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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)

FINAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2022

Highlights

- Net toll revenue decreased by 21% YoY to RMB2,019 million was mainly due to (i) the continuous outbreak of the COVID-19 pandemic in Guangdong Province, resulting in a significant decrease in social transportation volume; (ii) the diversion effect caused by the newly opened expressways and reconstructed local roads in the surrounding areas of the GS Superhighway and the GZ West Superhighway; and (iii) the national policy of 10% toll reduction for trucks implemented in the fourth quarter of 2022.
- Profit attributable to owners of the Company fell by 61% YoY to RMB279 million, mainly due to decrease in toll revenue and exchange loss recorded affected by RMB depreciation.
- On 30 September 2022, GS JV entered into the Compensation Agreement in relation to Land Resumption along Luogang Interchange, to surrender land use rights of the Resumed Land together with the Attached Buildings to Land Reserve Centre in consideration of approximately RMB317.0 million.
- On 30 November 2022, Shenwan Infrastructure (an indirect subsidiary of the Company) has completed the subscription of 51% enlarged equity interest in Coastal Company. Coastal Company becomes an indirect non-wholly owned subsidiary of the Company and its financial results have been consolidated into the financial statements of the Group.
- Proposed final dividend of RMB3.25 cents per share, representing a regular dividend payout ratio of 100% for the year.

CHAIRMAN'S STATEMENT

On 11 January 2022, the transaction on approximately 71.83% of the issued Shares between Shenzhen Expressway and SIHC was completed, and Shenzhen Expressway became the controlling Shareholder of the Company. I am truly honored to be appointed by the Board as the Executive Director and the Chairman of the Board on 6 January 2023.

Shenzhen Expressway is the first enterprise in Shenzhen listed in both Hong Kong and Shanghai engaging primarily in the investment, construction and operation management in the fields of urban and transportation infrastructure as well as large-scale environmental protection industry. Being a major provider of construction and operation of transportation infrastructure in the Guangdong-Hong Kong-Macao Greater Bay Area, Shenzhen Expressway's extensive and integrated capabilities on expressway investment, construction, operations and management, experiences on land development and construction, and premier resources on assets, shall create synergistic effects with the Group's businesses, supporting the Group's business development, further enhancing the Group's profitability and investment value, and creating stable and good returns for the Shareholders.

Financial Results and Dividend Proposal

On behalf of the Board, I am delighted to report to the Shareholders the final results of the Group for 2022. The revenue from investment projects attributable to the Group was RMB2,050 million, representing a YoY decrease of 20%, mainly due to the continuous outbreak of the COVID-19 pandemic in Guangdong Province, resulting in a significant decrease in social transportation volume and a decrease in toll revenue. The profit attributable to owners of the Company amounted to RMB279 million, representing a YoY decline of 61%, and a basic earnings per share was RMB9.04 cents.

The Board has proposed a final dividend of RMB3.25 cents per share for year 2022 with a dividend payout ratio amounting to 100% of total dividend to the profit attributable to owners of the Company. Payment of the final dividend is subject to approval by Shareholders at the 2023 Annual General Meeting.

Operating Environment

In 2022, the international situation was complex and severe, and geopolitical conflicts were intensified. Under the impact of the COVID-19 pandemic and multiple crises such as food, energy and debt, the global economic development encountered greater difficulties. In face of the severe international environment and the arduous task of domestic reform, development and stability, Mainland China continued to adhere to the general working guideline of making progress while maintaining stability, accelerate the construction of a new development pattern and promote high-quality development. On the premise of coordinating the overall pandemic prevention and control and economic and social development throughout the year, the GDP of Mainland China increased by 3% YoY in 2022, demonstrating strong resilience. The total economic volume reached a new level of approximately RMB121 trillion, and the comprehensive national strength and international influence of Mainland China have been steadily improved. In 2022, the GDP of Guangdong Province increased by 1.9% YoY, and the total economic volume reached approximately RMB13 trillion, continuing to rank first in the country. As one of the regions with the most complicated pandemic situation in Mainland China, its stable performance and the trend of continuous and stable economic recovery have created a favorable operating environment for the Group's business.

Business Review

During the year under review, the operational performance of the GS Superhighway and the GZ West Superhighway of the Group was significantly hit by the continuous impact of the COVID-19 pandemic on traffic volume. The average daily toll revenue and average daily full-length equivalent traffic volume recorded a significant YoY decrease throughout the year. In addition to the impact of the COVID-19 pandemic, the newly opened expressways and reconstructed local roads in the surrounding areas have also caused a diversion effect on the traffic flow of the GS Superhighway and the GZ West Superhighway. At the same time, the "Notice of the Ministry of Transport and the Ministry of Finance on Phased Toll Reduction and Exemption for Trucks" (《交通運輸部 財政部 關於做好階段性減免收費公路貨車通行費有關工作的通知》) was promulgated on 28 September 2022, pursuant to which, on the basis of maintaining the existing various policies of toll reduction and exemption, the tolls for trucks were further reduced by 10%, which was applicable to all toll roads nationwide. This has also posed limited impact on the toll revenue of the GS Superhighway, the GZ West Superhighway and the Coastal Expressway (Shenzhen Section) in the fourth quarter.

As for the business development, on 30 September 2022, GS JV entered into the Compensation Agreement with Land Reserve Centre and the Representatives, pursuant to which GS JV agreed to surrender land use rights of the Luogang Interchange land parcels together with the Attached Buildings to Land Reserve Centre in consideration of approximately RMB317.0 million. In the future, GS JV will actively participate in the bidding and auction for the Resumed Land to achieve a higher investment return. As for the Grand Park City project, the accumulated contracted sales in 2022 amounted to approximately RMB914 million and the accumulated contracted units amounted to 413; the accumulated contracted sales of the project amounted to approximately RMB2,282 million and the accumulated contracted units amounted to 984.

In addition, in order to integrate and optimise the industrial planning and effectively expand and strengthen the investment, construction, operation and management capabilities of the Group's core toll road business, under the overall strategic deployment of Shenzhen Expressway, our controlling Shareholder, Shenwan Infrastructure (an indirect subsidiary of the Company) completed the subscription of 51% enlarged equity interest in the Coastal Company by way of capital injection on 30 November 2022. The advantageous geographical location of the Coastal Expressway (Shenzhen Section) held by the Coastal Company will strengthen the overall management of the Group's toll roads in the region of Shenzhen, enhance the synergies of the flow of road network and management and maintenance of the road, and further enhance the profitability of the Group.

Prospects

During the "14th Five-Year Plan" period, the Company's overall development strategy is to fully leverage the advantages of the Hong Kong listing platform and the financing function of the overseas capital market, link the resources of Hong Kong and Shenzhen, build a "3+1" industrial pattern with "toll roads, land development, science and technology innovation industrial park and science and technology innovation services" as the main focus and supplemented by "new industries", and become an advanced, high-quality and distinctive overseas listed company with stable return in the Guangdong-Hong Kong-Macao Greater Bay Area. Toll roads are the business of investment, construction and operation of urban infrastructure mainly comprising expressways; land development is the business of land revitalisation and resources release surrounding the expressway; science and technology innovation industrial park and science and technology innovation services are the business of development, construction and operation of the science and technology innovation industrial park and related services for science and technology; the new industry is engaged in the business of investment in emerging industries through various means such as equity investment. During the strategic period, the business objectives will be implemented in different levels, with the primary goal of consolidating the core business of toll roads and promoting land development to unlock value; the second-tier goal is to build a science and technology innovation industrial park and a science and technology innovation service platform; the third-level goal is to explore and cultivate new businesses and create new growth poles for strategic development.

2023 is the year for the Company to carry forward the “14th Five-Year” strategy. The Group will follow up in real time and actively cooperate with government departments at all levels to consolidate the main business of toll roads, accelerate the revitalisation of land resources along the expressway and expand investment opportunities in the Guangdong-Hong Kong-Macao Greater Bay Area. In terms of existing business, with the further optimisation of pandemic prevention and control measures, it is expected that the passenger flow will gradually recover in 2023 and the operational performance of the GS Superhighway, the GZ West Superhighway and the Coastal Expressway (Shenzhen Section) will be improved. At the same time, the Group will focus on promoting the GS Superhighway expansion project and strive to commence substantive construction by the end of 2023. In terms of land development business, for the project under development - the Grand Park City, the Group will strive to reduce costs and increase efficiency, ensure safety and quality, carry out construction targets, formulate reasonable marketing nodes that can actively respond to the market and strive to achieve better sales results. During the year, the Company actively promoted the land development projects along the GS Superhighway such as Luogang Interchange as an important supplement to the profit of the Company and provided sustainable income for the Shareholders. On the other hand, the Group will maximise the synergy effect with its controlling Shareholder, actively obtain high-quality resources in the Guangdong-Hong Kong-Macao Greater Bay Area, search for market investment opportunities, achieve new business breakthroughs and carry out external mergers and acquisitions to promote the implementation of the Company’s strategies, so as to achieve further steady improvement in assets and revenue.

Looking ahead, the overall domestic macro environment is expected to improve; however, the international situation is complex and volatile, and external challenges cannot be ignored. All members of the Group will focus on the strategic objectives and make every effort to promote various tasks. With the joint efforts of the management and employees, I believe that the Group can continue to achieve high-quality sustainable development and create better returns for the Shareholders.

Appreciation

On behalf of the Company, I would like to take this opportunity to express my sincere gratitude to our Shareholders, banks, business partners and friends from all walks of life for their support and trust in the development of the Company. I would also like to thank the Directors and senior management for their wise contribution, and our staff for their unity, cooperation and diligence. In 2023, all staff of the Company will seize opportunities, forge ahead, stand at a new starting point, continue to contribute to the construction of the Bay Area, and strive to achieve a new level of development of the Company.

Xiangwen LIAO*
Chairman

Hong Kong, 16 March 2023

** For identification purpose only*

Final Dividend

The Board has proposed a final dividend of RMB3.25 cents per share (equivalent to HK3.688685 cents per share at the exchange rate of RMB1:HK\$1.13498) for the year ended 31 December 2022. Together with the interim dividend of RMB5.75 cents per share (equivalent to HK6.67299 cents per share at the exchange rate of RMB1:HK\$1.16052) which had been paid on Friday, 21 October 2022, the total regular dividends for the year ended 31 December 2022 will amount to RMB9.00 cents per share (equivalent to HK10.361675 cents per share) which is 54% less than the total regular dividends of RMB19.75 cents per share of last year. The total regular dividends for the year ended 31 December 2022 represented a regular dividend payout ratio of 100% of the profit attributable to owners of the Company.

Subject to Shareholders' approval at the 2023 Annual General Meeting to be held on Friday, 19 May 2023, the proposed final dividend will be paid on Friday, 14 July 2023 to Shareholders whose names appear on the register of members of the Company at the close of business on Thursday, 25 May 2023.

If the proposed final dividend is approved by the Shareholders at the 2023 Annual General Meeting, it will be payable in cash in RMB or HK Dollars, or a combination of these currencies, at the exchange rate of RMB to HKD as published by The People's Bank of China on Thursday, 16 March 2023 and Shareholders will be given the option of electing to receive the final dividend in either RMB or HK Dollars or a combination of RMB and HK Dollars.

To make the dividend currency election, Shareholders should complete the Dividend Election Form (if applicable) and return it to the Company's Hong Kong Share Registrar, Computershare Hong Kong Investor Services Limited at Shop 17M, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong, not later than 4:30 p.m. on Monday, 19 June 2023. **If no dividend election is made by a shareholder, such shareholder will receive the final dividend in HK Dollars, unless receipt of dividend in RMB has been previously elected.**

Closure of Register

To ascertain Shareholders' eligibility to attend and vote at the 2023 Annual General Meeting to be held on Friday, 19 May 2023, the register of members of the Company will be closed from Tuesday, 16 May 2023 to Friday, 19 May 2023, both days inclusive, during which period no transfer of shares of the Company will be effected. In order to qualify to attend and vote at the 2023 Annual General Meeting, all transfers of Shares, accompanied by relevant share certificates, must be lodged with the Company's Hong Kong Share Registrar, Computershare Hong Kong Investor Services Limited at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong not later than 4:30 p.m. on Monday, 15 May 2023.

To ascertain Shareholders' entitlement to the proposed final dividend, the register of members of the Company will be closed for one day on Thursday, 25 May 2023, if and only if the proposed final dividend is approved by the Shareholders at the 2023 Annual General Meeting. No transfer of shares of the Company will be effected on the aforementioned book-close date. To qualify for the proposed final dividend, all transfers of Shares, accompanied by relevant share certificates, must be lodged with the Company's Hong Kong Share Registrar, Computershare Hong Kong Investor Services Limited at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong not later than 4:30 p.m. on Wednesday, 24 May 2023.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

Overall Business Performance

On 30 November 2022, Shenwan Infrastructure (an indirect subsidiary of the Company) has completed the subscription of 51% enlarged equity interest in Coastal Company. Coastal Company becomes an indirect non-wholly owned subsidiary of the Company and its financial results have been consolidated into the financial statements of the Group. During the year under review, the total net toll revenue of the GS Superhighway, the GZ West Superhighway and the Coastal Expressway (Shenzhen Section) amounted to RMB2,019 million. As the continuous outbreak of COVID-19 pandemic in Guangdong Province, cities along the GS Superhighway, the GZ West Superhighway and the Coastal Expressway (Shenzhen Section), such as Shenzhen, Dongguan, Guangzhou, Zhongshan and Zhuhai, experienced multiple waves of pandemic, resulting in a significant decrease in social transportation volume, which caused greater impact on the operational performance of the above three expressways. In addition to the impact of the COVID-19 pandemic, the diversion impact caused by the newly opened expressways and reconstructed local roads in the surrounding areas of the GS Superhighway and the GZ West Superhighway also resulted in the YoY decrease in the operational performance of the GS Superhighway and the GZ West Superhighway. Besides, the national policy of tolls for trucks to reduce by 10% implemented in the fourth quarter also posed limited impact to the GS Superhighway, the GZ West Superhighway and the Coastal Expressway (Shenzhen Section). The average daily toll revenue, average daily full-length equivalent traffic and average daily mixed traffic of the GS Superhighway decreased by 21%, 20% and 17% YoY to RMB6.37 million, 74,000 vehicles and 527,000 vehicles respectively; the average daily toll revenue, average daily full-length equivalent traffic and average daily mixed traffic of the GZ West Superhighway decreased by 22%, 21% and 21% YoY to RMB2.95 million, 42,000 vehicles and 222,000 vehicles respectively; the average daily toll revenue (excluding tax) and average daily mixed traffic of the Coastal Expressway (Shenzhen Section) decreased by 19% and 16% YoY to RMB1.32 million and 141,000 vehicles respectively.

With the country's further optimisation and implementation of pandemic prevention and control measures at the end of 2022, COVID-19 was managed as a Class B infectious disease (乙類乙管) from January 2023. Isolation measures will no longer be implemented on people infected with COVID-19, close contacts will no longer be defined and low and high risk areas will no longer be defined. The impact of the COVID-19 pandemic on people's living order and economic and social development will be minimised. It is expected that the social traffic and transportation volume will return to normal and support the operational performance of the GS Superhighway, the GZ West Superhighway and the Coastal Expressway (Shenzhen Section) in 2023.

The Grand Park City has launched residential units for pre-sale and part of the sales revenue has started to be recognised based on completion stage. Of which, the first phase is expected to be delivered to buyers in 2023 as scheduled. During the year under review, the contracted sales amounted to approximately RMB914 million.

Year	2021	2022	% Change
At Operational Level			
GS Superhighway			
Average daily toll revenue ^{N1} (RMB '000)	8,087	6,372	-21%
Average daily full-length equivalent traffic ^{N2} (No. of vehicles '000)	93	74	-20%
Average daily mixed traffic ^{N3} (No. of vehicles '000)	638	527	-17%
GZ West Superhighway			
Average daily toll revenue ^{N1} (RMB '000)	3,758	2,948	-22%
Average daily full-length equivalent traffic ^{N2} (No. of vehicles '000)	53	42	-21%
Average daily mixed traffic ^{N3} (No. of vehicles '000)	281	222	-21%
Coastal Expressway (Shenzhen Section)			
Average daily toll revenue ^{N4} (RMB '000)	1,620	1,318	-19%
Average daily mixed traffic ^{N3} (No. of vehicles '000)	168	141	-16%

N1: Including tax

N2: Average daily full-length equivalent traffic is defined as the total distance travelled by all vehicles on the expressway divided by the full length of the expressway and the total number of days in the year under review

N3: Average daily mixed traffic excludes toll free traffic travelled during the period when Holiday Toll-Free Policy was implemented

N4: Excluding tax

Operating Environment

Domestic and External Economic Situation

In 2022, the world is facing a sustained high inflation level. The tightening monetary policies adopted by major economies to curb rising inflation have led to a downturn in the global economy and a slowdown in export growth. The ongoing Russia-Ukraine military conflicts, the surging geopolitical risks and the increasing pressure of economic recession are pulling down market sentiment and slowing the growth momentum of the global economy. At the same time, the foundation for Mainland China's economic recovery is yet to be strengthened, and the three major pressures of "shrinking demand, supply shock and expected weakening" are still relatively high, which will deepen the impact on Mainland China's economy. Facing the complex and ever-changing international environment and the arduous domestic development tasks, Mainland China stepped up its efforts in macro-control to cope with the impact of unexpected factors, steadily improved the quality of development, comprehensively deepened the reform and opening-up, and maintained the overall economic and social stability. In 2022, the GDP of Mainland China increased by 3% YoY to approximately RMB121 trillion, reflecting the strong resilience of Mainland China's economy. Among which, the annual GDP of Guangdong Province still increased by 1.9% YoY, with a total economic volume of approximately RMB13 trillion and the total economic volume continued to rank first in China.

The Central Economic Work Conference emphasised that in 2023, it is necessary to adhere to stability and seek progress while maintaining stability, continue to implement proactive fiscal policies and prudent monetary policies, increase macro policy control efforts, strengthen the coordination and cooperation of various policies and form a joint force to promote high-quality development. It is necessary to better coordinate the supply-side structural reform and expand domestic demand, create effective demand through high-quality supply, and support the expansion of domestic demand in various ways and channels, with special emphasis on supporting consumption such as new energy vehicles. It is believed that with the effects of various policies continuing to show, the overall national economic operation is expected to rebound in 2023, driving the continuous increase in passenger flow, logistics and transportation demand, providing a solid foundation for the expressway business operated by the Group.

Development of the Bay Area

The Bay Area is composed of the four central cities of Hong Kong, Macao, Guangzhou and Shenzhen as the core engines of regional development, plus important hub cities such as Zhuhai, Foshan, Huizhou, Dongguan, Zhongshan, Jiangmen and Zhaoqing, with a total area of approximately 56,000 square kilometers. In 2022, the total population of the region exceeded 86 million, and the GDP of approximately RMB13.0 trillion, accounting for approximately 11% of the GDP in Mainland China and it is one of the most economically active regions in Mainland China with dominant regional advantages and huge development potential.

On 3 January 2023, the Economic Work Conference of the Guangdong Provincial Committee emphasised that the priority of high-quality development should be anchored, important key links should be seized, and the annual economic work should be done well. It is necessary to bring out the comprehensive advantages of Guangdong, Hong Kong and Macao, accelerate the construction of a world-class bay area, develop the best bay area and deepen the cooperation in the technology industry. Cooperation platforms such as Hengqin, Qianhai and Nansha should be built and continue to deepen the connection between software and hardware, and create an important power source for high-quality development. Real economy should be adhered to as the foundation and the manufacturing industry as the home, to take a new step to promote the construction of strong manufacturing provinces, to firmly grasp industrial projects, industrial investment and industrial platforms, and to accelerate the upgrade and development of industrial systems. The conference emphasised the role of infrastructure investment as a ballast and urban renewal as a leveraging effect, and increased efforts to expand effective investment. Under the guidance of the overall ideology of Guangdong Province to do a good job in economic work throughout the year, the Company will continue to leverage on its comprehensive advantages in Guangdong, Hong Kong and Macao, and grasp the guiding spirit of “the role of infrastructure investment and urban renewal” as highlighted by the conference, actively leverage on its own advantages in infrastructure investment, and deeply explore infrastructure investment opportunities in expressways, industrial parks and urban renewal.

In the 2022 Policy Address of Hong Kong, it mentioned the importance of cooperation between Shenzhen and Hong Kong, deepening the connection with other cities in the Bay Area, and accelerated the development and construction of major cooperation and development platforms for Guangdong, Hong Kong and Macao, such as Qianhai in Shenzhen, Nansha in Guangzhou, Hengqin in Zhuhai and Shenzhen-Hong Kong Loop. The government will make every effort to push forward the construction of the Northern Metropolis. The land resumption process will be initiated for all development projects within five years, and the Northern Metropolis Highway that runs east and west through the Northern Metropolis will be proposed to be built. In addition, the Hong Kong Government announced the “Hong Kong Innovation and Technology Development Blueprint”(《香港創新科技發展藍圖》) (the “Blueprint”) on 22 December 2022 to establish a clear development path and formulate systematic strategic planning for Hong Kong's innovation and technology (I&T) development over the next five to ten years, charting Hong Kong in moving full steam towards the vision of an international I&T centre. The Blueprint proposed eight key strategies, of which Article 7 mentioned to deepen I&T co-operation with the Mainland China for better integration into the overall national development; to promote effective cross-boundary flow of innovation elements and strengthen Hong Kong's I&T competitiveness to better serve national needs; to promote the development of major Guangdong-Hong Kong-Macao platforms of co-operation for pursuing mutually beneficial collaboration; to actively dovetail with the Mainland China institutional set-up for innovation for Hong Kong to better integrate into the overall national development.

Under the context of Guangdong Province and Hong Kong focusing on the development of I&T industry, the Company will follow the trend of innovation cluster development and actively seek investment opportunities in I&T services and infrastructure.

Latest Updates on Industry Policies

Toll reduction and exemption for trucks

On 28 September 2022, the Ministry of Transport and the Ministry of Finance promulgated the “Notice of the Ministry of Transport and the Ministry of Finance on Phased Toll Reduction and Exemption for Trucks” (《交通運輸部 財政部關於做好階段性減免收費公路貨車通行費有關工作的通知》), and on the basis of maintaining the existing various policies of toll reduction and exemption, the tolls for trucks are further reduced by 10% for the period from 0:00 on 1 October 2022 to 24:00 on 31 December 2022. The new policy is applicable to all toll roads nationwide. This has caused certain impact on the toll revenue of the GS Superhighway, the GZ West Superhighway and the Coastal Expressway (Shenzhen Section) in the fourth quarter of 2022.

Differentiated tariff for expressway

In April 2022, Guangdong Province announced the “Plan on Implementing Differentiated Tariff for Expressway Nationwide” (《全面推廣高速公路差異化收費實施方案》), which includes five specific work measures. Firstly, it will continue to implement the existing six differentiated tariff schemes, namely, the 5% toll discount for ETC vehicles, the tariff standard for large passenger vehicles with 40 seats above will be charged as Class 3 passenger vehicles, the 1% toll discount for Class 6 trucks, the 15% toll discount for legally loaded ETC trucks for 85 provincial and municipal expressways, and the discount for trucks for the Shenzhen section of Guangshen Coastal Expressway and the Nansha Port Highway remained unchanged until the end of 2024. Secondly, the newly built expressways wholly owned and controlled by state-owned enterprises in Guangdong Province will provide 15% toll discount for legally loaded ETC trucks and encourage other expressways to implement the same. Thirdly, eligible cities and districts are encouraged to implement toll preferential measures for expressways within their jurisdiction. Fourthly, free trial operation of newly opened expressways is encouraged. Fifthly, the operators of commercial expressways are supported to implement differentiated tariff independently. As such plan is basically a continuation of the differentiated tariff scheme in place and there is no other additional mandatory concession, there will be no further negative impact on the toll revenues of the GS Superhighway and the GZ West Superhighway.

Policies for vehicle retail sales and annual vehicle sales data in Mainland China

In June 2022, the Ministry of Finance and the State Taxation Administration jointly promulgated the “Announcement on the Reduction of Vehicle Purchase Tax on Certain Passenger Vehicles” (《關於減徵部分乘用車車輛購置稅的公告》), which stipulates that the vehicle purchase tax on passenger vehicles of 2.0 liters or lower and a price (excluding VAT) not exceeding RMB300,000, purchased between 1 June 2022 and 31 December 2022, shall be reduced by half, which can promote automobile consumption, support the development of the automobile industry, further increase the overall car ownership and benefit the expressway industry.

The “Implementation Plan for Guangdong Province to Implement a ‘Package of Policies and Measures to Solidly Stabilise the Economy’ issued by the State Council” promulgated by Guangdong Province in June 2022 includes specific measures to support automobile consumption and automobile trade-in, such as trade-in subsidies, subsidies for purchasing new energy vehicles, increasing car purchase indicators in Guangzhou and Shenzhen, prohibition of implementing new measures to restrict automobile purchase in various areas, and fully implementing the cancellation of the policy on restricting the relocation of second-hand vehicles. The measures will not only support the continuous growth of car ownership and transportation volume, but also the operating environment of the expressway industry.

According to the vehicle sales data, the annual vehicle sales in Mainland China amounted to approximately 26.28 million units in 2022, representing a YoY increase of 2%, showing that the national automobile market recovered despite the adversity and achieved a positive growth, of which the sales of new energy vehicles continued to rocket upward with a YoY increase of 93.4% to approximately 6.89 million units, ranking first in the world for eight consecutive years.

GS Superhighway

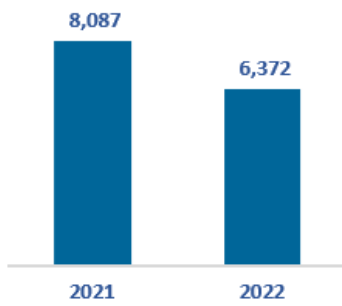
The GS Superhighway is a main expressway connecting the three major cities – Guangzhou, Dongguan and Shenzhen on the eastern bank of Bay Area to Hong Kong. The GDP of Guangzhou, Dongguan and Shenzhen, the cities along the expressway, rose 1.0%, 0.6% and 3.3% YoY respectively in 2022, showing solid economic fundamentals. Due to the multiple outbreaks of pandemic in cities along the GS Superhighway, the pandemic prevention and control measures were further optimized from strict lockdown control at the beginning of the year to quick lockdown and reopen at the end of the year. During the year under review, the volume of social transportation decreased significantly, which had a greater impact on the operating performance. In 2022, the total toll revenue of the GS Superhighway was RMB2,326 million. The average daily toll revenue, average daily full-length equivalent traffic and average daily mixed traffic decreased by 21%, 20% and 17% YoY to RMB6.37 million, 74,000 vehicles and 527,000 vehicles respectively. Toll revenue and mixed traffic volume contributed by Class 1 vehicles accounts for 79.9% and 90.7% of the toll revenue and mixed traffic volume of the GS Superhighway respectively. The amount of tolls collected and traffic volume of vehicles using ETC payment cards accounted for approximately 65% and 66% of the toll revenue and traffic volume of the GS Superhighway respectively.

The Shenzhen section Phase I, Dongguan section and Shenzhen section Phase II of Shenzhen Outer Ring Expressway were opened to traffic at the end of 2020 and in January 2022 respectively. The fully opened Shenzhen Outer Ring Expressway is another east-west expressway located at the north of Jihe Expressway, and is connected to several expressways such as the Guangshen Coastal Expressway, the GS Superhighway, the Nanguang Expressway, the Longda Expressway and the Meiguan Expressway. As the Songgang Interchange connecting with the GS Superhighway has not yet been opened, vehicles travelling on the Shenzhen Outer Ring Expressway cannot access to the GS Superhighway at the moment, thus causing a greater diversion impact on the GS Superhighway in 2021. However, such diversion impact did not further increase in 2022. In addition, Phase II of the Nanping Highway linking the Qianhai sub-district and Phase II of the Dongguan-Panyu Expressway linking the GS Superhighway in the Houjienan Interchange to the Dongguan-Shenzhen Expressway were opened to traffic in July 2021 and late 2021 respectively. These newly opened roads only had a slight diversion impact on the GS Superhighway during the year under review.

On the other hand, the GS Superhighway implemented the national policy of tolls for trucks to reduce by 10% during the fourth quarter of 2022. The reduction amount represented less than 1% of the total toll revenue and is of limited impact.

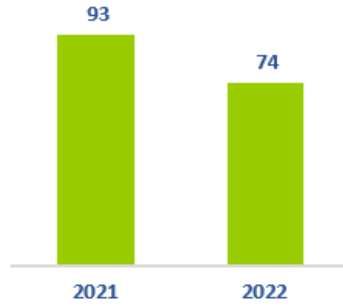
Average Daily Toll Revenue#

(RMB thousand)



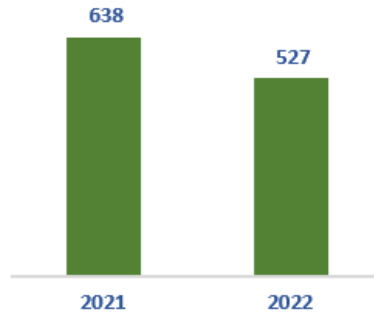
Average Daily Full-Length Equivalent Traffic

(No. of vehicles in thousand)



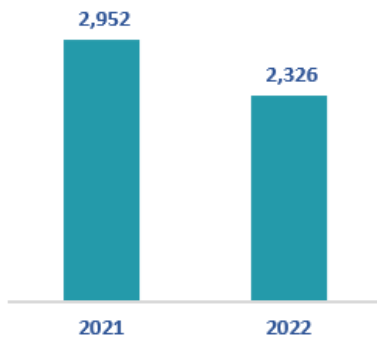
Average Daily Mixed Traffic

(No. of vehicles in thousand)

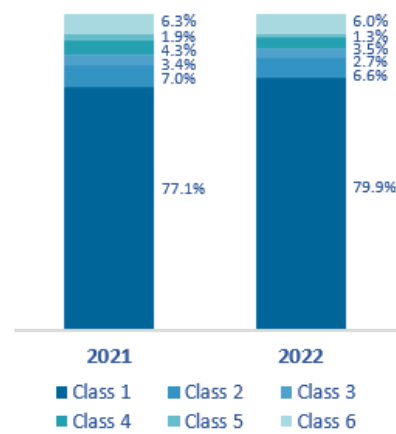


Annual Toll Revenue#

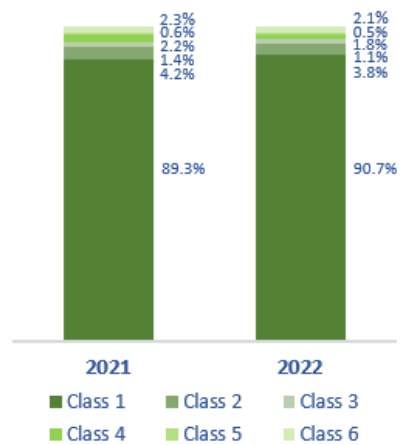
(RMB million)



Average Daily Toll Revenue Breakdown by Vehicle Type



Average Daily Mixed Traffic Breakdown by Vehicle Type



Including tax

Expansion of GS Superhighway

Various works of the expansion of the GS Superhighway continue to advance based on the target to formally commence the expansion work in 2023. At present, the feasibility study revision report for the expansion work of the Guangzhou-Dongguan section has been officially submitted to the Ministry of Transport of the PRC for review, and has entered the stage of application for work approval, while the Shenzhen section is still in progress. According to the preliminary feasibility report of the expansion work, the expansion of the GS Superhighway involves 118.2km, from its current 6 lanes in dual directions to 8-12 lanes at different sections, with a preliminary estimated cost of RMB47.1 billion. Besides, according to the feasibility study revision report of the expansion work of Guangzhou-Dongguan section, the expansion of the Guangzhou-Dongguan section involves 60.242km and the project is recommended to mainly adopt the integral section method with 10-lane, and to adopt the separated section method in certain road sections as a supplement, yet the final construction scale and estimated cost are pending to the official approval by relevant government departments and are to be determined.

Potential Land Development and Utilisation of GS Superhighway

On 30 September 2022, GS JV entered into the Compensation Agreement with Land Reserve Centre and the Representatives in relations to land resumption along Luogang Interchange, pursuant to which GS JV agreed to surrender land use rights of the Resumed Land together with the Attached Buildings to Land Reserve Centre in consideration of approximately RMB317.0 million. Thereafter, the Huangpu District of Guangzhou Municipal Planning and Natural Resources Bureau issued a notice on 20 October 2022, that the detailed planning modification of the land parcels along Luogang Interchange has been approved and the Luogang Interchange will be transformed to vacate land for residential development (inclusive of commercial use). According to the Company's understanding, after the vacated land parcels are resumed by the local government, it is expected that the land use rights of such land parcels will be put up for bidding and auction. The Company is also negotiating with Guangdong Highway Construction to establish a joint venture pursuant to the terms of a memorandum of collaboration entered into in 2019, and will participate in the bidding for land use rights after the resumed land plot is put up for auction by the local government. However, the development and utilisation of land is subject to procedures for the change of land use and the obtaining of land use rights for future development according to relevant urban planning and regulations, which remain uncertain at the current stage.

The Company and Guangdong Highway Construction are promoting the studies on the planning that integrates the expansion with land development of Dongguan section and Shenzhen section. In particular, Daojiao Interchange, Changan Interchange and Xinqiao Interchange will be the key projects for study on feasibility in the next stage, and will further communicate with relevant government authorities proactively.

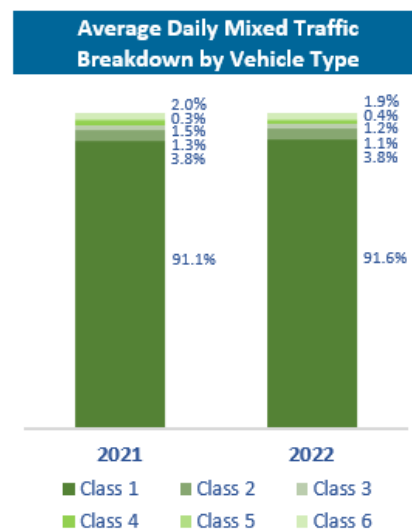
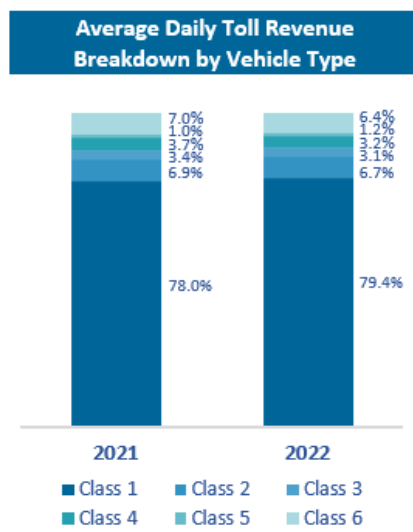
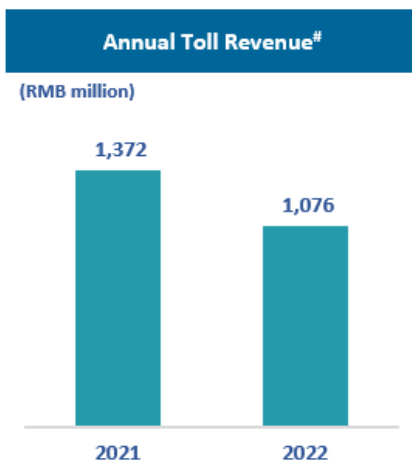
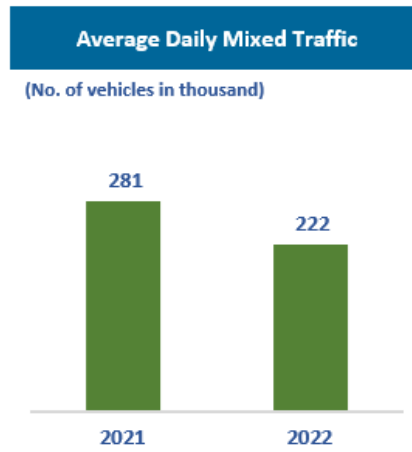
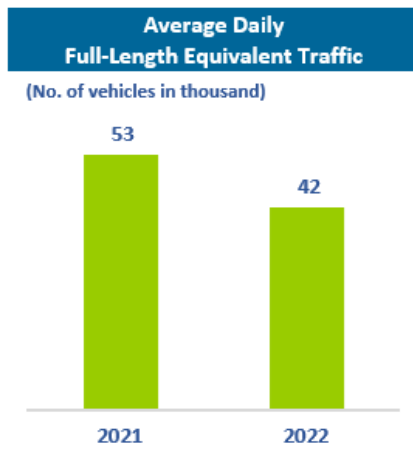
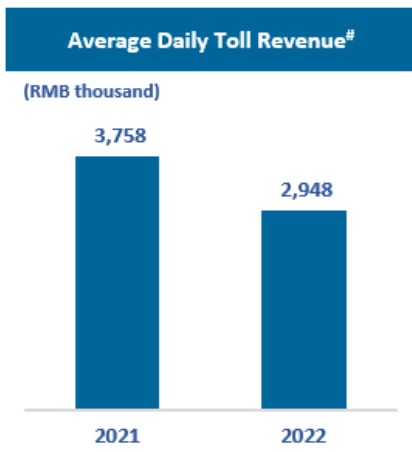
GZ West Superhighway

The GZ West Superhighway is the expressway artery between the city centres of Guangzhou and Zhuhai, and offers access to the HZM Bridge. The GDP of Guangzhou, Foshan, Zhongshan and Zhuhai, the cities along the expressway, rose 1.0%, 2.1%, 0.5% and 2.3% YoY respectively in 2022, and the economy remained stable. Due to the multiple outbreaks of pandemic in cities along the GZ West Superhighway, the pandemic prevention and control measures were further optimised from strict lockdown control at the beginning of the year to quick lockdown and reopen at the end of the year. During the year under review, the volume of social transportation decreased significantly, which had a greater impact on the operating performance. In 2022, the total toll revenue of the GZ West Superhighway was RMB1,076 million. The average daily toll revenue, average daily full-length equivalent traffic and average daily mixed traffic decreased by 22%, 21% and 21% YoY to RMB2.95 million, 42,000 vehicles and 222,000 vehicles respectively. Toll revenue and mixed traffic volume contributed by Class 1 vehicles accounts for 79.4% and 91.6% of the toll revenue and mixed traffic volume of the GZ West Superhighway respectively. The amount of tolls collected and traffic volume of vehicles using ETC payment cards accounted for approximately 66% and 67% of the toll revenue and traffic volume of the GZ West Superhighway respectively.

During the year under review, the road improvement projects and newly opened expressway around the GZ West Superhighway have also caused diversion impact on it. The reconstruction project of Zhongshan Shalang and Guhe section of National Highway 105 was completed successively in the second half of 2021, leading to smooth traffic flow in National Highway 105 after reconstruction. Together with the newly upgraded local road in Sanxiang and Tanzhou, vehicles travelling to and from Zhongshan and Zhuhai returned to travelling the National Highway and local road. In addition, Phase IV of the Guangzhou-Zhongshan-Jiangmen Expressway was opened at the end of December 2021, representing the full opening of the Guangzhou-Zhongshan-Jiangmen Expressway. It is another east-west channel on the west bank of the Pearl River, which is connected with several expressways such as the Dongxin Expressway, the GZ West Superhighway and the Foshan-Jiangmen Expressway. The newly opened section is interconnected at the Nantoubei Interchange of the GZ West Superhighway, which makes it easier to travel to and from Jiangmen and Guangzhou, which has caused diversion on the vehicles travelling between Ronggui and Zhongjiang section of the GZ West Superhighway.

On the other hand, the GZ West Superhighway implemented the national policy of tolls for trucks to reduce by 10% during the fourth quarter of 2022. The reduction amount represented less than 1% of the total toll revenue and is of limited impact.

The Zhongshan West Ring Expressway was opened to traffic in January 2023. It is located on the west side of the GZ West Superhighway, with a north-south direction and parallel to the section of Dongfu Interchange to Yuehuan Interchange of the GZ West Superhighway, among which the Xiaolan Branch Line is connected to the GZ West Superhighway through the Lisheng Interchange. The southern end of the Zhongshan West Ring Expressway connects the Xianghai Bridge in Zhuhai, which was opened to traffic in November 2022, and provides an alternative route for vehicles travelling between the western part of Zhongshan and the urban area of Zhuhai. The impact of the opening of the Zhongshan West Ring Expressway on the GZ West Superhighway is subject to further observation.



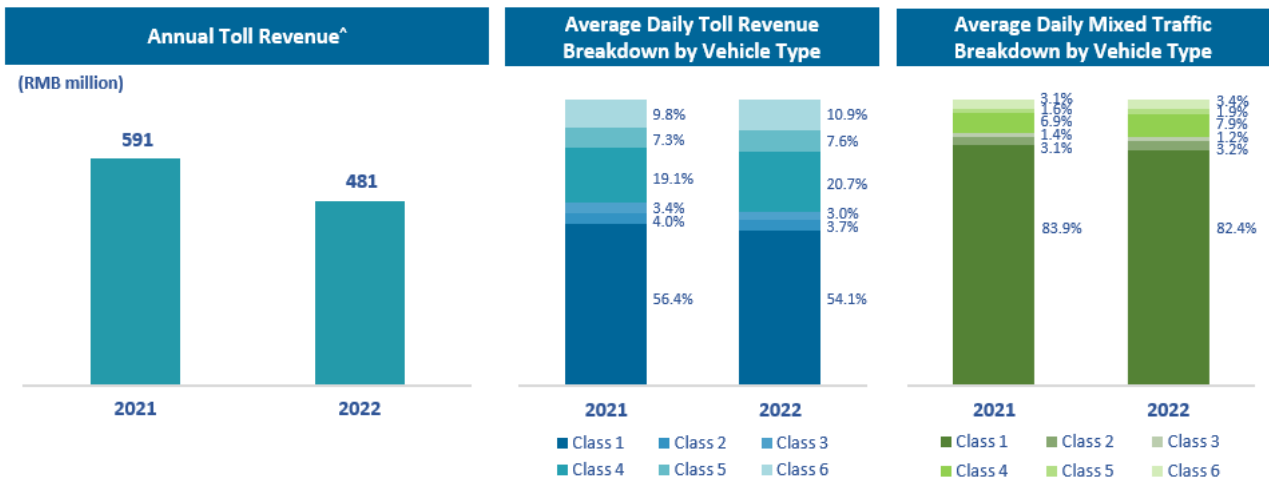
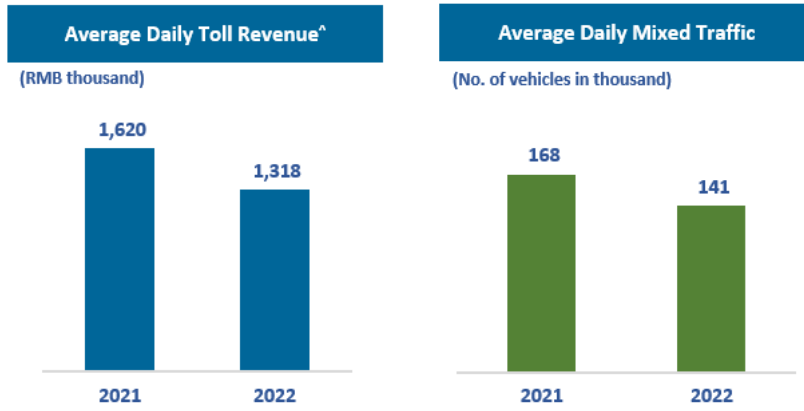
Including tax

Coastal Expressway (Shenzhen Section)

Coastal Expressway (Shenzhen Section) is the Shenzhen section of Guangshen Coastal Expressway, extending from Dongbao River, the boundary between Dongguan and Shenzhen, to Nanshan District, Shenzhen and connecting with Hong Kong-Shenzhen Western Corridor in the south. It is the main passageway for the three port areas of Shekou, Chiwan and Dachan Bay in the west of Shenzhen. Due to the multiple outbreaks in the surrounding area of the Coastal Expressway (Shenzhen Section), policies such as pandemic prevention and control and Shenzhen departure restrictions resulted in a greater impact on its operating performance. In 2022, the total toll revenue of the Coastal Expressway (Shenzhen Section) was RMB481 million (excluding tax). The average daily toll revenue (excluding tax) and average daily mixed traffic decreased by 19% and 16% YoY to RMB1.32 million and 141,000 vehicles respectively. Toll revenue and mixed traffic volume contributed by Class 1 vehicles accounts for 54.1% and 82.4% of the toll revenue and mixed traffic volume of the Coastal Expressway (Shenzhen Section) respectively.

On the other hand, the Coastal Expressway (Shenzhen Section) implemented the national policy of tolls for trucks to reduce by 10% during the fourth quarter of 2022. The reduction amount represented less than 1.5% of the total toll revenue and is of limited impact.

The connecting lane on the Shenzhen side of Shenzhen-Zhongshan Channel of the Phase II of Coastal Expressway (Shenzhen Section) connects the Jihe Expressway in the east and the Shenzhen-Zhongshan Channel in the west. It is currently under construction and is scheduled to be completed and open to traffic by the end of 2024 to align with the opening to traffic of Shenzhen-Zhongshan Channel. It is expected that there will be a positive promotional effects to the operational performance of the Coastal Expressway (Shenzhen Section) when it opens to traffic.

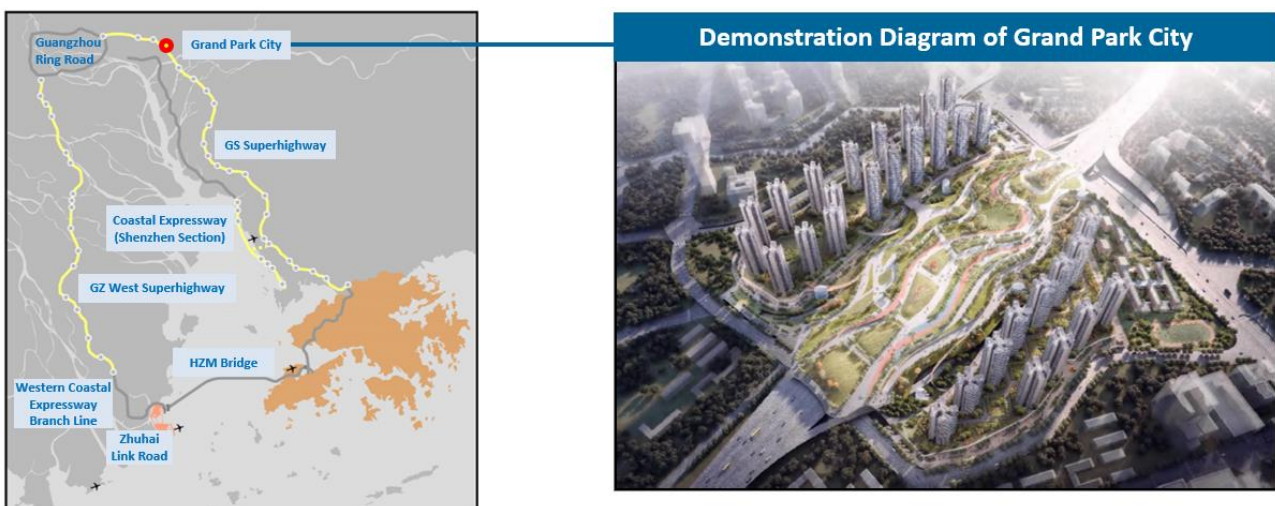


[^] Excluding tax

Grand Park City

The Grand Park City Project consists of three phases. All 7 blocks of the first phase and 1 block of the second phase have been launched for pre-sale. During the year under review, contracted sales amounted to approximately RMB914 million, representing the average sales price of RMB24,000 per square metre. Since the beginning of pre-sale, the accumulated contracted sales amounted to approximately RMB2,282 million, representing the average sales price of RMB26,000 per square meter. The construction of residential units has been smoothly proceeded as scheduled. All 7 blocks of the first phase have been topped out and are undergoing interior decoration. It is expected to be delivered to buyers in 2023 as scheduled. The second phase consists of 12 blocks and the construction has commenced by phase in the second quarter of 2022, of which 3 blocks are expected to top out in 2023 successively and are planned to be delivered to buyers in 2024.

Location of Grand Park City



FINANCIAL REVIEW

On 18 August 2022, the Company entered into a subscription agreement with Shenzhen Expressway, an intermediate holding company of the Company, pursuant to which Shenwan Infrastructure has conditionally agreed to inject RMB2,998 million to the Coastal Company to obtain 51% of the enlarged equity interest in the Coastal Company, and the remaining 49% continue to be held by Shenzhen Expressway upon completion. The Subscription was completed on 30 November 2022. The Coastal Company becomes an indirect non-wholly owned subsidiary of the Company.

The Subscription is accounted for as a business combination under common control as the Group and the Coastal Company are both controlled by SIHC before and after the Subscription and that control is not transitory. The results of the Group for the two years ended 31 December 2021 and 2022 were prepared as if the current group structure upon completion of the Subscription had been in existence throughout the two years ended 31 December in 2021 and 2022. The results for the year ended 31 December 2021 had been restated accordingly.

The Group's results for the year ended 31 December 2022 were as follows:

RMB million	Year ended 31 December									
	2021 (Restated)					2022				
	Revenue	EBITDA	Depreciation and amortisation	Interest and tax	Results	Revenue	EBITDA	Depreciation and amortisation	Interest and tax	Results
Group's share project contributions:										
Toll expressway projects										
- GS Superhighway <i>Note 1</i> (45% shared)	1,289	1,194	(469)	(259)	466	1,016	941	(426)	(197)	318
- GZ West Superhighway (50% shared)	666	560	(237)	(160)	163	522	412	(201)	(117)	94
- Coastal Expressway (Shenzhen Section) (100% shared)	591	502	(220)	(82)	200	481	388	(181)	(118)	89
Sub-total	2,546	2,256	(926)	(501)	829	2,019	1,741	(808)	(432)	501
Land development and utilisation project										
- Xintang Interchange (15% shared)	19	(5)	(0)	(25)	(30)	31	7	(0)	(13)	(6)
Total	2,565	2,251	(926)	(526)	799	2,050	1,748	(808)	(445)	495
YoY change						-20%	-22%	-13%	-15%	-38%
Corporate:										
Bank deposits interest income					36					34
Investment income from structured deposits					7					9
Interest income of loans to a JV					39					16
Other income and other gain					15					7
General and administrative expenses and depreciation					(42)					(78)
Finance costs					(21)					(59)
Income tax expense					(40)					(8)
Sub-total					(6)					(79)
Profit before net exchange gain (loss)					793					416
YoY change										-48%
Net exchange gain (loss)					25					(89)
Profit for the year					818					327
Profit attributable to non-controlling interests <i>Note 2</i>					(107)					(48)
Profit attributable to owners of the Company					711					279
YoY change										-61%

Note 1: Excluding exchange differences on US Dollar and HK Dollar loans, and related income tax.

Note 2: It mainly comprised 49% of the results of the Coastal Expressway (Shenzhen Section).

Toll Expressway Projects

The Group's share of net toll revenue of the expressway projects namely the GS Superhighway and the GZ West Superhighway operated by two joint ventures and Coastal Expressway (Shenzhen Section) operated by a non-wholly owned subsidiary decreased by 21% to RMB2,019 million from RMB2,546 million in 2021, of which the share of net toll revenue of the GS Superhighway decreased by 21% to RMB1,016 million from RMB1,289 million in 2021; the share of net toll revenue of the GZ West Superhighway decreased by 22% to RMB522 million from RMB666 million in 2021 and the net toll revenue of the Coastal Expressway (Shenzhen Section) decreased by 19% to RMB481 million from RMB591 million in 2021. The main reasons for the decrease in toll revenue include: the continuous outbreak of COVID-19 pandemic in Guangdong Province, cities along the expressways, such as Shenzhen, Dongguan, Guangzhou, Zhongshan and Zhuhai, experienced multiple waves of pandemic, and certain regions implemented strict lockdown control measures for a short period of time, resulting in a significant decrease in passenger and freight traffic, which had a direct impact on the traffic of the expressways, and the newly opened expressways and reconstructed local roads in the surrounding areas of the GS Superhighway and the GZ West Superhighway have also caused a diversion impact.

As a result of the decrease in toll revenue of the GS Superhighway, the GZ West Superhighway and the Coastal Expressway (Shenzhen Section), the Group's share of aggregate EBITDA of its three toll expressways (excluding net exchange differences on the GS JV's US Dollar and HK Dollar denominated loans) decreased by 23% to RMB1,741 million from RMB2,256 million in 2021. The Group's share of EBITDA of the GS Superhighway decreased by 21% to RMB941 million from RMB1,194 million in 2021; the Group's share of EBITDA of the GZ West Superhighway decreased by 26% to RMB412 million from RMB560 million in 2021 and the Group's EBITDA of the Coastal Expressway (Shenzhen Section) decreased by 23% to RMB388 million from RMB502 million last year.

As affected by the pandemic and diversion impact mentioned above, the actual full-length equivalent traffic (including tolled and toll-free) of the GS Superhighway, the GZ West Superhighway and the Coastal Expressway (Shenzhen Section) during the year decreased as compared to last year. The Group's share of depreciation and amortisation charges of the GS Superhighway amounted to RMB426 million, representing a decrease of 9% from RMB469 million as compared to last year. The Group's share of depreciation and amortisation charges of the GZ West Superhighway amounted to RMB201 million, representing a decrease of 15% from RMB237 million as compared to last year. The Group's depreciation and amortisation charges of the Coastal Expressway (Shenzhen Section) amounted to RMB181 million, representing a decrease of 18% from RMB220 million as compared to last year. Overall, the Group's share of aggregate depreciation and amortisation charges of the three toll expressways amounted to RMB808 million, representing a decrease of 13% from RMB926 million as compared to last year.

Since the GS JV successfully reached an agreement with the banks to reduce the interest rate for HK Dollar denominated loans by 0.3% from September 2022; and the refinancing of the US Dollar loans by new HK Dollar loans to reduce the impact of rate hike cycle. In addition, RMB denominated loans benefited from the reduction of the loan prime rate. The Group's share of interest expenses of the GS JV was approximately RMB38 million, which was similar to that of last year; RMB denominated loans of the GZ West JV also benefited from the decline in the loan prime rate, leading to a reduction of interest expenses of the GZ West JV. The Group's share of interest expenses of the GZ West JV decreased by 18% to RMB78 million from RMB95 million last year. The applicable PRC EIT rate for the GS JV, the GZ West JV and the Coastal Company is 25%. With the decrease in toll revenue, the Group's share of tax expenses of the GS JV decreased by 28% to RMB159 million from RMB221 million last year, while the Group's share of tax expenses of the GZ West JV decreased by 40% to RMB39 million from RMB65 million last year. Overall, the Group's share of interest and tax expenses in the two joint ventures and the Coastal Company in aggregate decreased by 14% to RMB432 million from RMB501 million last year.

During the year, the Group's share of net profit of the GS JV was RMB318 million, representing a decrease of 32% as compared to a net profit of RMB466 million last year; the Group's share of net profit of the GZ West JV was RMB94 million, representing a decrease of 42% as compared to a net profit of RMB163 million last year; the Group's net profit of the Coastal Expressway (Shenzhen Section) was RMB89 million, representing a decrease of 56% as compared to a net profit of RMB200 million last year. The Group's share of aggregate net profit of the three expressway projects (excluding net exchange differences on the GS JV's US Dollar and HK Dollar denominated loans) was RMB501 million, representing a decrease of 40% as compared to a net profit of RMB829 million last year.

Land Development and Utilisation Project

The Group (through Shenwan Infrastructure), GPCG (through Lealu Investment and Leaxin Investment) and Shenzhen Run Investment holds 15%, 25% (in aggregate) and 60% of equity interest in the Xintang JV respectively.

In order to meet the relevant bank financing requirements in Mainland China, on 30 June 2021, the Xintang JV increased its registered capital from RMB10 million to RMB3.04 billion through a debt-for-equity swap on the existing shareholder's loans, and the shareholder's loans contributed by the Parties accordingly decreased from approximately RMB4,983 million to approximately RMB1,953 million; the registered capital contributed by the Group (through Shenwan Infrastructure) increased from RMB1.50 million to approximately RMB456 million based on its shareholding percentage, and the shareholder's loans decreased from approximately RMB747 million to approximately RMB293 million. As Xintang JV further repaid shareholders' loans to the Parties based on its shareholding percentage, the Group's shareholders' loans to Xintang JV amounted to approximately RMB210 million as of 31 December 2022. The annual interest rate of shareholders' loans was reduced from 8% to 6% from September 2022. The Xintang JV has officially pre-sold certain residential units in May 2021 and has commenced to recognise sales revenue based on project volume in the second half of 2021. It is expected that Xintang JV would contribute profit in 2023.

Corporate

The aggregate amount of the corporate's interest income from bank deposits and investment income from structured deposits was approximately RMB 43 million, similar to last year. As set out in the paragraph under the "Land Development and Utilisation Project", through a debt-for-equity swap of the Xintang JV on 30 June 2021, the shareholders' loans contributed by the Group (through Shenwan Infrastructure) to Xintang JV decreased from approximately RMB747 million to approximately RMB293 million. As Xintang JV further repaid shareholders' loans to the Parties based on its shareholding percentage, the Group's shareholders' loans to Xintang JV amounted to approximately RMB210 million as of 31 December 2022. The annual interest rate of shareholders' loans was reduced from 8% to 6% from September 2022. As a result, the interest income of loans to a JV decreased from approximately RMB39 million for the last year to RMB16 million.

Shenzhen Expressway has become the controlling shareholder of the Group, as disclosed in the announcement of the Company dated 11 January 2022, and more resources have been invested to achieve further improvement in the Group's expressway business and land development business along the expressways. Increased efforts have also been made to promote project investment, mergers and acquisitions (including the subscription of 51% of the enlarged equity interest in the Coastal Company). General and administrative expenses and depreciation of approximately RMB78 million was recorded during the year, representing an increase of 86% as compared with the general and administrative expenses and depreciation of approximately RMB42 million last year.

The interest expense of banks during the year increased by 181% to RMB59 million from RMB21 million last year, which was mainly due to the need of contribution to the Coastal Company to obtain the 51% enlarged equity interest of the Coastal Company, leading to an increase in the average bank loan balances and increase in the interest rate of Hong Kong Dollar loans in rate hike cycle during the year.

Income tax expenses mainly represent the provision for the interest income from the contribution of shareholder's loans to the Xintang JV by Shenwan Infrastructure, where the applicable PRC EIT rate is 25%; and the provision on the undistributed earnings of Shenwan Infrastructure, according to the prevailing tax laws in the PRC, the withholding tax shall be imposed at a preferential tax rate of 5% (normally at 10%) when Shenwan Infrastructure distributes its profits. Overall, the loss of the corporate amounted to approximately RMB79 million during the year, as compared to loss of approximately RMB6 million last year.

Affected by the depreciation of RMB during the year, the net exchange loss (including the Group's share of exchange loss on the US Dollar and HK Dollar denominated loans of the GS JV) of RMB89 million was recorded, as compared to the net exchange gain of RMB25 million recorded last year. The profit attributable to owners of the Company amounted to RMB279 million, representing a decrease of 61% from RMB711 million as compared to last year.

Outlook

Continuous fluctuations in the RMB exchange rate and the expected HK Dollar interest rates have had a negative impact on HK Dollar denominated loans to the Group and the GS JV. Although the global economic prospect remains uncertain, with the COVID-19 pandemic being brought under control in Mainland China, which has had a positive impact on the joint ventures, the Group believes that the stable core business of the GS Superhighway, the GZ West Superhighway and the Coastal Expressway (Shenzhen Section) will continue to support the Group's future performance enhancement. Overall, the Group remains cautiously optimistic about its future performance: (i) the GS Superhighway, the GZ West Superhighway and the Coastal Expressway (Shenzhen Section) will benefit from favourable policies, especially the high-quality economic development of the Bay Area; (ii) RMB denominated loans of the Group, the GS JV and the GZ West JV benefited from adopting the lower loan prime rate as the pricing basis; and (iii) the Grand Park City is expected to contribute profit in 2023.

As the economic growth of Mainland China tends to be stable and the GS JV and GZ West JV has paid stable dividends to the Group every year, the financial situation of the Group remains robust. The Board believes that the Group's full-year regular dividend payout ratio target of 100% on recurring income will be maintained.

Financing of the Group

The Group (through Shenwan Infrastructure), GPCG (through Lealu Investment and Leaxin Investment) and Shenzhen Run Investment owns 15%, 25% (in aggregate) and 60% of equity interests in the Xintang JV respectively pursuant to the JV agreement and JV articles of the Xintang JV entered into on 10 September 2020. The maximum total amount to be contributed (whether by way of registered capital, shareholders' loans, shareholders' guarantee and any amount of other nature) by the Parties for the investment in the project (through the Xintang JV) is RMB6,800 million ("Total Upper Limit"), among which, each of Shenwan Infrastructure, Lealu Investment, Leaxin Investment and Shenzhen Run Investment, will contribute the respective amounts of up to RMB1,020 million, RMB1,360 million, RMB340 million and RMB4,080 million, representing 15%, 20%, 5% and 60% of the maximum total amount of contribution of the Parties, and accordingly, the registered capital of the Xintang JV owned by the Parties in the same proportion.

The Total Upper Limit was arrived with reference to the estimated cost of acquisition of the land use rights of the Project Land, the estimated costs of the ancillary works and other estimated costs and expenses in relation to the operation of the Xintang JV. The respective Party's limit was determined based on their respective percentage of equity interest in the Xintang JV. It is intended that Shenwan Infrastructure's commitment of up to its respective Party's limit will be satisfied by way of external financing and internal resources of the Group. The total investment amount of the Xintang JV is not bound by the Total Upper Limit. Xintang JV may arrange financing from banks or other third parties for the cost of development of the Project Land with the use of its own credit and assets.

The Group has duly made arrangement to meet the capital need of the Xintang JV. On 31 December 2022, the Group contributed approximately RMB891 million to the Xintang JV (comprising registered capital of approximately RMB456 million, shareholder's loans of approximately RMB210 million, and the shareholder's guarantee for bank financing of approximately RMB225 million in proportion to the respective equity interest of shareholders).

In addition, Shenwan Infrastructure injected RMB2,998 million into the Coastal Company to acquire the 51% enlarged equity interest of the Coastal Company, of which RMB1,798 million was funded by a 7-year bank loan and the remaining RMB1,200 million was settled with internal funds.

Financial Position

The assets and liabilities of the Group (including the corporate and the Coastal Company) and the Group's share of assets and liabilities of the GS JV, the GZ West JV and the Xintang JV.

Corporate

	31 December 2021	31 December 2022		31 December 2021	31 December 2022
	RMB million	RMB million		RMB million	RMB million
Bank balances and cash, structured deposits	1,903	768	Bank loans	1,936	3,927
Shareholder's loan to a JV	263	210	Tax liabilities	139	134
Dividend receivable	-	181	Other liabilities	18	52
Other assets	34	53			
	2,200	1,212		2,093	4,113
			Net assets/(liabilities) of the corporate	107	(2,901)

Coastal Company

	31 December 2021	31 December 2022		31 December 2021	31 December 2022
	RMB million	RMB million		RMB million	RMB million
Bank balances and cash	321	172	Bank loans	-	30
Concession intangible assets	5,527	5,677	Other liabilities	1,091	691
Property and equipment	311	283			
Other assets	1,412	356			
	7,571	6,488		1,091	721
			Net assets of the Coastal Company	6,480	5,767

The Group's share of JVs

GS JV (The Group's shared portion: 45%)

	31 December 2021	31 December 2022		31 December 2021	31 December 2022
	RMB million	RMB million		RMB million	RMB million
Bank balances and cash	250	369	Bank loans		
Concession intangible assets	3,017	2,728	- USD	882	-
Property and equipment	276	240	- HKD	76	1,055
Other assets	92	170	- RMB	394	281
			Other loan	11	12
			Other liabilities	687	854
	3,635	3,507		2,050	2,202
			Net assets of GS JV	1,585	1,305

GZ West JV (The Group's shared portion: 50%)

	31 December 2021	31 December 2022		31 December 2021	31 December 2022
	RMB million	RMB million		RMB million	RMB million
Bank balances and cash	85	158	Bank loans	2,143	2,056
Concession intangible assets	5,323	5,119	Other liabilities	442	555
Property and equipment	163	158			
Other assets	17	13			
	5,588	5,448		2,585	2,611
			Net assets of GZ West JV	3,003	2,837

Xintang JV (The Group's shared portion: 15%)

	31 December 2021	31 December 2022		31 December 2021	31 December 2022
	RMB million	RMB million		RMB million	RMB million
Bank balances and cash	33	37	Shareholder's loan	263	210
Project land cost	805	957	Bank loan	7	93
Other assets	38	13	Contract liabilities	160	10
			Other liabilities	62	316
	876	1,007		492	629
			Net assets of Xintang JV	384	378

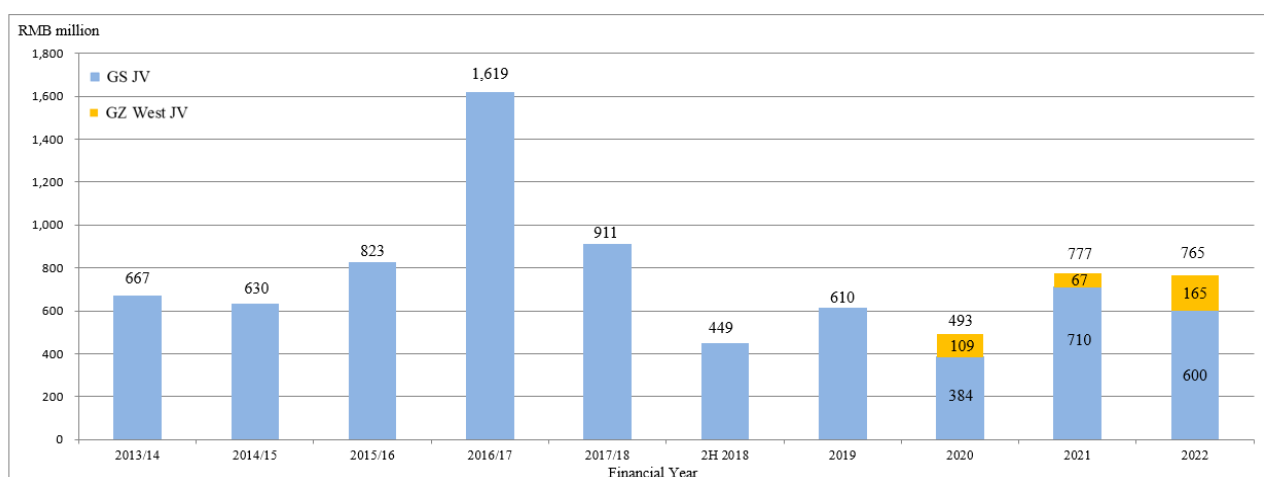
	31 December 2021	31 December 2022		31 December 2021	31 December 2022
	RMB million	RMB million		RMB million	RMB million
			Total liabilities	8,311	10,276
			Equity attributable to owners of the Company	8,361	4,536
			Non-controlling interests	3,198	2,850
Total Assets	19,870	17,662	Total Shareholder's Equity and Liabilities	19,870	17,662
			Total net assets	11,559	7,386

	31 December 2021 (Restated)	31 December 2022
	RMB million	RMB million
Total liabilities	3,184	4,834
Net debt ^{Note}	-	3,016
Total assets	14,743	12,220
Equity attributable to owners of the Company	8,361	4,536
Debt to asset ratio (Total liabilities/Total assets)	22%	40%
Gearing ratio (Net debt/Equity attributable to owners of the Company)	-	66%

Note : Net debt is defined as total bank loans less total bank balances (including restricted bank deposits) and cash and structured deposits.

Liquidity and Financial Resources

Cash Dividends (Net of Tax) from JVs to the Group



Bank and Other Borrowings

On 31 December 2022, the Group (including the Coastal Company) had HK Dollar bank loan of equivalent to approximately RMB2,129 million and RMB bank loan of equivalent to approximately RMB1,828 million, together with the bank and other borrowings of the JVs shared by the Group amounted to approximately RMB3,497 million (including HK Dollar bank loan of equivalent to RMB1,055 million and RMB bank and other loans of RMB2,442 million, but excluding the shareholder's loans) totalling approximately RMB7,454 million (31 December 2021: approximately RMB5,449 million) with the following profile:

- (a) 99.8% (31 December 2021: 99.8%) consisted of bank loans and 0.2% (31 December 2021: 0.2%) of other loan; and
- (b) 57% (31 December 2021: 47%) was denominated in RMB; 43% (31 December 2021: 37%) was denominated in HK Dollar and 0% (31 December 2021: 16%) was denominated in US Dollar.

Debt Maturity Profile

As at 31 December 2022, the maturity profile of the bank and other borrowings (excluding shareholder's loans) of the Group (including the corporate and the Coastal Company) and the Group's share of JVs were shown below, together with the corresponding comparatives as at 31 December 2021:

Corporate

	31 December 2021		31 December 2022	
	RMB million	%	RMB million	%
Repayable within 1 year	882	46%	1,146	29%
Repayable between 1 and 5 years	1,054	54%	1,781	45%
Repayable beyond 5 years	-	-	1,000	26%
	1,936	100%	3,927	100%

Coastal Company

	31 December 2021		31 December 2022	
	RMB million	%	RMB million	%
Repayable within 1 year	-	-	-	-
Repayable between 1 and 5 years	-	-	30	100%
	-	-	30	100%

The Group's share of JVs

	31 December 2021		31 December 2022	
	RMB million	%	RMB million	%
Repayable within 1 year	220	6%	558	16%
Repayable between 1 and 5 years	2,541	72%	2,510	72%
Repayable beyond 5 years	752	22%	429	12%
	3,513	100%	3,497	100%

Interest Rate and Exchange Rate Exposure

The Group closely monitors its exposure to interest rates and foreign currency exchange rates. At present, the Group and JVs have not employed any financial derivative instruments to hedge their exposure to interest rates or foreign currency exchange rates.

Treasury Policies

The Group continues to adopt proactive but prudent treasury policies in its financial and funding management and closely monitors its liquidity, financial resources, interest rate and exchange rate movements, with a view to minimising its funding costs and enhancing return on its financial assets. The reasonable and efficient use of temporary idle funds will enhance the overall capital gain of the Group, which is consistent with the core objectives of the Group to ensure capital safety and liquidity, for example, the impact of risk factors on the expected rate of return of the bank structured deposit with guaranteed principal is low, but the Group could get a higher return as compared with fixed term deposits in commercial banks in the PRC. As at 31 December 2022, 95% of the Group's bank balances and cash (including structured deposit) were denominated in RMB and the remaining 5% were denominated in HK Dollar. The overall treasury yield on bank deposits (including structured deposit) of the Group was 2.90% during the year whereas 3.06% during 2021.

Guarantee

As at 31 December 2022, the available banking facilities of the Company's subsidiaries amounting to approximately RMB5,344 million (31 December 2021: approximately RMB3,737 million) were guaranteed by the Company. The Company is able to control the utilisation of the facilities.

During the year, a non-wholly owned subsidiary of the Company has provided a corporate guarantee in proportion to the respective equity interest of shareholders to a bank to secure a banking facility granted to a joint venture amounting to approximately RMB225 million. At 31 December 2022, the amount utilised by the joint venture was approximately RMB93 million in proportion to the respective equity interest of shareholders. In the opinion of the Directors, the fair value of the financial guarantee is insignificant.

Contingent Liability

The Group had no material contingent liability as at 31 December 2022.

Material Acquisition or Disposal

Reference is made to the announcement of the Company dated 7 March 2022 in relation to the possible acquisition of 51% equity interest in the Coastal Company by the Company, and the announcement of the Company dated 18 August 2022 in relation to the subscription of 51% enlarged equity interest in the Coastal Company. On 18 August 2022, the Shenwan Infrastructure (an indirect subsidiary of the Company), Shenzhen Expressway (the intermediate holding company of the Company) and the Coastal Company entered into the Subscription Agreement, pursuant to which, Shenwan Infrastructure conditionally agreed to inject RMB2,998,000,000 to the Coastal Company to obtain 51% of the enlarged equity interest in the Coastal Company, and the remaining 49% will continue to be held by Shenzhen Expressway upon Completion. As set out in the circular of the Company and the notice of EGM of the Company dated 23 September 2022, and the announcement of the Company dated 13 October 2022, the resolution in relation to the subscription of 51% enlarged equity interest in Coastal Company was duly passed by the Independent Shareholders. As set out in the announcement of the Company dated 2 December 2022, all the conditions precedent to the Subscription have been fulfilled and Completion has taken place on 30 November 2022. Upon Completion, the Coastal Company is held as to 51% by Shenwan Infrastructure and becomes an indirect non-wholly owned subsidiary of the Company and accordingly, its financial results has been consolidated into the financial statements of the Company.

Save as disclosed above, the Company's subsidiaries and associated companies did not make any material acquisitions or disposals during the year ended 31 December 2022.

Events After The Reporting Period

Save as the announcements of the Company dated 28 February 2023 and 3 March 2023 respectively in relation to the connected transaction in respect of the expressway BIM and digital management, research and development contract, there were no other significant events after the end of the reporting period and up to the approval date of this announcement.

OTHER INFORMATION

Review of Annual Results

The Audit Committee had reviewed with the management of the Company the accounting principles and practices adopted by the Group and discussed the financial reporting matters, including the Group's annual results for the year ended 31 December 2022.

Scope of Work of the Company's auditor in respect of the Preliminary Announcement

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended 31 December 2022 as set out in the preliminary announcement have been agreed by the Company's auditor, Messrs. Deloitte Touche Tohmatsu ("Deloitte"), to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by Deloitte in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by Deloitte on the preliminary announcement.

Employees and Remuneration Policies

The Group provides competitive remuneration packages that are determined with reference to prevailing salary levels in the market and individual performance. In addition, discretionary bonuses are granted to employees based on their individual performance as well as the Group's business performance. It also provides medical insurance coverage to all staff members and personal accident insurance to senior staff members. As at 31 December 2022, the Group (excluding JV companies) had 67 employees.

Besides offering competitive remuneration packages, the Group is committed to promoting family friendly employment policies and practices. The Group also invests in human capital development by providing relevant training programs to enhance employee productivity.

The Group's training programs are designed to support its employees' continuous learning and development and fill skill gaps identified during performance appraisals. Its overall training objectives are to enhance the personal productivity of its employees and to identify their career development plan in order to prepare their future roles and enable them to make greater contributions to the success of the Group's businesses. Besides formal training programs, the Group also provides comprehensive and relevant training and self-learning opportunities to employees such as on-the-job training, educational sponsorships and examination leave.

Purchase, Sale or Redemption of Securities

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the year ended 31 December 2022.

Corporate Governance Practices

The Company is committed to the principles of corporate governance and corporate responsibility consistent with prudent management. It is the belief of the Board that such commitment will in the long term serve to enhance shareholders' value. The Board has set up procedures on corporate governance that comply with the requirements of the CG Code.

During the year under review, the Chairman of the Board was unable to attend the annual general meeting of the Company held on 29 April 2022 (the "Meeting"). Mr. Yu Lung CHING (an independent non-executive Director, the chairman of the Audit Committee and a member of the Remuneration Committee and the Nomination Committee) was elected to take the chair of the Meeting in accordance with the articles of association of the Company. The auditor and almost all the other Directors of the Company had attended the Meeting, in person or by electronic means. Save as aforesaid, the Company complied with all the code provisions as set out in the CG Code.

Model Code for Securities Transactions

The Company has adopted the Model Code as its model code for securities transactions by the Directors' and employees' share dealing rules (the "Share Dealing Rules") on terms no less exacting than those set out in the Model Code for the relevant employees who are or may be in possession of inside information. Having made specific enquiry with Directors and the relevant employees, all of them have confirmed that they have fully complied with the Model Code and the Share Dealing Rules respectively throughout 2022.

The Sale and Purchase of Shares of the Company

On 10 August 2021, Shenzhen Investment International Capital Holdings Co., Limited. (the "Vendor"), a wholly-owned subsidiary of SIHC, entered into a sale and purchase agreement (the "Agreement") with Mei Wah Industrial (Hong Kong) Limited (the "Purchaser"), a wholly-owned subsidiary of Shenzhen Expressway. Pursuant to the Agreement, the Vendor conditionally agreed to sell, and the Purchaser conditionally agreed to purchase all the issued shares of the Target Company at a total consideration of HK\$2,450,034,805.18, with the Purchaser further conditionally agreeing to finance the repayment of the loans owing by the Target Company to the Vendor in the aggregate principal amount of approximately USD700,000,000 and several existing bank loans owing by the Target Company to certain banks, in the aggregate principal amount of approximately HK\$2,429,495,000 (the "Transaction").

On 10 December 2021, the relevant resolution approving the Agreement and the transactions contemplated thereunder was approved by the independent shareholders of Shenzhen Expressway at its extraordinary general meeting and the independent shareholders of Shenzhen International at its special general meeting.

On 11 January 2022, completion of the sale and purchase of all the issued shares in the Target Company under the Agreement had taken place. Upon completion of the Transaction, the Purchaser, Shenzhen Expressway and Shenzhen International become the intermediate controlling Shareholders of the Company, with the Purchaser (through its 100% shareholding interest in the Target Company) indirectly holding approximately 71.83% of the total issued shares of the Company. Since the Purchaser is a wholly-owned subsidiary of Shenzhen Expressway, being a subsidiary of Shenzhen International, which in turn is controlled by SIHC, SIHC remains the ultimate controlling Shareholder of the Company upon completion of the Transaction.

Details of completion of the sale and purchase of shares of the Target Company by controlling Shareholder were set out in the announcements of the Company dated 10 August 2021, 10 December 2021 and 11 January 2022.

On behalf of the Board
Xiangwen LIAO*
Chairman

Hong Kong, 16 March 2023

**For identification purpose only*

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2022

	<u>NOTES</u>	<u>2021</u> RMB'000 (restated)	<u>2022</u> RMB'000
Revenue	6	613,511	789,701
Cost of sales		<u>(356,038)</u>	<u>(599,808)</u>
Gross profit		257,473	189,893
Other income	7	110,370	83,682
Other gain and loss	8	19,730	(14,888)
General and administrative expenses		(42,304)	(77,915)
Finance costs		(24,167)	(85,106)
Share of results of joint ventures	9	<u>656,758</u>	<u>353,561</u>
Profit before tax		977,860	449,227
Income tax expense	10	<u>(159,330)</u>	<u>(122,486)</u>
Profit for the year	11	<u>818,530</u>	<u>326,741</u>
Other comprehensive (expense) income			
Item that will not be reclassified to profit or loss:			
Fair value loss on investment in equity instrument at fair value through other comprehensive income, net of tax		(9,810)	(90)
Item that may be reclassified subsequently to profit or loss:			
Exchange gain (loss) arising on translation of foreign operations		<u>46,870</u>	<u>(187,084)</u>
Other comprehensive income (expense) for the year		<u>37,060</u>	<u>(187,174)</u>
Total comprehensive income for the year		<u>855,590</u>	<u>139,567</u>
Profit for the year attributable to:			
Owners of the Company		711,434	278,572
Non-controlling interests		<u>107,096</u>	<u>48,169</u>
		<u>818,530</u>	<u>326,741</u>
Total comprehensive income for the year attributable to:			
Owners of the Company		748,494	91,398
Non-controlling interests		<u>107,096</u>	<u>48,169</u>
		<u>855,590</u>	<u>139,567</u>
		RMB cents (restated)	RMB cents
Earnings per share	12		
Basic		<u>23.09</u>	<u>9.04</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2022

	1 January 2021 RMB'000 (restated)	31 December 2021 RMB'000 (restated)	31 December 2022 RMB'000
ASSETS			
Non-current Assets			
Property and equipment	330,077	313,087	289,976
Right-of-use assets	-	4,999	21,872
Construction in progress	4,594	4,742	6,956
Concession intangible assets	5,756,796	5,526,966	5,675,057
Other intangible assets	2,866	2,389	1,777
Interests in joint ventures	4,673,688	4,971,183	4,519,423
Equity instrument at fair value through other comprehensive income	31,000	20,100	20,000
Deposit paid for acquisition of property and equipment	182	455	578
Other receivables	460,000	450,000	-
Deferred tax assets	381,641	302,751	210,959
Amount due from a joint venture	322,792	-	-
	<u>11,963,636</u>	<u>11,596,672</u>	<u>10,746,598</u>
Current Assets			
Inventories	377	527	427
Trade and other receivables	6,047	657,806	322,134
Amount due from a joint venture	27,041	263,636	210,385
Structured deposits	801,503	351,381	451,440
Restricted bank deposits	-	12,972	15,048
Time deposit with original maturity over three months	240,000	-	-
Bank balances and cash	1,724,016	1,860,108	474,015
	<u>2,798,984</u>	<u>3,146,430</u>	<u>1,473,449</u>
Total Assets	<u>14,762,620</u>	<u>14,743,102</u>	<u>12,220,047</u>
EQUITY AND LIABILITIES			
Capital and Reserves			
Share capital	270,603	270,603	270,603
Reserves	7,910,235	8,090,723	4,265,459
Equity attributable to owners of the Company	8,180,838	8,361,326	4,536,062
Non-controlling interests	3,100,711	3,197,450	2,849,725
Total Equity	<u>11,281,549</u>	<u>11,558,776</u>	<u>7,385,787</u>

	1 January <u>2021</u> RMB'000 (restated)	31 December <u>2021</u> RMB'000 (restated)	<u>2022</u> RMB'000
Non-current Liabilities			
Other payables	268,321	-	-
Lease liabilities	-	3,335	13,885
Bank loans	754,002	1,053,922	2,811,290
Deferred tax liabilities	76,025	130,746	133,408
	<u>1,098,348</u>	<u>1,188,003</u>	<u>2,958,583</u>
Current Liabilities			
Trade and other payables	1,910,864	1,101,814	715,907
Lease liabilities	-	1,674	8,872
Bank overdrafts	943	112	-
Bank loans	324,347	882,353	1,145,512
Tax payables	146,569	10,370	5,386
	<u>2,382,723</u>	<u>1,996,323</u>	<u>1,875,677</u>
Total Liabilities	<u>3,481,071</u>	<u>3,184,326</u>	<u>4,834,260</u>
Total Equity and Liabilities	<u>14,762,620</u>	<u>14,743,102</u>	<u>12,220,047</u>
Cash and cash equivalents			
Bank balances and cash	1,724,016	1,860,108	474,015
Bank overdrafts	(943)	(112)	-
	<u>1,723,073</u>	<u>1,859,996</u>	<u>474,015</u>

1. GENERAL INFORMATION

Shenzhen Investment Holdings Bay Area Development Company Limited (the "Company") is an exempted company with limited liability incorporated in the Cayman Islands and its shares are listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). As at 31 December 2022, the Company's immediate holding company and ultimate holding company are Shenzhen Investment International Capital Holdings Infrastructure Co., Ltd. (深圳投控國際資本控股基建有限公司) ("SIICHIC"), a company incorporated in the British Virgin Islands with limited liability, and Shenzhen Investment Holdings Co., Ltd (深圳市投資控股有限公司) ("SIHC"), a company established in the PRC with limited liability, respectively.

2. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRSs") issued by the International Accounting Standards Board ("IASB"). For the purpose of preparation of the consolidated financial statements, information is considered material if such information is reasonably expected to influence decisions made by primary users. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and by the Hong Kong Companies Ordinance.

The consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments that are measured at fair values at the end of each reporting period.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

The Company's functional currency and presentation currency are Renminbi ("RMB").

3. MERGER ACCOUNTING FOR BUSINESS COMBINATION INVOLVING AN ENTITY UNDER COMMON CONTROL

On 18 August 2022, the Group entered into a subscription agreement with Shenzhen Expressway Corporation Limited ("Shenzhen Expressway"), an intermediate holding company of the Company, pursuant to which the Group has conditionally agreed to inject RMB2,998,000,000 to Shenzhen Guangshen Coastal Expressway Investment Company Limited (the "Coastal Company") to obtain 51% of the enlarged equity interest in the Coastal Company, and the remaining 49% continue to be held by Shenzhen Expressway upon completion (the "Subscription"). The Subscription was settled by way of cash paid by the Group to the Coastal Company, which was regarded as intra-group transfer and included in the bank balances of the Group as at 30 November 2022 (completion date).

The principal activities of the Coastal Company are investment, construction and operation of the Coastal Expressway (Shenzhen Section) in the PRC. Details of the Subscription are set out in the Company's circular dated 23 September 2022. The Subscription was completed on 30 November 2022.

The Subscription is accounted for as a business combination under common control as the Company and its subsidiaries (the "Group") and the Coastal Company are both controlled by SIHC before and after the Subscription and that control is not transitory.

The net assets of the Coastal Company are consolidated using the existing book values from the controlling party's perspective. No amount is recognised in respect of goodwill or excess of acquirer's interest in the net fair value of acquiree's identifiable assets, liabilities and contingent liabilities over cost at the time of common control combination, to the extent of the continuation of the controlling party's interest.

The consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows of the Group for the two years ended 31 December 2021 and 2022 include the results of operations, changes in equity and cash flows of the Coastal Company as if the current group structure upon completion of the Subscription had been in existence throughout the two years ended 31 December 2021 and 2022. The consolidated statement of financial position of the Group as at 31 December 2021 has been restated to include the assets and liabilities of the Coastal Company as if the current group structure had been in existence as at 31 December 2021.

(i) Effect on the consolidated statement of profit or loss and other comprehensive income for the year ended 31 December 2021:

	The Group (before business combination under common control) RMB'000 (audited and originally stated)*	Effect of merger accounting for the Coastal Company RMB'000	Consolidated RMB'000 (restated)
Revenue	-	613,511	613,511
Cost of sales	-	(356,038)	(356,038)
Gross profit	-	257,473	257,473
Other income	84,950	25,420	110,370
Other gain and loss	19,627	103	19,730
General and administrative expenses	(42,158)	(146)	(42,304)
Finance costs	(20,651)	(3,516)	(24,167)
Share of results of joint ventures	656,758	-	656,758
Profit before tax	698,526	279,334	977,860
Income tax expense	(80,440)	(78,890)	(159,330)
Profit for the year	618,086	200,444	818,530
Other comprehensive (expense) income			
Item that will not reclassified subsequently to profit or loss:			
Fair value loss on investment in equity instrument at fair value through other comprehensive income, net of tax	(9,810)	-	(9,810)
Item that may be reclassified subsequently to profit or loss:			
Exchange gain arising on translating foreign operations	46,870	-	46,870
Other comprehensive income for the year	37,060	-	37,060
Total comprehensive income for the year	655,146	200,444	855,590
Profit for the year attributable to:			
Owners of the Company	609,208	102,226	711,434
Non-controlling interests	8,878	98,218	107,096
	618,086	200,444	818,530
Total comprehensive income for the year attributable to:			
Owners of the Company	646,268	102,226	748,494
Non-controlling interests	8,878	98,218	107,096
	655,146	200,444	855,590

(ii) Effect on the consolidated statement of financial position as at 31 December 2021:

	The Group (before business combination under common control) RMB'000 (audited and originally stated)*	Effect of merger accounting for the Coastal Company RMB'000	Consolidated RMB'000 (restated)	
ASSETS				
Non-current assets				
Property and equipment	1,768	311,319	313,087	
Right-of-use assets	4,999	-	4,999	
Construction in progress	-	4,742	4,742	
Concession intangible assets	-	5,526,966	5,526,966	
Other intangible assets	-	2,389	2,389	
Interests in joint ventures	4,971,183	-	4,971,183	
Equity instrument at fair value through other comprehensive income	20,100	-	20,100	
Deposits paid for acquisition of property and equipment	-	455	455	
Other receivables	-	450,000	450,000	
Deferred tax assets	-	302,751	302,751	
	<u>4,998,050</u>	<u>6,598,622</u>	<u>11,596,672</u>	
Current assets				
Inventories	-	527	527	
Trade and other receivables	6,356	651,450	657,806	
Amount due from a joint venture	263,636	-	263,636	
Structured deposits	351,381	-	351,381	
Restructured deposits	-	12,972	12,972	
Bank balances and cash	1,552,319	307,789	1,860,108	
	<u>2,173,692</u>	<u>972,738</u>	<u>3,146,430</u>	
Total assets	<u><u>7,171,742</u></u>	<u><u>7,571,360</u></u>	<u><u>14,743,102</u></u>	
	The Group (before business combination under common control) RMB'000 (audited and originally stated)	Effect of merger accounting for the Coastal Company RMB'000	Adjustments RMB'000	Consolidated RMB'000 (restated)
EQUITY AND LIABILITIES				
Capital and reserves				
Share capital	270,603	4,600,000	(4,600,000)	270,603
Reserves	4,785,775	1,880,291	1,424,657	8,090,723
Equity attributable to owners of the Company	<u>5,056,378</u>	<u>6,480,291</u>	<u>(3,175,343)</u>	<u>8,361,326</u>
Non-controlling interests	22,107	-	3,175,343	3,197,450
Total equity	<u>5,078,485</u>	<u>6,480,291</u>	<u>-</u>	<u>11,558,776</u>
Non-current liabilities				
Lease liabilities	3,335	-	-	3,335
Bank loans	1,053,922	-	-	1,053,922
Deferred tax liabilities	130,746	-	-	130,746
	<u>1,188,003</u>	<u>-</u>	<u>-</u>	<u>1,188,003</u>
Current liabilities				
Trade and other payables	10,857	1,090,957	-	1,101,814
Lease liabilities	1,674	-	-	1,674
Bank overdrafts	-	112	-	112
Bank loans	882,353	-	-	882,353
Tax payables	10,370	-	-	10,370
	<u>905,254</u>	<u>1,091,069</u>	<u>-</u>	<u>1,996,323</u>
Total liabilities	<u>2,093,257</u>	<u>1,091,069</u>	<u>-</u>	<u>3,184,326</u>
Total equity and liabilities	<u><u>7,171,742</u></u>	<u><u>7,571,360</u></u>	<u><u>-</u></u>	<u><u>14,743,102</u></u>

(iii) Effect on the consolidated statement of financial position as at 1 January 2021:

	The Group (before business combination under common control) RMB'000 (audited and originally stated)*	Effect of merger accounting for the Coastal Company RMB'000	Consolidated RMB'000 (restated)	
ASSETS				
Non-current assets				
Property and equipment	2,111	327,966	330,077	
Construction in progress	-	4,594	4,594	
Concession intangible assets	-	5,756,796	5,756,796	
Other intangible assets	-	2,866	2,866	
Interests in joint ventures	4,673,688	-	4,673,688	
Equity instrument at fair value through other comprehensive income	31,000	-	31,000	
Deposits paid for acquisition of property and equipment	-	182	182	
Other receivables	-	460,000	460,000	
Deferred tax assets	-	381,641	381,641	
Amount due from a joint venture	322,792	-	322,792	
	<u>5,029,591</u>	<u>6,934,045</u>	<u>11,963,636</u>	
Current assets				
Inventories	-	377	377	
Trade and other receivables	1,753	4,294	6,047	
Amount due from a joint venture	27,041	-	27,041	
Structured deposits	801,503	-	801,503	
Time deposit with original maturity over three months	240,000	-	240,000	
Bank balances and cash	519,042	1,204,974	1,724,016	
	<u>1,589,339</u>	<u>1,209,645</u>	<u>2,798,984</u>	
Total assets	<u>6,618,930</u>	<u>8,143,690</u>	<u>14,762,620</u>	
	The Group (before business combination under common control) RMB'000 (audited and originally stated)	Effect of merger accounting for the Coastal Company RMB'000	Adjustments RMB'000	Consolidated RMB'000 (restated)
EQUITY AND LIABILITIES				
Capital and reserves				
Share capital	270,603	4,600,000	(4,600,000)	270,603
Reserves	4,707,513	1,679,847	1,522,875	7,910,235
Equity attributable to owners of the Company	4,978,116	6,279,847	(3,077,125)	8,180,838
Non-controlling interests	23,586	-	3,077,125	3,100,711
Total equity	<u>5,001,702</u>	<u>6,279,847</u>	<u>-</u>	<u>11,281,549</u>
Non-current liabilities				
Other payables	-	268,321	-	268,321
Bank loans	754,002	-	-	754,002
Deferred tax liabilities	76,025	-	-	76,025
	<u>830,027</u>	<u>268,321</u>	<u>-</u>	<u>1,098,348</u>
Current liabilities				
Trade and other payables	316,285	1,594,579	-	1,910,864
Bank overdrafts	-	943	-	943
Bank loans	324,347	-	-	324,347
Tax payables	146,569	-	-	146,569
	<u>787,201</u>	<u>1,595,522</u>	<u>-</u>	<u>2,382,723</u>
Total liabilities	<u>1,617,228</u>	<u>1,863,843</u>	<u>-</u>	<u>3,481,071</u>
Total equity and liabilities	<u>6,618,930</u>	<u>8,143,690</u>	<u>-</u>	<u>14,762,620</u>

- (iv) The effect of the restatement on the Group's basic earnings per share for the year ended 31 December 2021 is as follows:

	RMB cents
As audited and originally stated	19.77
Adjustments arising from merger accounting for the Coastal Company	<u>3.32</u>
Restated	<u><u>23.09</u></u>

- * Certain figures (including the reclassification of depreciation as general and administrative expenses and deposits and prepayments as trade and other receivables) have been restated to conform with current year's classification and presentation.

4. APPLICATION OF AMENDMENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRSs")

Amendments to IFRSs that are mandatorily effective for the current year

In the current year, the Group has applied the following amendments to IFRSs issued by the International Accounting Standards Board ("IASB") for the first time, which are mandatorily effective for the Group's annual period beginning on 1 January 2022 for the preparation of the consolidated financial statements:

Amendment to IFRS 3	Reference to the Conceptual Framework
Amendment to IFRS 16	Covid-19-Related Rent Concessions beyond 30 June 2021
Amendments to IAS 16	Property, Plant and Equipment - Proceeds before Intended Use
Amendments to IAS 37	Onerous Contracts - Cost of Fulfilling a Contract
Amendments to IFRSs	Annual Improvements to IFRSs 2018 - 2020

The application of the amendments to IFRSs in the current year has had no material impact on the Group's financial positions and performance for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

New and amendments to IFRSs in issue but not yet effective

The Group has not early applied the following new and amendments to IFRSs that have been issued but are not yet effective:

IFRS 17 (including the June 2020 and December 2021 Amendments to IFRS 17)	Insurance Contracts ¹
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ³
Amendments to IFRS 16	Lease Liability in a Sale and Leaseback
Amendments to IAS 1	Classification of Liabilities as Current or Non-current ²
Amendments to IAS 1	Non-current Liabilities with Covenants ²
Amendments to IAS 1 and IFRS Practice Statement 2	Disclosure of Accounting Policies ¹
Amendments to IAS 8	Definition of Accounting Estimates ¹
Amendments to IAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction ¹

- ¹ Effective for annual periods beginning on or after 1 January 2023.
- ² Effective for annual periods beginning on or after 1 January 2024.
- ³ Effective for annual periods beginning on or after a date to be determined.

Except for the amendments to IFRSs mentioned below, the directors anticipate that the application of all other new and amendments to IFRSs will have no material impact on the consolidated financial statements in the foreseeable future.

Amendments to IAS 1 "Classification of Liabilities as Current or Non-current " (the "2020 Amendments") and Amendments to IAS 1 "Non-current Liabilities with Covenants" (the "2022 Amendments")

The 2020 Amendments provide clarification and additional guidance on the assessment of right to defer settlement for at least twelve months from reporting date for classification of liabilities as current or non-current, which:

- clarify that if a liability has terms that could, at the option of the counterparty, result in its settlement by the transfer of the entity's own equity instruments, these terms do not affect its classification as current or non-current only if the entity recognises the option separately as an equity instrument applying IAS 32 "Financial Instruments: Presentation".
- specify that the classification of liabilities as current or non-current should be based on rights that are in existence at the end of the reporting period. Specifically, the amendments clarify that the classification should not be affected by management intentions or expectations to settle the liability within 12 months.

For rights to defer settlement for at least twelve months from reporting date which are conditional on the compliance with covenants, the requirements introduced by the 2020 Amendments have been modified by the 2022 Amendments. The 2022 Amendments specify that only covenants with which an entity is required to comply with on or before the end of the reporting period affect the entity's right to defer settlement of a liability for at least twelve months after the reporting date. Covenants which are required to comply with only after the reporting period do not affect whether that right exists at the end of the reporting period.

In addition, the 2022 Amendments specify the disclosure requirements about information that enables users of financial statements to understand the risk that the liabilities could become repayable within twelve months after the reporting period, if the entity classify liabilities arising from loan arrangements as non-current when the entity's right to defer settlement of those liabilities is subject to the entity complying with covenants within twelve months after the reporting period.

The 2022 Amendments also defer the effective date of applying the 2020 Amendments to annual reporting periods beginning on or after 1 January 2024. The 2022 Amendments, together with the 2020 Amendments, are effective for annual reporting periods beginning on or after 1 January 2024, with early application permitted. If an entity applies the 2020 amendments for an earlier period after the issue of the 2022 Amendments, the entity should also apply the 2022 Amendments for that period.

As at 31 December 2022, the Group's right to defer settlement for borrowings of RMB644,007,000 are subject to compliance with certain financial ratios within 12 months from the reporting date. Such borrowings were classified as non-current as the Group met such ratios at 31 December 2022. Upon the application of the 2022 Amendments, such borrowings will still be classified as non-current as the covenants which the Group is required to comply with only after the reporting period do not affect whether that right exists at the end of the reporting date and such borrowing will still be classified as non-current.

Except as described above, the application of the 2020 and 2022 Amendments will not affect the classification of the Group's other liabilities as at 31 December 2022.

Amendments to IAS 12 "Deferred Tax related to Assets and Liabilities arising from a Single Transaction"

The amendments narrow the scope of the recognition exemption of deferred tax liabilities and deferred tax assets in paragraphs 15 and 24 of IAS 12 "Income Taxes" so that it no longer applies to transactions that, on initial recognition, give rise to equal taxable and deductible temporary differences.

For leasing transactions in which the tax deductions are attributable to the lease liabilities, the Group applies IAS 12 requirements to the relevant assets and liabilities as a whole. Temporary differences relating to relevant assets and liabilities are assessed on a net basis.

Upon the application of the amendments, the Group will recognise a deferred tax asset (to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised) and a deferred tax liability for all deductible and taxable temporary differences associated with the right-of-use assets and the lease liabilities.

The amendments are effective for the Group's annual reporting periods beginning on or after 1 January 2023, with early application permitted. As at 31 December 2022, the carrying amounts of right-of-use assets and lease liabilities which are subject to the amendments amounted to RMB21,872,000 and RMB22,757,000, respectively. The cumulative effect of initially applying the amendments will be recognised as an adjustment to the opening balance of accumulated profits at the beginning of the earliest comparative period presented.

5. SEGMENT INFORMATION

The Group's reportable and operating segments are determined based on information reported to the chief operating decision maker ("CODM") for the purpose of resource allocation and performance assessment.

Information reported to the CODM, includes segment revenue, the Group's share of joint ventures' earnings before interest, tax, depreciation and amortisation and net exchange gain/loss ("EBITDA"), the Group's share of joint ventures' depreciation and amortisation including amortisation of additional cost of investments in joint ventures ("depreciation and amortisation"), the Group's share of joint ventures' interest and tax excluding tax on exchange gain/loss and including withholding tax on earnings distributed by joint ventures ("interest and tax"), and segment results. The CODM is more specifically focused on individual toll expressways projects and land development and utilisation project operated and managed by the Group or jointly controlled and managed by the Group and the relevant joint venture partners during the year. Accordingly, the Group's reportable and operating segments under IFRS 8 "Operating Segments" are therefore as follows:

- Guangzhou - Shenzhen Superhighway ("GS Superhighway")
- Guangzhou - Zhuhai West Superhighway ("GZ West Superhighway")
- Shenzhen Section of Coastal Expressway ("Coastal Expressway (Shenzhen Section)")
- Xintang Interchange

Information regarding the above segments is reported below.

Segment revenue and results

	2021 (restated)				2022					
	Segment revenue RMB'000	EBITDA RMB'000	Depreciation and amortisation RMB'000	Interest and tax RMB'000	Segment results RMB'000	Segment revenue RMB'000	EBITDA RMB'000	Depreciation and amortisation RMB'000	Interest and tax RMB'000	Segment results RMB'000
Toll expressway projects										
GS Superhighway	1,289,560	1,193,530	(468,721)	(258,666)	466,143	1,016,109	940,532	(426,114)	(196,748)	317,670
GZ West Superhighway	665,803	560,385	(237,528)	(159,973)	162,884	522,389	412,197	(200,994)	(117,324)	93,879
Coastal Expressway (Shenzhen Section)	591,111	502,268	(219,418)	(82,406)	200,444	481,038	387,942	(180,737)	(118,392)	88,813
	<u>2,546,474</u>	<u>2,256,183</u>	<u>(925,667)</u>	<u>(501,045)</u>	<u>829,471</u>	<u>2,019,536</u>	<u>1,740,671</u>	<u>(807,845)</u>	<u>(432,464)</u>	<u>500,362</u>
Land development and utilisation project										
Xintang Interchange	18,632	(5,329)	(90)	(24,706)	(30,125)	30,521	7,214	(160)	(12,603)	(5,549)
Total	<u>2,565,106</u>	<u>2,250,854</u>	<u>(925,757)</u>	<u>(525,751)</u>	<u>799,346</u>	<u>2,050,057</u>	<u>1,747,885</u>	<u>(808,005)</u>	<u>(445,067)</u>	<u>494,813</u>
Corporate interest income from bank deposits					36,325					33,802
Corporate investment income from structured deposits					6,947					9,385
Corporate interest income from loans made by the Group to a joint venture					38,985					16,105
Other income and other gain					14,749					6,802
Corporate general and administrative expenses and depreciation					(42,158)					(77,895)
Corporate finance costs					(20,651)					(58,507)
Corporate income tax expense					(40,303)					(8,284)
Net exchange gain (loss) (net of related income tax) (Note)					25,290					(89,480)
Profit for the year					818,530					326,741
Profit for the year attributable to non-controlling interests					(107,096)					(48,169)
Profit for the year attributable to owners of the Company					<u>711,434</u>					<u>278,572</u>

Note: Net exchange (loss) gain (net of related income tax) is composed of the Group's share of the exchange loss (net of related income tax) of a joint venture of RMB74,848,000 (2021: gain of RMB17,719,000) and the net exchange loss of the Group of RMB14,632,000 (2021: gain of RMB7,571,000).

The segment revenue represents the Group's toll revenue received and receivable (net of value-added tax) from the operations of a toll expressway and the Group's share of joint ventures' toll revenue received and receivable (net of value-added tax) from the operations of toll expressways and revenue from sales of properties received and receivable (net of value-added tax) from land development and utilisation project in the PRC based on the profit-sharing ratios specified in the relevant joint venture agreements but excludes the Group's construction revenue of RMB308,663,000 (2021: RMB22,400,000) with reference to note 6. All of the segment revenue reported above is earned from external customers.

The segment results represent the (i) Group's share of joint ventures' results from the operations of toll expressways and land development and utilisation in the PRC before net exchange gain/loss (net of related income tax) respectively based on the profit-sharing ratios and shareholding percentage specified in the relevant joint venture agreements, (ii) net of the withholding tax attributed to the dividend received from and the undistributed earnings of the joint ventures, (iii) amortisation of additional cost of investments in joint ventures; and (iv) Group's results from the operations of a toll expressway in the PRC before net exchange gain/loss (net of related income tax). This is the measure reported to the CODM for the purposes of resource allocation and performance assessment.

The total segment results can be reconciled to the share of results of joint ventures as presented in consolidated statement of profit or loss and other comprehensive income as follows:

	<u>2021</u> RMB'000 (restated)	<u>2022</u> RMB'000
Total segment results	799,346	494,813
Add:		
Net exchange gain (loss) (net of related income tax)	17,719	(74,848)
Withholding tax attributed to the dividend received from and the undistributed earnings of the joint ventures	40,137	22,409
Less:		
Segment results of Coastal Expressway (Shenzhen Section)	<u>(200,444)</u>	<u>(88,813)</u>
Share of results of joint ventures as presented in consolidated statement of profit or loss and other comprehensive income	<u>656,758</u>	<u>353,561</u>

Other segment information

The below other segment information, included in the measure of segment profit or loss, represents interest income from bank deposits, amount due from a joint venture and loan to a fellow subsidiary and investment income from structured deposits. Such amount relating to the joint ventures are eliminated to reconcile from "Segment total" to "Consolidated total".

<u>Year</u>	<u>GS Superhighway</u> RMB'000	<u>GZ West Superhighway</u> RMB'000	<u>Coastal Expressway (Shenzhen Section)</u> RMB'000	<u>Xintang Interchange</u> RMB'000	<u>Segment total</u> RMB'000	<u>Elimination</u> RMB'000	<u>Unallocated</u> RMB'000	<u>Consolidated total</u> RMB'000
2021 (restated)	<u>10,237</u>	<u>1,496</u>	<u>24,475</u>	<u>564</u>	<u>36,772</u>	<u>(12,297)</u>	<u>82,257</u>	<u>106,732</u>
2022	<u>10,359</u>	<u>2,069</u>	<u>14,945</u>	<u>618</u>	<u>27,991</u>	<u>(13,046)</u>	<u>59,292</u>	<u>74,237</u>

Geographical information

The operations of the Group and its joint ventures are located in the PRC. All of the Group and its joint ventures' revenue from external customers was generated from the services provided in the PRC. The non-current assets excluding equity instrument at FVTOCI, other receivables and deferred tax assets amounting to RMB12,738,000 (2021: RMB1,044,000) are located in Hong Kong and the remaining balances are located in the PRC.

Segment assets and liabilities

Segment assets and liabilities are not disclosed in the consolidated financial statements as they are not regularly provided to CODM for the purpose of resource allocation and performance assessment.

Information about major customers

No individual customer of the Group had contributed sales of over 10% of the total revenue of the Group for both years.

6. REVENUE

	<u>2021</u> RMB'000 (restated)	<u>2022</u> RMB'000
Toll revenue	591,111	481,038
Construction revenue	<u>22,400</u>	<u>308,663</u>
Total	<u>613,511</u>	<u>789,701</u>

Toll revenue is recognised in a point of time in accordance with the amount received and receivable when a vehicle is passing through toll roads. Construction revenue is recognised in overtime basis, which is determined by reference to the performance progress and recognised according to the proportion of the cost incurred to the estimated total cost.

7. OTHER INCOME

	<u>2021</u> RMB'000 (restated)	<u>2022</u> RMB'000
Interest income from:		
Bank deposits	40,231	35,322
Amount due from a joint venture	38,985	16,105
Loan to a fellow subsidiary	20,569	13,425
Investment income from structured deposits	6,947	9,385
Government grants (Note)	24	596
Dividend income from equity instrument at FVTOCI	604	500
Rental income	614	-
Others	<u>2,396</u>	<u>8,349</u>
	<u>110,370</u>	<u>83,682</u>

Note: The Group recognised government grants of RMB438,000 in respect of COVID-19 related subsidies, of which RMB438,000 related to Employment Support Scheme provided by the Hong Kong Government for the year ended 31 December 2022 (2021: nil).

8. OTHER GAIN AND LOSS

	<u>2021</u> RMB'000 (restated)	<u>2022</u> RMB'000
Net exchange gain (loss)	7,571	(14,632)
Write back of unrealised loss related to partial disposal of a joint venture in prior year	12,056	-
Gain on early termination of lease	-	57
Gain (loss) on disposal of property and equipment	<u>103</u>	<u>(313)</u>
	<u>19,730</u>	<u>(14,888)</u>

9. SHARE OF RESULTS OF JOINT VENTURES

	<u>2021</u> RMB'000 (restated)	<u>2022</u> RMB'000
Share of results of joint ventures before share of imputed interest expenses incurred by a joint venture on interest-free registered capital contributions made by the Group and amortisation of additional cost of investments in joint ventures	752,059	435,409
Amortisation of additional cost of investments in joint ventures	(95,301)	(81,848)
Share of imputed interest expenses incurred by a joint venture on interest-free registered capital contributions made by the Group	(59,280)	(63,002)
Imputed interest income recognised by the Group on interest-free registered capital contributions made by the Group	<u>59,280</u>	<u>63,002</u>
	<u>656,758</u>	<u>353,561</u>

10. INCOME TAX EXPENSE

	<u>2021</u> RMB'000 (restated)	<u>2022</u> RMB'000
The tax charge comprises:		
PRC Enterprise Income Tax ("EIT")		
The Group	30,412	28,022
Refund of EIT of a subsidiary recognised in prior year	(5,783)	-
Deferred tax	<u>134,701</u>	<u>94,464</u>
	<u>159,330</u>	<u>122,486</u>

No provision for Hong Kong Profits Tax has been made as there was no assessable profit derived from or arising in Hong Kong for both years.

The EIT charge of the Group for the year ended 31 December 2022 included an amount of RMB20,797,000 (2021: RMB9,141,000) representing the 5% withholding tax imposed on dividends declared during the year by joint ventures of the Group of which the corresponding amount had already been provided for deferred tax in prior years in respect of undistributed earnings of a joint venture.

The income tax expense for the year can be reconciled to the profit before tax per consolidated statement of profit or loss and other comprehensive income as follows:

	<u>2021</u> RMB'000 (restated)	<u>2022</u> RMB'000
Profit before tax	<u>977,860</u>	<u>449,227</u>
Tax at PRC income tax rate of 25% (2021: 25%)	244,465	112,306
Effect of different tax rates on income tax expense	(95)	(7,188)
Tax effect of income not taxable for tax purposes	(9,199)	(1,614)
Tax effect of expenses not deductible for tax purposes	18,048	37,326
Tax effect of share of results of joint ventures	(164,189)	(88,390)
Tax effect of a written off on tax losses previously recognised	5,348	46,577
Withholding tax	<u>64,952</u>	<u>23,469</u>
Income tax expense	<u>159,330</u>	<u>122,486</u>

11. PROFIT FOR THE YEAR

	<u>2021</u> RMB'000 (restated)	<u>2022</u> RMB'000
Profit for the year has been arrived at after charging:		
Auditor's remuneration	2,026	2,207
Directors' emoluments	8,967	10,567
Other staff costs	<u>53,199</u>	<u>77,001</u>
Total staff costs	<u>62,166</u>	<u>87,568</u>
Depreciation of property and equipment	36,435	21,428
Depreciation of right-of-use assets	147	5,170
Amortisation of intangible assets	183,870	159,958
Loss on written-off of property and equipment	-	156
Short-term lease expense	2,405	1,556
Interest on bank loans and finance charges	20,893	58,166
Imputed interest arising from construction payables to an intermediate holding company	3,258	26,421
Interest on lease liability	<u>16</u>	<u>519</u>
Total finance costs	<u>24,167</u>	<u>85,106</u>

12. EARNINGS PER SHARE

The calculation of the basic earnings per share attributable to the owners of the Company is based on the following data:

	<u>2021</u> RMB'000 (restated)	<u>2022</u> RMB'000
Earnings for the purpose of basic earnings per share	<u>711,434</u>	<u>278,572</u>
	<u>Number of shares</u>	
	<u>2021</u>	<u>2022</u>
Number of ordinary shares for the purpose of basic earnings per share	<u>3,081,690,283</u>	<u>3,081,690,283</u>

No diluted earnings per share have been presented as there was no potential ordinary shares in issue during both years.

13. DIVIDENDS

	<u>2021</u> RMB'000	<u>2022</u> RMB'000
Dividends recognised as a distribution during the year:		
Final dividend for the year ended 31 December 2021 paid of RMB10.45 cents (equivalent to HK12.880879 cents) (2021: for the year ended 31 December 2020 paid of RMB9.1 cents (equivalent to HK10.936835 cents) per share	281,511	332,495
Interim dividend for the year ended 31 December 2022 paid of RMB5.75 cents (equivalent to HK6.67299 cents) (2021: for the year ended 31 December 2021 paid of RMB9.3 cents (equivalent to HK11.147631 cents)) per share	<u>286,495</u>	<u>177,147</u>
	<u>568,006</u>	<u>509,642</u>
	<u>2021</u> RMB'000	
	<u>2022</u> RMB'000	<u>2022</u> RMB'000
Proposed dividend:		
Final dividend for the year ended 31 December 2022 proposed of RMB3.25cents (equivalent to HK3.688685 cents) (2021: for the year ended 31 December 2021 proposed of RMB10.45 cents (equivalent to HK12.880879 cents)) per share	<u>322,037</u>	<u>100,155</u>

A final dividend in respect of the year ended 31 December 2022 of RMB3.25 cents (equivalent to HK3.688685 cents) per share is proposed by the Board of the Directors. The dividend is subject to approval by shareholders at the forthcoming annual general meeting and have not been included as liabilities in these consolidated financial statements. The proposed final dividend is calculated based on the total number of issued shares at the date of approval of these consolidated financial statements.

GLOSSARY

“2013/14”	the year ended 30 June 2014
“2014/15”	the year ended 30 June 2015
“2015/16”	the year ended 30 June 2016
“2016/17”	the year ended 30 June 2017
“2017/18”	the year ended 30 June 2018
“2H 2018”	the six months ended 31 December 2018
“2019”	the year ended 31 December 2019
“2020”	the year ended 31 December 2020
“2021”	the year ended 31 December 2021
“2022”	the year ended 31 December 2022
“Audit Committee”	the audit committee of the Company
“Attached Buildings”	buildings constructed on the Resumed Land with an aggregated gross floor area of 13,785.70 sq.m., as disclosed in the Company’s announcement dated 30 September 2022
“Bay Area”	Guangdong-Hong Kong-Macao Greater Bay Area, a national development strategy of the PRC
“Board”	the board of Directors of the Company
“CG Code”	Corporate Governance Code contained in Appendix 14 to the Listing Rules
“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 is currently under construction
“Company”	Shenzhen Investment Holdings Bay Area Development Company Limited (formerly known as Hopewell Highway Infrastructure Limited), a company incorporated in the Cayman Islands with limited liability

“Compensation Agreement”	The Compensation Agreement for Resumption of State owned Land Use Rights* (收回國有土地使用權補償合同) entered into among Land Reserve Centre, GS JV and the Representatives on 30 September 2022 in relation to the Land Resumption, as disclosed in the Company’s announcement dated 30 September 2022
“Completion”	completion of the payment of the Consideration by Shenwan Infrastructure to the Coastal Company and the registration of the change of the registered capital, shareholders and directors of the Coastal Company as a result of the Subscription with the relevant government authority in the PRC, as disclosed in the Company’s circular dated 23 September 2022, which has taken place on 30 November 2022, as disclosed in the Company’s announcement dated 2 December 2022
“Consideration”	RMB2,998,000,000, being the consideration payable by Shenwan Infrastructure to obtain 51% of the enlarged equity interest in the Coastal Company pursuant to the Subscription Agreement, as disclosed in the Company’s circular dated 23 September 2022
“COVID-19 pandemic”	coronavirus disease (COVID-19) pandemic
“Director(s)”	director(s) of the Company
“EBITDA”	earnings before interest, tax, depreciation and amortisation (before net exchange gain/loss)
“EGM”	the extraordinary general meeting convened on 13 October 2022 by the Company to consider, amongst others, the Subscription Agreement and the transactions contemplated thereunder
“EIT”	enterprise income tax
“full-length equivalent traffic”	the total distance travelled by all vehicles on the expressway divided by the full length of the expressway
“GDP”	gross domestic product
“GPCG”	Guangdong Provincial Communication Group Company Limited* (廣東省交通集團有限公司) and its subsidiaries collectively (including Guangdong Highway Construction, Lealu Investment and Leaxin Investment)
“Guangdong Highway Construction”	Guangdong Provincial Highway Construction Company Limited* (廣東省公路建設有限公司), the PRC joint venture partner of GS Superhighway JV and a company established in the PRC with limited liability and a non wholly-owned subsidiary of Guangdong Provincial Communication Group Company Limited* (廣東省交通集團有限公司), being a state-owned enterprise established in the PRC
“Group”	the Company and its subsidiaries
“GS JV”	Guangzhou-Shenzhen-Zhuhai Superhighway Company Limited, the joint venture established for the GS Superhighway
“GS Superhighway”	Guangzhou-Shenzhen Superhighway

“GZ West JV	Guangdong Guangzhou-Zhuhai West Superhighway Company Limited, the joint venture company established for the GZ West Superhighway
“GZ West Superhighway”	Guangzhou-Zhuhai West Superhighway, also known as the Western Delta Route
“HK\$”, “HKD” or “HK Dollar(s)”	Hong Kong Dollars, the lawful currency of Hong Kong
“Hong Kong” or “HKSAR”	the Hong Kong Special Administrative Region of the PRC
“HZM Bridge”	the Hong Kong-Zhuhai-Macao Bridge
“Independent Shareholders”	Shareholders who are independent within the meaning of the relevant provisions of the Listing Rules, and, in relation to the approval of the Subscription Agreement at the EGM, means Shareholders other than Shenzhen Expressway and its associates, as disclosed in the Company’s circular dated 23 September 2022
“JV(s)”	joint venture(s)
“km”	kilometre(s)
“Land Reserve Centre”	Guangzhou Development District Land Development Reserve Exchange Centre* (廣州開發區土地開發儲備交易中心), a public institution in Guangzhou City, Guangdong Province, the PRC entrusted by Huangpu District Government to execute the Land Resumption, as disclosed in the Company’s announcement dated 30 September 2022
“Land Resumption”	the resumption of the land use rights of the Resumed Land and the Attached Buildings by Land Reserve Centre under the Compensation Agreement, as disclosed in the Company’s announcement dated 30 September 2022
“Lealu Investment”	Guangzhou Lealu Investment Company Limited* (廣州利路實業投資有限公司), a company established in the PRC with limited liability and an indirectly wholly-owned subsidiary of GPCG
“Leaxin Investment”	Guangzhou Leaxin Investment Company Limited* (廣州利新實業投資有限公司), a company established in the PRC with limited liability and an indirectly wholly-owned subsidiary of GPCG
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Macao” or “Macao SAR”	the Macao Special Administrative Region of the PRC
“Mainland China”	the PRC, excluding Hong Kong and Macao
“Model Code”	the Model Code for Securities Transactions by Directors of Listed Issuers contained in Appendix 10 to the Listing Rules
“net toll revenue”	toll revenue after related tax
“Nomination Committee”	the nomination committee of the Company
“Outline Plan”	the Outline Development Plan for Guangdong-Hong Kong-Macao Greater Bay Area
“Parties”	collectively, Shenwan Infrastructure, Lealu Investment, Leaxin Investment and Shenzhen Run Investment, and each a “Party”
“PRC”	the People’s Republic of China

“PRD”	Pearl River Delta
“Project Land”	the land (plot number: 83101203A19206) located at the Xintang interchange on both sides of the GS Superhighway, as disclosed in the Company’s announcement dated 29 November 2019
“Remuneration Committee”	the remuneration committee of the Company
“Representatives”	Guangzhou Huangpu District People’s Government Yunpu Street Office* (廣州市黃埔區人民政府雲埔街道辦事處) and Guangzhou Dongjin New District Development Co. Ltd.* (廣州東進新區開發有限公司), a limited company established in the PRC, as disclosed in the Company’s announcement dated 30 September 2022
“Resumed Land”	two land parcels located at the Luogang Interchange of Huangpu District of Guangzhou City, the PRC (i.e. in the Guangzhou section of the GS Superhighway) with an aggregated ascertained site area of 294,540.09 sq.m., as disclosed in the Company’s announcement dated 30 September 2022
“RMB”	Renminbi, the lawful currency of the PRC
“Share(s)”	ordinary share(s) of HK\$0.10 each in the share capital of the Company
“Shareholder(s)”	shareholder(s) of the Company
“Shenwan Infrastructure”	Shenwan Bay Area Infrastructure (Shenzhen) Company Limited* (深灣基建(深圳)有限公司), a company established in the PRC with limited liability established by the Company for the purpose of investing into the Xintang JV
“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)
“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 Run Investment”	Shenzhen Run Investment Consulting Co., Ltd.* (深圳市潤投諮詢有限公司), a company established in the PRC with limited liability
“SIHC”	Shenzhen Investment Holdings Co., Ltd* (深圳市投資控股有限公司), incorporated in the PRC with limited liability, the ultimate controlling shareholder of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

“Subscription”	the capital injection to obtain 51% enlarged equity interest in the Coastal Company upon Completion by Shenwan Infrastructure pursuant to the Subscription Agreement, as disclosed in the Company’s circular dated 23 September 2022
“Subscription Agreement”	a conditional subscription agreement entered into between Shenwan Infrastructure, Shenzhen Expressway and the Coastal Company on 18 August 2022 in respect of the capital injection to the Coastal Company by Shenwan Infrastructure, as disclosed in the Company’s circular dated 23 September 2022
“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), incorporated in the British Virgin Islands with limited liability
“toll revenue”	toll revenue including tax
“Total Upper Limit”	The maximum total amount of contribution (whether by way of registered capital, shareholders’ loans, or in any other nature) by the Parties to Xintang JV shall not exceed RMB6.8 billion, as disclosed in the Company’s announcement dated 10 September 2020
“US”	the United States of America
“USD” or “US Dollar(s)”	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 Project Land, the equity interest of which is currently held as to 15%, 20%, 5% and 60% by Shenwan Infrastructure, Lealu Investment, Leaxin Investment and Shenzhen Run Investment respectively
“YoY”	year-on-year

As at the date of this announcement, the Board comprises five Executive Directors namely, Mr. Xiangwen LIAO (Chairman), Mr. Tianliang ZHANG* (General Manager), Mr. Jianming WU* (Executive General Manager), Mr. Cheng WU* (Deputy General Manager) and Mr. Ji LIU* (Deputy General Manager and Secretary to the Board); two Non-executive Directors namely, Mr. Weiguo ZONG* and Ms. Siyan CHEN*; and four Independent Non-executive Directors namely, Mr. Brian David Man Bun LI, Mr. Yu Lung CHING, Mr. Tony Chung Nin KAN and Mr. Peng XUE*.*

** For identification purpose only*