the Sale and Purchase Agreement having been obtained by the Seller;
- (ii) the necessary approvals from SIHCL in respect of the transactions contemplated under the Sale and Purchase Agreement having been obtained by the Purchaser; and
- (iii) the necessary board and/or shareholders' approval of the Purchaser, Shenzhen Expressway and Shenzhen International in respect of the transactions contemplated under the Sale and Purchase Agreement having been obtained.

The abovementioned conditions shall be satisfied on or before 31 December 2021 (or such other date as otherwise agreed in writing by the Purchaser and the Seller).

Completion

Completion will take place on the Completion Date, being 20 Business Days after the date of the delivery of the Conditions Satisfaction Notification (or such date as otherwise agreed in writing by the Purchaser and the Seller).

The Sale Shares will be acquired free from all Encumbrances and together with all rights and benefits which will be on the Completion Date attaching or may at any time thereafter become attached thereto including the right to all dividends, distributions and any return of capital declared, made or paid, or agreed to be made or paid thereon or in respect thereof on or after the Completion Date.

REASONS FOR AND BENEFITS OF THE TRANSACTIONS

Investment, construction, operation and management of toll highways and roads are within the general and normal scope of business of Shenzhen Expressway Group. The board of directors of Shenzhen Expressway is of the view that, GS Expressway is the core passage connecting Guangzhou, Dongguan and Shenzhen, the three major cities on the eastern coast of Guangdong-Hong Kong-Macao Greater Bay Area, and Hong Kong. GZ West Expressway is an important passage connecting Guangzhou to Zhuhai and the western coast of Guangdong-Hong Kong-Macao Greater Bay Area leading to the Hong Kong-Zhuhai-Macao Bridge. Both GS Expressway and GZ West Expressway are located in the core area of Guangdong-Hong Kong-Macao Greater Bay Area, and have obvious advantages in location, good operating record and low investment risk.

Shenzhen Expressway can, through the Transactions, improve its profitability by strengthening the overall management of Shenzhen regional toll highways, increasing the traffic flow of the road network and enhancing the synergistic effect of road property management and maintenance. Through the Transactions, Shenzhen Expressway will be able to increase its regional market share in the expressway

industry, future profitability and cash flow. As Bay Area Development is a Hong Kong listed company, Shenzhen Expressway can also obtain high-quality investment and financing platform through the Transactions, further enhance the development space and market value, as well as realize the sustainable long-term development of Shenzhen Expressway Group as a whole. The Transactions will further consolidate Shenzhen Expressway's core advantages in highway investment, construction and operation, which is in line with the Shenzhen Expressway's development strategy and overall interests.

SIHCL, the indirect controlling shareholder of Shenzhen Expressway, provided an undertaking to Shenzhen Expressway and undertook that it will, among others, avoid business competition with Shenzhen Expressway, support the business development of Shenzhen Expressway and perform asset injection to and integration with Shenzhen Expressway. In light of the undertaking, SIHCL intended to acquire Bay Area Development through Shenzhen Expressway initially in 2017, but was later informed by Shenzhen Expressway that it will not proceed with the acquisition as such acquisition may not be feasible for Shenzhen Expressway at that time. SIHCL subsequently acquired Bay Area development through Target Company. After such acquisition, Shenzhen Expressway and SIHCL have been conducting in-depth negotiations on the specific business arrangements of Bay Area Development, and have reached a consensus to proceed with the Transactions, which further enhances the governance level of Shenzhen Expressway and enables SIHCL to be in line with its undertaking as Bay Area Development operates similar businesses as Shenzhen Expressway.

In addition, the reconstruction and expansion of GS Expressway has been included in the development plan of Guangdong-Hong Kong-Macao Greater Bay Area and the plan of Guangdong Province's expressway network. It is a key project of Guangdong Province and the governments of Guangzhou, Dongguan and Shenzhen that are located along the expressway. If the reconstruction and expansion plan of GS Expressway can be successfully implemented, the capacity of GS Expressway will be further improved, and GS JV will be entitled to apply for approval from government departments to extend the toll collection period, and will increase the Shenzhen Expressway Group's toll highway asset scale and toll operation period after Completion. The initial investment for the reconstruction and expansion of GS Expressway is estimated to be about RMB47,100,000,000. The investment and financing plan for the reconstruction and expansion of GS Expressway is yet to be determined. Upon Completion, Shenzhen Expressway will actively participate in the planning, investment and construction of the reconstruction and expansion of GS Expressway, and will maintain close cooperation with GS Expressway's other joint venture partners, and will actively communicate, coordinate and discuss with government departments at all levels, and realize win-win results for the government, the public and investors.

Comprehensive development of land along toll highways to realize their value is one of the focus and achievements of Shenzhen Expressway in recent years. Shenzhen Expressway together with Shenzhen International have successfully implemented the Meiling Checkpoint Urban Renewal Project. Business opportunity relating to comprehensive land development usually arises during changes in the rights and interests of toll highways operations or toll highways reconstruction. It is also limited by local government's urban planning, toll highway reconstruction plans and other conditions, and needs to be carried out in accordance with relevant urban planning and laws and regulations, thus there is uncertainty. According to the preliminary studies conducted by Bay Area Development, it is estimated that about 10 plots of land are suitable for comprehensive development after improvement in transportation facilities. The Guangzhou Xintang Project, which was implemented in 2019, has positive influence for promoting other projects along the expressways. Shenzhen Expressway will actively promote the land development plan along the GS Expressway that combines the reconstruction and

expansion with the land development and utilization, and further release the value of the land along the GS Expressway.

Based on the above reasons and having considered all relevant factors, the board of directors of Shenzhen Expressway believes and considers that the terms of the Transactions are fair and reasonable and that the entering into of the Transaction Agreements is in the interests of the Shenzhen Expressway Shareholders and Shenzhen Expressway as a whole as through the Transactions, Shenzhen Expressway is able to seize Shenzhen's strategy on promoting the reformation of state-owned enterprises, and business opportunities arising from the optimization of industrial layout, so as to achieve the goals of acquiring high-quality toll highway assets of Bay Area Development and expanding the scale and profit base of toll highway business of Shenzhen Expressway. The Transactions are also in line with the abovementioned reformation policies and measures of Shenzhen SASAC.

The board of directors of Shenzhen International is of the view that the Transactions are in line with Shenzhen International's strategy to consolidate premium infrastructure resources. After taking into account the analysis and judgment of Shenzhen Expressway, the effect of the Transactions on Shenzhen International Group and all relevant factors, the board of directors of Shenzhen International considers that the terms of the Transactions are fair and reasonable and that the entering into of the Transaction Agreements is in the interests of the Shenzhen International Shareholders and Shenzhen International.

VALUATION

As the Acquisition involves the transfer of ownership of listed shares held by state owned entities, Shenzhen Expressway has engaged CMS as its financial adviser in the PRC in accordance with the Measures for the purpose of valuing the 71.83% equity interests in Bay Area Development as at 15 March 2021. Reference has been primarily made to the valuation conducted by CMS under the CMS Valuation Report when determining the Consideration.

In addition, in order to further assess the intrinsic value of the Target Company as a whole, Shenzhen Expressway also engaged Pengxin Appraisal on a voluntary basis to conduct valuation of the entire equity interests of the Target Company as at 31 December 2020, as an additional reference for (i) the board of directors of Shenzhen Expressway and Shenzhen International when considering the Consideration and (ii) Shenzhen Expressway Shareholders and Shenzhen International Shareholders.

Valuation Basis and Approach under the CMS Valuation Report

CMS used the (i) comparable company method (可比公司法) and (ii) comparable transaction method (可比交易法) to estimate the market value of 71.83% equity interests in Bay Area Development as at 15 March 2021 (being the date when the first announcement in relation to the Acquisition is made).

(i) Comparable company method

Under the comparable company method, the valuation multiples of the comparable listed companies will be taken as reference and based on the characteristics of relevant companies, relevant financial indicators and valuation multiples in the secondary market will be utilized to analyze the pricing of the Transactions.

Earnings before interest, tax, depreciation and amortization (“**EBITDA**”) will better reflect the operating performance of the expressways during their operation period and the inflow of resources that can be used for future business operations and construction, which will be less affected by the capital structure of the Highway Companies. As such, the enterprise value (“**EV**”) / EBITDA method is used for valuation analysis under the comparable company method.

(ii) Comparable transaction method

Under the comparable transaction method, the valuation multiples of comparable market merger and acquisition transactions will be taken as reference and based on the characteristics of relevant companies, relevant indicators and valuation multiples of market merger and acquisition transactions will be utilised to analyze the pricing of the Transactions.

Taking into account of the followings:

- (a) Bay Area Development is a listed company and the comparability of valuations of listed companies in the same industry is relatively high;
- (b) under the comparable transaction method, information of the comparable transactions is limited, and the valuation results are relatively easy to be affected by specific circumstances of each transaction; and
- (c) the characteristics of the highway operation industry,

EV/EBITDA can simultaneously reflect the asset resources and operation performance of asset resources of companies. As such, the CMS has adopted the comparable company method instead of the comparable transaction method.

As the Acquisition involved both Hong Kong and A-share listed companies, and Bay Area Development principally engaged in expressway operation in the PRC, the selected comparable companies are either Hong Kong or A-share listed companies which principally engaged in expressway operation in the PRC, which their income from expressway operation accounts for a higher proportion of their total income. Based on the above criteria, the EV/EBITDA of comparable companies as of 15 March 2021 is as follows:

| No. | Stock Code | Listed Company | EV/EBITDA |
|--|------------|--|-----------|
| 1 | 000429.SZ | Guangdong Provincial Expressway Development Co., Ltd. | 7.76 |
| 2 | 000755.SZ | Shanxi Road and Bridge Co., Ltd. | 8.05 |
| 3 | 000828.SZ | Dongguan Development (Holdings) Co., Ltd. | 7.12 |
| 4 | 001965.SZ | China Merchants Expressway Network & Technology Holdings Company Limited | 15.86 |
| 5 | 600020.SH | Henan Zhongyuan Expressway Company Limited | 8.68 |
| 6 | 600033.SH | Fujian Expressway Development Company Limited | 4.08 |
| 7 | 600350.SH | Shandong Hi-speed Company Limited | 16.15 |
| 8 | 601518.SH | Jilin Expressway Company Ltd. | 6.61 |
| 9 | 0576.HK | Zhejiang Expressway Co., Ltd. | 10.59 |
| 10 | 0177.HK | Jiangsu Expressway Company Limited | 8.72 |
| 11 | 0548.HK | Shenzhen Expressway Co., Ltd. | 6.81 |
| 12 | 0995.HK | Anhui Expressway Company Limited | 3.41 |
| 13 | 1052.HK | Yuexiu Transport Infrastructure Limited | 10.18 |
| 14 | 1576.HK | Qilu Expressway Company Limited | 9.06 |
| 15 | 1785.HK | Chengdu Expressway Co., Ltd. | 5.81 |
| Maximum value | | | 16.15 |
| Minimum value | | | 3.41 |
| Average EV/EBITDA of A-share listed companies after excluding extreme values | | | 8.31 |
| Median EV/EBITDA of A-share listed companies after excluding extreme values | | | 7.76 |
| Average EV/EBITDA of Hong Kong listed companies after excluding extreme values | | | 8.53 |
| Median EV/EBITDA of Hong Kong listed companies after excluding extreme values | | | 8.89 |
| Average EV/EBITDA of Hong Kong and A-share listed companies after excluding extreme values | | | 8.41 |
| Median EV/EBITDA of Hong Kong and A-share listed companies after excluding extreme values | | | 8.05 |

Notes:

- (i) Source of information extracted from <https://www.wind.com.cn/>;
- (ii) The EV of comparable companies represented such value as at 15 March 2021; and
- (iii) As the business operations of the expressway operation industry in 2020 was negatively impacted by the COVID-19 epidemic, the business operations in 2020 cannot reasonably reflect the operational performances and capabilities. Therefore, the EBITDA of comparable companies used was the average amount data in 2018 and 2019.

According to the table above, after excluding extreme values, the average and median EV/EBITDA of comparable Hong Kong and A-share listed companies are selected as the EV/EBITDA reference range of comparable companies. As at 15 March 2021, the EV/EBITDA reference range of comparable

companies was 8.05 times to 8.41 times. The average EBITDA of GS JV and GZ West JV, the joint ventures held by Bay Area Development in proportion to its equity in 2018 and 2019 totaled to RMB 1,871,692,100.

Valuation of 100% equity interests in Bay Area Development = Valuation of the expressway operating business carried out by Bay Area Development through the two expressway concessions owned by its affiliated joint ventures + Net amount of other non-operating and surplus assets and liabilities of Bay Area Development and two joint ventures held by Bay Area Development in proportion to its equity interests.

As at 31 December 2020, the net amount of other non-operating and surplus assets and liabilities of Bay Area Development and two joint ventures held by Bay Area Development in proportion to its equity interests amounted to RMB-4,916,719,100. As such, the valuation of 100% equity interests in Bay Area Development ranged from RMB10,153,617,600 to RMB10,824,243,500, and the valuation of the price per Bay Area Development Share (converted based on the issued total share capital of Bay Area Development and the exchange rate) ranged from HK\$3.93 per share to HK\$4.19 per share.

Taking into consideration that the Acquisition involved the acquisition of controlling stake in Bay Area Development, and the abovementioned valuation multiples of the comparable companies do not fully reflect the value of such controlling stake, the following adjustments to the above-mentioned price per Bay Area Development Share have been made to reflect the premium paid for the acquisition of controlling stake in Bay Area Development:

- (i) CMS selected a total of 23 privatization cases completed since 2020 in the Hong Kong stock market which suspended trading pending the publication of the privatization announcements (with the privatization price offer price disclosed), among which, there are 8 general offer cases and 15 scheme of arrangement cases. The premium paid to privatize a listed company over the average prices in 1 trading day, 30 trading days, 60 trading days and 90 trading days preceding suspension are as follows:

| Privatization Method | | Premium over the average price in 1 trading day preceding suspension | Premium over the average price in 30 trading days preceding suspension | Premium over the average price in 60 trading days preceding suspension | Premium over the average price in 90 trading days preceding suspension |
|---------------------------------|----------------|---|---|---|---|
| By way of general offer | First quartile | 28% | 40% | 41% | 45% |
| | Third quartile | 72% | 71% | 77% | 83% |
| | Average | 53% | 57% | 61% | 67% |
| By way of scheme of arrangement | First quartile | 19% | 32% | 36% | 37% |
| | Third quartile | 74% | 74% | 67% | 54% |
| | Average | 50% | 54% | 52% | 48% |

Note: Source of information extracted from <https://www.wind.com.cn/>.

- (ii) CMS also selected a total of 21 cases which involved in the acquisition of controlling stake in A-share and Hong Kong listed companies disclosed and completed since 2019 with the equity transfer ratio of more than 29%. The premium paid to acquire the listed company controlling stake over the average prices in 1 trading day, 30 trading days, 60 trading days and 90 trading days preceding the date of the first announcement (the “**First Announcement**”) of such acquisition are as follows:

| | Premium over the average price in 1 trading day preceding the First Announcement | Premium over the average price in 30 trading days preceding the First Announcement | Premium over the average price in 60 trading days preceding the First Announcement | Premium over the average price in 90 trading days preceding the First Announcement |
|----------------|---|---|---|---|
| First quartile | 11% | 20% | 22% | 20% |
| Third quartile | 41% | 37% | 36% | 41% |
| Average | 26% | 29% | 30% | 32% |

Note: Source of information extracted from <https://www.wind.com.cn/>.

Taking into account of the above two types of market cases, the premium rate for the listed company controlling stake ranges from 11% to 50%. Considering that the main assets of Bay Area Development are non-controlling joint venture interests in expressway assets, and the proportion of controlling stake in Bay Area Development acquired through the Acquisition is indirect and relatively high, CMS used 15% for prudence sake as the premium rate for the listed company controlling stake in its valuation under the CMS Valuation Report.

In conclusion, based on the comparable company method, after considering the premium rate for the listed company controlling stake, valuation of CMS of the price per Bay Area Development Share ranges from HK\$4.52 to HK\$4.82. As Bay Area Development declared dividends in April 2021 and approximately HK\$0.109 per share shall be enjoyed by the Seller pursuant to the Sale and Purchase Agreement, based on the valuation provided in CMS Valuation Report, after deducting the dividend amount, the price of Bay Area Development Share is estimated to range from HK\$4.42 to HK\$4.71.

Major Assumptions under the CMS Valuation Report

The valuation of Bay Area Development under the CMS Valuation Report is based on a set of premises and assumptions. The major assumptions and premises of the valuation are as follows:

- (i) for assets traded in the market or intended to be traded in the market, all parties to the asset trade are on equal terms with each other and each has the opportunity and time to obtain sufficient market information to make reasoned judgments as to the function, usage and trading price of the asset;
- (ii) the appraised company will be under continuing and normal operations and it will continue its operations, without termination or massive reduction of its business in the foreseeable future;

- (iii) the external economic environment remains unchanged, and the current macroeconomic situation does not change significantly on the reporting reference date;
- (iv) there are no major changes in the social and economic environment, the tax rates, industry supervisions and other policies implemented;
- (v) the management of the appraised company will perform its duties in the future operating period and continue to maintain the current operation management model for continuous operation;
- (vi) no force majeure or unforeseen factors will have a significant adverse impact on the appraised company;
- (vii) when determining the market valuation, the impact of the Acquisition on the Hong Kong and A Share market is taken into account to some extent;
- (viii) the relevant basic information, financial information and public information are true, accurate and complete, and there is no significant difference between the assets and liabilities of Bay Area Development as at 31 December 2020 with the assets and liabilities as at the valuation reference date;
- (ix) the relevant financial information of Bay Area Development used in the Valuation is the publicly disclosed information of Bay Area Development, which was calculated in accordance with international accounting standards. For the comparable companies selected in the valuation and the target companies in the comparable transactions, Chinese Accounting Standards or Hong Kong Accounting Standards are adopted. The differences in the above mentioned accounting standards have no significant impact on the calculation of valuation indicators such as EV/EBITDA and price-to-earnings ratio and the valuation conclusions; and
- (x) in the first half of 2020, the expressway operation business of Bay Area Development was significantly impacted by the COVID-19 epidemic. According to the operation information of GS Expressway and GZ West Expressway in the second half of 2020 publicly disclosed by Bay Area Development, since the second half of 2020, the business operation of Bay Area Development has been back to normal. As of the valuation reference date, the situation of COVID-19 epidemic is not expected to have a long-term negative impact on the business operation and valuation of Bay Area Development. The impact on the business operation and valuation of Bay Area Development that may cause by future recurrence or aggravation of the COVID-19 epidemic has not been considered.

Valuation Basis and Approach under the Pengxin Appraisal Valuation Report

Pengxin Appraisal was engaged to assess the value of the Target Company as at 31 December 2020. According to the Assets Valuation Standards - Enterprise Value 《資產評估準則——企業價值》, Pengxin Appraisal shall consider the appropriateness of adopting one or more of the following basic asset valuation approaches while conducting valuation:

- (i) asset-based approach – a valuation method for determining the value of the appraised enterprise by reasonably appraising the value of all its assets and liabilities on the basis of its balance sheet and those of which can be identified off the balance sheet at the valuation reference date;
- (ii) income approach – a valuation method which determines the value of the appraised object by the capitalization or discount of the expected income; and
- (iii) market approach – a valuation method of assessing the value of the appraised object by comparing the appraised enterprise with comparable listed companies or comparable transaction cases.

As the Target Company does not operate any business itself, and the only business consolidated to the accounts of the Target Company is 71.83% equity interests in Bay Area Development, Pengxin Appraisal is of the view that it is not appropriate to adopt the income approach or the market approach for the valuation of the Target Company. As such, Pengxin Appraisal adopted the asset-based approach to value the Target Company under the Pengxin Appraisal Valuation Report.

The only major asset long-term investment of the Target Company is its 71.83% equity interests in Bay Area Development, the assessed value of the Target Company is determined by multiplying the value of the entire equity interests in Bay Area Development by 71.83% before considering premium for acquiring the listed company controlling stake and other liquidity premium factors.

As Bay Area Development does not operate any business itself, and its main asset is 45% of the profit distribution right in GS JV, 50% of the profit distribution right in GZ West JV and 15% equity interests in Xintang JV, Pengxin Appraisal adopted the asset-based approach to value Bay Area Development. The assessed value of equity attributable to shareholders of the parent company of Bay Area Development as at the valuation reference date (i.e. 31 December 2020) is RMB9,629,528,900, and comprises of the followings:

| | Total equity value (RMB'0000) | Equity value held by Bay Area Development | |
|--|----------------------------------|---|----------------------------|
| | | Proportion of interests | Equity value (RMB'0000) |
| Profit distribution right in GS JV pursuant to the tolling right of GS Expressway | 887,839.89 | 45% | 399,527.95 |
| Profit distribution right in GS JV pursuant to the right to reconstruct and expand GS Expressway, develop and utilize land along GS Expressway | 275,400.00 | 45% | 123,930.00 |
| Profit distribution right in GZ West JV | 764,637.58 | 50% | 382,318.79 |
| Equity interests in Xintang JV | 247,955.00 | 15% | 37,193.25 |
| Assessed value of other assets and liabilities | — | — | 33,710.72 |
| The total assessed value of equity attributable to shareholders of the parent company of Bay Area Development (net of minority shareholders' equity interests of RMB138 million) | — | — | 962,952.89 |

Pengxin Appraisal also considered the premium for the controlling stake (i.e. 71.83% interests held by Target Company) and liquidity premium in Bay Area Development (being a listed company in Hong Kong) when evaluating the equity investment.

The determination of the premium for the controlling stake is based on the comparison of the price-to-earnings multiples of minority stake acquisitions (6,457 transactions in total) and controlling stake acquisitions (4,993 transactions in total) in the historical merger and acquisition market. The historical average value of the controlling stake premium was approximately 14.79% (in particular, it was 18.27% in 2020). As such, Pengxin Appraisal used the controlling stake premium of 15% when conducting its valuation under the Pengxin Appraisal Valuation Report.

For the determination of the liquidity premium, Pengxin Appraisal conducted analysis with reference to the increment rate of the initial listing price and the secondary market trading price of Hong Kong listed shares during the period of 1 January 2020 to 31 March 2021 (the “**Period**”). Accordingly, the average first-day increment of Hong Kong listed shares during the Period was approximately 18.5% and Hong Kong listed shares that have been listed for over three months recorded an average increment of 15.5% in one year. Considering that the majority of Bay Area Development Shares are held by institutional shareholders, the proportion of Bay Area Development Shares being actively traded in the secondary market will be relatively low. As such, its liquidity premium will be relatively lower than the industry average. Accordingly, Pengxin Appraisal used the liquidity premium of 14% (instead of 15.5%) when conducting its valuation under the Pengxin Appraisal Valuation Report.

Taking into account abovementioned premiums, the valuation of other minority assets and all liabilities of the Target Company, Pengxin Appraisal concluded that the valuation of total equity interests of the shareholders of the Target Company as at 31 December 2020 was RMB2,630.97 million, which was 2.28% lower than the carrying amount of net assets of RMB2,653.0319 million. The composition of total equity interests of the shareholders of the Target Company is as follows:

| | Total equity value (RMB '0000) | Equity held by the Target Company | |
|--|-----------------------------------|-----------------------------------|----------------------------|
| | | Percentage of equity | Equity value (RMB'0000) |
| Equity attributable to shareholders of the parent company of Bay Area Development | 962,952.89 | 71.83% | 691,689.06 |
| Value of 71.83% equity interests in Bay Area Development after considering the premium for controlling stake (15%) and liquidity premium (14%) | — | — | 892,278.89 |
| Total equity attributable to the shareholders of the Target Company | 263,097.00 | 100% | 263,097.00 |

Pursuant to the Pengxin Appraisal Valuation Report, the value of 71.83% equity interests in Bay Area Development after taking into account the abovementioned premium was RMB8,922.7889 million. After deducting the dividend declared by Bay Area Development in April 2021 which shall be enjoyed by the Seller pursuant to the Sale and Purchase Agreement, which is approximately HK\$0.109 per share, the value per share of Bay Area Development is equivalent to HK\$4.67.

Major Assumptions under the Pengxin Appraisal Valuation Report

The valuation of the Target Company under the Pengxin Appraisal Valuation Report is based on a set of premises and assumptions. The major assumptions and premises of the valuation are as follows:

- (i) the appraised object or all appraised assets are in the process of market transactions on the valuation reference date, and the value estimation or calculation will be simulated according to the market environment on the valuation reference date and the trading conditions of the appraised object or all appraised assets;
- (ii) the trading market where the appraised object or all appraised assets are located on the valuation reference date is an open market;
- (iii) the economy corresponding to the appraised object continues to operate according to its existing business objectives in terms of its operating team, financial structure, business model and market environment on the valuation reference date and the utilization of the assets and liabilities corresponding to the appraised object remains the same as the current scale, frequency, environment etc. of such usage;

- (iv) there are no material changes in the current relevant laws, regulations and policies, and the macroeconomic situation in the PRC, and there are no material changes in the political, economic and social environment of the region where the parties to the Transactions are located; there are no material changes in the interest rates, exchange rates, tax bases and tax rates, policy levies, financing conditions, etc; there are no force majeure and unforeseen factors that will cause significant adverse effects on the appraised object or all appraised assets;
- (v) the information necessary for the valuation of the appraised object or all appraised assets is true, complete, legal and valid;
- (vi) information obtained from certain sources used under the valuation can reasonably reflect the corresponding market transaction trends, market operation conditions or market development trends; and
- (vii) unless otherwise stated, described or considered in the asset valuation report, the obtaining, usage or ownership of the appraised object or appraised assets is in compliance with the provisions of the laws, regulations and regulatory documents of the PRC.

LISTING RULES IMPLICATION

As certain percentages exceed 25% but all the relevant percentages are below 100%, the Transactions constitute major transaction on the part of Shenzhen International and Shenzhen Expressway under Chapter 14 of the Listing Rules. As SIHCL and the Seller are associates of the controlling shareholder of each of Shenzhen International and Shenzhen Expressway and thus a connected person to Shenzhen International and Shenzhen Expressway within the meaning of the Listing Rules, the Transactions also constitute connected transactions on the part of Shenzhen International and Shenzhen Expressway under Chapter 14A of the Listing Rules and is subject to, among others, the approval of the Shenzhen International Independent Shareholders and Shenzhen Expressway Independent Shareholders at the SGM and the EGM respectively.

Mr. Dai Jing Ming and Mr. Hu Wei (being directors of both Shenzhen International and Shenzhen Expressway), have abstained from voting at the board meeting of Shenzhen International and Shenzhen Expressway to approve the Transactions.

None of the directors of Shenzhen International or Shenzhen Expressway has any undisclosed material interest in the Transactions.

TAKEOVERS CODE IMPLICATION

References are made to the joint announcements dated 15 March 2021 and 14 April 2021 of Shenzhen International and Shenzhen Expressway. On 13 April 2021, the Purchaser has obtained a waiver from the obligation to make a mandatory general offer for Bay Area Development arising as a result of the Acquisition pursuant to Note 6(a) of Rule 26.1 of the Takeovers Code from the Executive of SFC.

INFORMATION OF THE PURCHASER, SHENZHEN EXPRESSWAY AND SHENZHEN INTERNATIONAL

The Purchaser is a company incorporated in Hong Kong. It is principally engaged in investment holding. It is a wholly owned subsidiary of Shenzhen Expressway.

Shenzhen Expressway is a company established in the PRC. Shenzhen Expressway Group is principally engaged in the investment, construction, operation and management of toll highways and roads, as well as other urban and transportation infrastructure facilities. Shenzhen Expressway is a subsidiary of Shenzhen International held as to approximately 52%.

Shenzhen International is a company incorporated in Bermuda. Shenzhen International Group is principally engaged in logistics and toll road business. It defines Shenzhen, the Guangdong-Hong Kong-Macao Greater Bay Area, the Yangtze River Delta and the Pan-Bohai Rim as strategic regions, endeavours to invest in, construct and operate logistic infrastructure projects including integrated logistics hubs and toll roads, and provides high-end and value-added logistics services to customers based on these infrastructures, through expansion, mergers and acquisitions, restructuring and consolidation while expanding into various business segments such as comprehensive development of lands related to the logistics industry as well as investment in and operation of environmental protection business. Shenzhen International is indirectly owned as to approximately 43.49% by SIHCL.

INFORMATION OF 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 SASAC.

INFORMATION OF THE SELLER

The Seller is a company incorporated in Hong Kong. It is principally engaged in investment holding. The Seller is a wholly owned subsidiary of SIHCL. SIHCL and the Seller are associates of the controlling shareholder of each of Shenzhen International and Shenzhen Expressway.

INFORMATION OF THE TARGET COMPANY

The Target Company is a company incorporated in the British Virgin Islands. It is principally engaged in investment holding. The Target Company is wholly owned by the Seller and holds 2,213,449,666 Bay Area Development Shares (representing approximately 71.83 % of the total issued share capital of Bay Area Development).

The Target Company acquired approximately 66.69% of the total issued capital of Bay Area Development (i.e. 2,055,287,337 Bay Area Development Shares) at a total cash consideration of HK\$9,865,379,217.60 (i.e. HK\$4.80 per Bay Area Development Share) in April 2018. Upon the completion of the acquisition, the Target Company made a mandatory general offer to the then Bay Area Development Shares pursuant to Note 6(a) of Rule 26.1 of the Takeovers Code at the offer price of HK\$4.80 per Bay Area Development Share. Upon the completion of the mandatory general offer, the Target Company was interested in 91.18% of the total issued capital of Bay Area Development (i.e. 2,809,744,415 Bay Area Development Shares). The Target Company subsequently completed the

placing at the price of HK\$4.80 per Bay Area Development Share to restore the public float of Bay Area Development. As at the date of this joint announcement, the Target Company is interested in approximately 71.83% of the total issued share capital of Bay Area Development.

Accordingly, upon the completion of the Acquisition, the Purchaser will have indirectly acquired more than 30% of the issued share capital of Bay Area Development, and is required to make a mandatory general offer to the shareholders of Bay Area Development pursuant to Note 6(a) of Rule 26.1 of the Takeovers Code unless a waiver has been obtained from the Executive. Shenzhen Expressway has obtained a waiver from the Executive to make a mandatory general offer to the shareholders of Bay Area Development pursuant to Note 6(a) of Rule 26.1 of the Takeovers Code as a result of the Acquisition.

The Bay Area Development 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 Expressway within Guangdong-Hong Kong-Macao Greater Bay Area. The Bay Area Development Group currently operates two expressways namely, the GS Expressway and the GZ West Expressway and engages in the development of residential project located at the core area of Guangdong-Hong Kong-Macao Greater Bay Area.

(a) GS JV

GS JV is principally engaged in the business of investment, construction and management of the GS Expressway, which Bay Area Development is entitled to 45% profit distribution right.

GS Expressway is the Guangzhou-Shenzhen section of the Beijing-Hong Kong-Macao Expressway. It is an important passage connecting Guangzhou, Dongguan, Shenzhen and Hong Kong, starting from Huangcun Interchange in Guangzhou in the north, connecting with the northern section of Guangzhou Ring Expressway, ending at Huanggang Port in Shenzhen in the south, and connecting with Huanggang Road in Shenzhen. GS Expressway is part of G4 Beijing-Hong Kong-Macao Expressway, with a total length of 122.8 kilometres and a two-way six-lane structure.

The toll operating period of GS Expressway will be valid until June 2027, with an average daily standard traffic flow being 102,000 vehicles and 74,000 vehicles in 2019 and 2020, respectively, and an average daily toll revenue being RMB 8.84 million and RMB 6.51 million in 2019 and 2020, respectively.

As the traffic flow of GS Expressway continues to reach saturation, in order to meet the increasing traffic demands and better play the role of connecting the main traffic routes of Guangzhou and Shenzhen and the role as the important infrastructure in the Guangdong-Hong Kong-Macao Greater Bay Area's core regions, GS Expressway is planned to be reconstructed and expanded. GS JV was approved to be the owner of the GS Expressway reconstruction and expansion project in December 2019.

In January 2021, the feasibility study of GS Expressway reconstruction and expansion project passed the preliminary examination by the traffic administration department of Guangdong Province and the construction will formally commence after obtaining the approval for the project. According to the feasibility study report of GS Expressway reconstruction and extension project, the extension of GS Expressway is about 118.2 kilometres long, where the existing two-way 6-lane highway will be

expanded to 8 to 12 lanes in different sections, with the estimated initial investment being about RMB 47.1 billion.

As of the date of this joint announcement, the investment and financing plan for the reconstruction and expansion of GS Expressway has not yet been determined. GS JV may apply to the government authorities for extending the tolling period based on the construction scale and investment and financing plan finally determined.

(b) GZ West JV

GZ West JV is principally engaged in the business of investment, construction and operation and management of the GZ West Expressway, which Bay Area Development is entitled to 50% profit distribution right.

GZ West Expressway spans from Hainan Interchange in Liwan District, Guangzhou in the north to Yuehuan Interchange in Tanzhou Town, Zhongshan in the south, and has a total length of about 98 kilometres. Its construction is completed in 3 phases. The GZ West Expressway Phase I, II and III have an operational term up to September 2033, June 2035 and January 2038 respectively.

In 2019 and 2020, the average daily standard traffic flow of the GZ West Expressway is 59,000 vehicles and 43,000 vehicles respectively, while its toll revenue is RMB 4.15 million and RMB 2.99 million respectively.

(c) GS Expressway-related land development

In October 2019, Bay Area Development and Guangdong Provincial Highway Construction signed a memorandum of understanding on cooperation and a framework agreement regarding the principles of utilizing and developing the GS Expressway-related land to jointly explore the opportunities arising from the overall development of the existing GS Expressway-related land to unlock the value. Both parties agreed on the proportion according to which they shall enjoy the land development right in different areas, including 37.5% for Bay Area Development and 62.5% for Guangdong Provincial Highway Construction as to the land in Guangzhou area; 57.5% for Bay Area Development and 42.5% for Guangdong Provincial Highway Construction as to the land in Shenzhen area; and the proportion as to the land in Dongguan area to be determined.

Xintang JV was established in November 2019, of which Bay Area Development and Guangdong Provincial Highway Construction own 37.5% and 62.5% interests respectively. It conducts comprehensive development of a piece of transportation land of approximately 196,000 square meters in Xintang Town, Zengcheng District, Guangzhou, with a planned capacity building area of approximately 600,000 square meters.

In October 2020, Bay Area Development and Guangdong Provincial Highway Construction transferred a 60% interests in Xintang JV to Shenzhen Runtou Consultancy Co., Ltd. (a wholly owned subsidiary of China Resources (Holdings) Company Limited). Upon such transfer, Bay Area Development, Guangdong Provincial Highway Construction and Shenzhen Runtou Consultancy Co., Ltd. directly or indirectly hold 15%, 25% and 60% interests in Xintang JV respectively.

Currently, the Guangzhou Xintang Traffic Renovation Project and the related residential and ancillary facilities construction has commenced. The residential and ancillary facilities construction will be carried out in three phases according to the schedule. The pre-sale of the first phase of residential buildings has commenced.

Set out below is an extract of the audited financial statements prepared for the year ended 31 December 2020, and for the 3 months ended 31 March 2021 and the unaudited financial statements prepared for the year ended 31 December 2019 of the Target Group prepared in accordance with the PRC Accounting Standard for Business Enterprises:

Unit: RMB'000

| | For the year ended 31 December 2019 | For the year ended 31 December 2020 | For the 3 months ended 31 March 2021 |
|---|--|--|---|
| Total revenue | — | — | — |
| Net profit/(loss) | (28,751.28) | (282,335.32) | 29,082.70 |
| Including: Share of profits (losses) of associates and joint ventures | 399,337.67 | (388,321.04) | 85,196.53 |
| Financial expenses | 351,176.17 | 237,882.88 | 35,822.29 |
| Net profit/(loss) before taxation and extraordinary items | 11,821.30 | (298,372.40) | 26,825.44 |
| Net profit/(loss) after taxation and extraordinary items | (30,343.45) | (320,852.55) | 16,854.22 |
| | As at 31 December 2019 | As at 31 December 2020 | As at 31 March 2021 |
| Total assets | 11,378,833.30 | 11,936,111.70 | 11,930,885.84 |
| Including: Long-term equity investments | 10,593,959.85 | 9,725,753.81 | 9,730,783.34 |
| Total liabilities | 9,384,441.10 | 7,971,269.64 | 8,186,492.89 |
| Net assets | 1,994,392.20 | 3,964,842.05 | 3,744,392.95 |

Note 1: Share of profits (losses) of associates and joint ventures represents the share of profits generated by the interests in GS JV, GZ West JV and Xintang JV held by Bay Area Development.

Note 2: In 2020, due to the impact of the epidemic, the 79-day toll-free policy was implemented, resulting in a decline of RMB405 million in investment income from GS Expressway and GZ West Expressway, and considering 71.83% equity interest in Bay Area Development held by the Target Company, the respective investment income of the Target Company declined by RMB291 million.

Note 3: The consolidated financial statements of the Target Company considered the amortization of the fair value appreciation of the acquisition of Bay Area Development, which reduced the investment income of Bay Area Development for 2019, 2020 and the first quarter of 2021 by RMB300 million, RMB683 million and RMB67 million respectively and considering 71.83% equity interest of Bay Area Development held by the Target Company, the respective investment income of the Target Company is reduced by RMB215 million, RMB491 million and RMB48 million respectively.

Note 4: The financial expenses include the interest expenses of the borrowings used by the Target Company to acquire Bay Area development and the financial expenses of Bay Area development itself.

Note 5: In 2020, the Target Company received a shareholder capital injection of RMB1,922 million and reduce its total debt accordingly.

Upon Completion, the Target Company and Bay Area Development will become subsidiaries of Shenzhen International and Shenzhen Expressway and their financial results will be consolidated into the financial statements of Shenzhen International and Shenzhen Expressway.

INDEPENDENT BOARD COMMITTEE AND INDEPENDENT FINANCIAL ADVISER

Shenzhen Expressway Independent Board Committee comprising all the independent non-executive directors of Shenzhen Expressway has been formed to advise Shenzhen Expressway Independent Shareholders in respect of the Sale and Purchase Agreement, Payment Obligation Agreement and the Transactions.

Shenzhen International Independent Board Committee comprising all the independent non-executive directors of Shenzhen International has been formed to advise Shenzhen International Independent Shareholders in respect of the Sale and Purchase Agreement, Payment Obligation Agreement and the Transactions.

An independent financial adviser will also be appointed to advise Shenzhen Expressway Independent Board Committee, Shenzhen International Independent Board Committee, Shenzhen Expressway Independent Shareholders and Shenzhen International Independent Shareholders in this connection.

SGM AND CIRCULAR OF SHENZHEN INTERNATIONAL

The SGM will be held to consider and, if thought fit, pass the resolutions to approve the Sale and Purchase Agreement, Payment Obligation Agreement and the Transactions. The voting in relation to the Sale and Purchase Agreement and Payment Obligation Agreement will be conducted by way of a poll whereby SIHCL and its associates shall abstain from voting on the relevant resolutions to be proposed at the SGM to approve the Sale and Purchase Agreement and Payment Obligation Agreement.

A circular containing, among other things, details of the Transactions, together with the recommendation of Shenzhen International Independent Board Committee to Shenzhen International Independent Shareholders, the letter of advice from the independent financial adviser to Shenzhen International in relation to the Sale and Purchase Agreement and Payment Obligation Agreement, and a notice of the SGM is expected to be despatched by Shenzhen International to Shenzhen International Shareholders by 31 August 2021.

EGM AND CIRCULAR OF SHENZHEN EXPRESSWAY

The EGM will be held to consider and, if thought fit, pass the resolutions to approve the Sale and Purchase Agreement, Payment Obligation Agreement and the Transactions. The voting in relation to the Sale and Purchase Agreement and Payment Obligation Agreement will be conducted by way of a poll whereby SIHCL and its associates (including Shenzhen International and its associates) shall abstain

from voting on the relevant resolutions to be proposed at the EGM to approve the Sale and Purchase Agreement and Payment Obligation Agreement.

A circular containing, among other things, details of the Transactions, together with the recommendation of Shenzhen Expressway Independent Board Committee to Shenzhen Expressway Independent Shareholders, the letter of advice from the independent financial adviser to Shenzhen Expressway in relation to the Sale and Purchase Agreement and Payment Obligation Agreement, and a notice of the EGM is expected to be despatched by Shenzhen Expressway to Shenzhen Expressway Shareholders by 31 August 2021.

Shareholders and potential investors of Shenzhen International and Shenzhen Expressway should note that the Transactions are subject to a number of conditions which may or may not be fulfilled. Shareholders and potential investors are reminded to exercise caution when dealing in the securities of Shenzhen International and Shenzhen Expressway.

DEFINITIONS

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

| | |
|---------------------------------|---|
| “%” | per cent. |
| “Acquisition” | the acquisition of the Sale Shares as contemplated under the Sale and Purchase Agreement |
| “acting in concert” | has the meaning ascribed thereto in the Takeovers Code |
| “Agreed Period” | three months prior to the fifth anniversary of the Previous Placing Completion Date |
| “Amount Payable” | HK\$2,450,034,805.18, being the amount payable by the Purchaser to the Seller for the Sale Shares under the Sale and Purchase Agreement |
| “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 is a non-wholly-owned subsidiary of the Target Company |
| “Bay Area Development Group” | Bay Area Development and its subsidiaries |
| “Bay Area Development Share(s)” | ordinary share(s) of par value HK\$0.1 each in the share capital of Bay Area Development |
| “Business Days” | working days of licensed banks in the PRC and Hong Kong, except Saturdays, Sundays and statutory holidays in the PRC and Hong Kong |

| | |
|--|---|
| “CMF Disposal” | disposal of the Previous Placing Shares by CMF Fund to independent third parties |
| “CMF Fund” | CMF Global Quantitative Stable Segregated Portfolio, the placee under the Previous Placing and a shareholder of Bay Area Development interested in approximately 9.45% of the total issued share capital of Bay Area Development |
| “CMS” | China Merchants Securities Co., Ltd., the financial adviser of Shenzhen Expressway in the PRC in respect of the Transactions |
| “CMS Valuation Report” | the valuation report on Bay Area Development issued by CMS on 12 July 2021 |
| “Completion” | completion of the Sale and Purchase Agreement |
| “Completion Date” | the date of the Completion, being 20 Business Days after the date of the delivery of the Conditions Satisfaction Notification (or such date as otherwise agreed in writing by the Purchaser and the Seller) |
| “Conditions” | the condition precedents to the Completion |
| “Conditions Satisfaction Notification” | the written notification from one party of the Sale and Purchase Agreement (as the case may be) to the other party of the Sale and Purchase Agreement that all Conditions have been satisfied |
| “Consideration” | the consideration of the Sale Shares, estimated not exceeding HK\$10,479,000,000 |
| “Contingent Consideration” | the aggregate of (i) the amount payable by the Purchaser and Shenzhen Expressway to SIHCL and/or the Seller under the Payment Obligation Agreement and (ii) the amount of tax arising out of the Transactions payable by the Purchaser, which is estimated to be no more than HK\$139,000,000 |
| “controlling shareholder(s)” | has the meaning ascribed thereto under the Listing Rules |
| “Deposit” | the earnest money of HK\$10,000,000 paid by the Purchaser to the Seller on 19 March 2019 pursuant to the MOU |
| “EGM” | the extraordinary general meeting to be convened by Shenzhen Expressway to consider, amongst others, the Sale and Purchase Agreement, Payment Obligation Agreement and the transactions contemplated thereunder |

| | |
|----------------------|--|
| “Encumbrances” | (i) any valid mortgage, pledge, charge, lien, rights of preemption, guarantee, trust arrangements or any other similar restriction on rights securing, or conferring any priority of payment in respect of, any obligation of any person, (ii) any valid lease, sub-lease, occupancy agreement or covenant granting a right of use or occupancy to any person, (iii) any valid proxy, power of attorney, voting trust agreement, beneficial interest, option, right of first offer or refusal or other transfer restriction in favour of any person and (iv) any adverse, legal and valid claim as to title, possession or use |
| “Executive” | The Executive Director of the Corporate Finance Division of the SFC or any of his delegates |
| “GS Expressway” | Guangzhou-Shenzhen Expressway |
| “GS JV” | Guangzhou-Shenzhen-Zhuhai Expressway Company Limited, the joint venture established for the GS Expressway, which Bay Area Development is entitled to 45% profit distribution right |
| “GZ West Expressway” | Guangzhou-Zhuhai West Expressway, also known as the Western Delta Route |
| “GZ West JV” | Guangdong Guangzhou-Zhuhai West Expressway Company Limited, the joint venture company established for the GZ West Expressway, which Bay Area Development is entitled to 50% profit distribution right |
| “HK\$” or “HKD” | Hong Kong dollars, the lawful currency of Hong Kong |
| “Hong Kong” | the Hong Kong Special Administrative Region of the PRC |
| “Listing Rules” | the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited |
| “Measures” | Measures for the Supervision and Administration of State-owned Shares of Listed Companies jointly issued by the State-owned Assets Supervision and Administration Commission of the State Council, the Ministry of Finance of the PRC and the China Securities Regulatory Commission (Decree No. 36) (中國國務院國資委、中國財政部、中國證監會聯合發佈的《上市公司國有股權監督管理辦法》(36號令)) |
| “MOU” | the memorandum of understanding dated 15 March 2021 entered into between Shenzhen Expressway and SIHCL, pursuant to which, SIHCL intended to transfer its indirect interests representing 71.83% of the total issued share capital of Bay Area Development to Shenzhen Expressway |

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| “Payment Obligation Agreement” | the agreement dated 10 August 2021 and entered into between SIHCL, the Seller, the Purchaser and Shenzhen Expressway in relation to the Payment Obligation Arrangement |
| “Payment Obligation Arrangement” | the performance of the payment obligation of SIHCL and the Seller to CMF Fund under the Supplemental Agreement by Shenzhen Expressway and the Purchaser pursuant to the Payment Obligation Agreement upon Completion |
| “Pengxin Appraisal” | Shenzhen Pengxin Appraisal Limited (深圳市鵬信資產評估土地房地產估價有限公司), an independent institution established in PRC with the qualifications for assets valuation |
| “Pengxin Appraisal Valuation Report” | the valuation report on the Target Company issued by Pengxin Appraisal on 10 August 2021 |
| “PRC” | the People’s Republic of China, which for the purpose of this joint announcement, excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan |
| “Previous Placing” | the placement of the Previous Placing Shares by the Target Company to CMF Fund which was completed on the Previous Placing Completion Date |
| “Previous Placing Completion Date” | 17 August 2018 |
| “Previous Placing Shares” | 291,207,411 shares in Bay Area Development which was placed to CMF Fund under the Previous Placing |
| “Purchaser” | Mei Wah Industrial (Hong Kong) Limited (美華實業(香港)有限公司), a limited company incorporated in Hong Kong, and is a wholly-owned subsidiary of Shenzhen Expressway |
| “Repayment Amount” | the amount equivalent to the outstanding principal and the respective interest, with rates range from the three-month Hibor + 1.51% to 1.7%, of the Third Party Loans payable by the Target Company |
| “RMB” | Renminbi, the lawful currency of the PRC |
| “Sale and Purchase Agreement” | the sale and purchase agreement dated 10 August 2021 and entered into between the Seller and the Purchaser in respect of the sale and purchase of the Sale Shares |

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| “Sale Shares” | 50,000 ordinary shares of US\$1.00 each in the Target Company, representing the entire issued share capital of the Target Company |
| “Seller” | Shenzhen Investment International Capital Holdings Co., Ltd. (深圳投控國際資本控股有限公司), a limited company incorporated in Hong Kong, which wholly-owns the entire issued share capital of the Target Company |
| “SFC” | the Securities and Futures Commission of Hong Kong |
| “SFO” | the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) |
| “SGM” | the special general meeting to be convened by Shenzhen International to consider, amongst others, the Sale and Purchase Agreement, Payment Obligation Agreement and the transactions contemplated thereunder |
| “Shenzhen Expressway” | Shenzhen Expressway Company 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) |
| “Shenzhen Expressway Group” | Shenzhen Expressway and its subsidiaries |
| “Shenzhen Expressway Independent Board Committee” | the independent board committee of Shenzhen Expressway formed to advise the Shenzhen Expressway Independent Shareholders in respect of the Sale and Purchase Agreement, Payment Obligation Agreement and the transactions contemplated thereunder |
| “Shenzhen Expressway Independent Shareholders” | Shenzhen Expressway Shareholders who are independent of SIHCL and its associates (including Shenzhen International and its associates) and are not required to abstain from voting on the relevant resolution at the EGM |
| Shenzhen Expressway Shareholders | the shareholders of Shenzhen Expressway |
| “Shenzhen International” | Shenzhen International Holdings Limited, a company incorporated in Bermuda with limited liability, the shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 00152) |
| “Shenzhen International Group” | Shenzhen International and its subsidiaries |

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| “Shenzhen International Independent Board Committee” | the independent board committee of Shenzhen International formed to advise the Shenzhen International Independent Shareholders in respect of the Sale and Purchase Agreement, Payment Obligation Agreement and the transactions contemplated thereunder |
| “Shenzhen International Independent Shareholders” | Shenzhen International Shareholders who are independent of SIHCL and its associates and are not required to abstain from voting on the relevant resolution at the SGM |
| “Shenzhen International Shareholders” | the shareholders of Shenzhen International |
| “Shenzhen SASAC” | Shenzhen Municipal People's Government State-owned Assets Supervision and Administration Commission (深圳市國有資產監督管理委員會) |
| “SIHCL” | Shenzhen Investment Holdings Company Limited (深圳市投資控股有限公司), a limited liability company incorporated in the PRC |
| “SPA Deposit” | the total deposit of HK\$735,010,441.55, which comprises of the MOU Deposit of HK\$10,000,000 and the deposit of HK\$725,010,441.55 paid by the Purchaser to the Seller pursuant to the Sale and Purchase Agreement |
| “Stock Exchange” | The Stock Exchange of Hong Kong Limited |
| “Supplemental Agreements” | the supplemental agreements and a supplemental undertaking among SIHCL, the Seller and the trustee of CMF Fund, pursuant to which, the original agreements have been amended to cancel the arrangement relating to the put option and the possible repurchase |
| “Takeovers Code” | the Code on Takeovers and Mergers |
| “Target Company” | Shenzhen Investment International Capital Holdings Infrastructure Co., Ltd. (深圳投控國際資本控股基建有限公司), a limited company incorporated in the British Virgin Islands, and is a wholly-owned subsidiary of the Seller |
| “Target Group” | the Target Company and its subsidiaries |
| “Third Party Loans” | the principal amount of debts of HK\$2,429,495,000 owed by the Target Company to third party financial institutions as at 31 December 2020 |
| “Transactions” | the Acquisition and the Payment Obligation Arrangement |

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| “Transaction Agreements” | The Sale and Purchase Agreement and the Payment Obligation Agreement |
| “Transition Period” | the period between 1 January 2021 until the Completion Date (both days inclusive) |
| “USD” | United States dollars, the lawful currency of the United States of America |
| “Xintang JV” | Guangzhou Zhentong Development Company Limited* (廣州臻通實業發展有限公司), a joint venture established in the PRC for the development of the land (plot number: 83101203A19206) located at the Xintang interchange of the GS Expressway, which is indirectly held as to 15% by Bay Area Development |

By Order of the Board
Shenzhen International Holdings Limited
Liu Wangxin
Joint Company Secretary

By Order of the Board
Shenzhen Expressway Company Limited
Gong Tao Tao
Joint Company Secretary

10 August 2021

As at the date of this joint announcement, the board of directors of Shenzhen International consists of Messrs. Li Haitao, Wang Peihang and Dai Jingming as executive directors, Messrs. Hu Wei and Zhou Zhiwei as non-executive directors and Professor Cheng Tai Chiu, Edwin, Messrs. Pan Chaojin and Chan King Chung as independent non-executive directors.

As at the date of this joint announcement, the directors of Shenzhen Expressway are Mr. HU Wei (Executive Director and Chairman of the Board), Mr. LIAO Xiang Wen (Executive Director and President), Mr. WANG Zeng Jin (Executive Director), Mr. WEN Liang (Executive Director), Mr. DAI Jing Ming (Non-executive Director), Ms. LI Xiao Yan (Non-executive Director), Ms. CHEN Hai Shan (Non-executive Director), Mr. BAI Hua (Independent non-executive Director), Mr. LI Fei Long (Independent non-executive Director), Mr. MIAO Jun (Independent non-executive Director) and Mr. XU Hua Xiang (Independent non-executive Director).

** For identification purpose only*