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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 2020**

**Highlights**

- The Group's net profit increased by 13% YoY to RMB689 million, mainly due to the gain on disposal of 22.5% equity interest in Xintang JV and the exchange gain benefited from the appreciation of RMB offsetting the decrease in toll revenue caused by the implementation of the policy of waiver of tolls in light of the COVID-19 pandemic.
- In September 2020, the Group and GPCG (through Guangdong Highway Construction) completed to dispose of an aggregate of 60% equity interest in the Xintang JV (representing 22.5% equity interest owned by the Group and 37.5% equity interest owned by Guangdong Highway Construction) and the corresponding shareholders' loans. Upon completion of the Disposal, the Group still owns 15% equity interest in the Xintang JV and realised the pre-tax gain on Disposal of approximately RMB545 million and the post-tax profit from Disposal of approximately RMB409 million.
- Proposed final dividend of RMB9.1 cents per share, representing a regular dividend payout ratio of 100% for the year (excluding the special interim dividend of RMB10 cents per share).

## **CHAIRMAN’S STATEMENT**

### **Financial Results and Dividend Proposal**

On behalf of the Board, I am pleased to report to the Shareholders the final results of the Group for the financial year ended 31 December 2020. Profit attributable to owners of the Company was RMB689 million, representing a YoY increase of 13%, and basic earnings per share was RMB22.35 cents, turning around the loss in the interim results. The turnaround from loss to profit was mainly attributable to the net profit of the toll expressway projects amounting to RMB256 million following the resumption of toll collection of expressways nationwide since 6 May 2020 and the post-tax profit from Disposal of approximately RMB409 million from the disposal of 22.5% equity interest in the Xintang JV for the year.

The Board has proposed a final dividend of RMB9.1 cents per share for the year ended 31 December 2020, maintaining the full-year regular dividend payout ratio target of 100% (excluding the special interim dividend of RMB10 cents per share). Payment of the final dividend is subject to approval at the 2021 Annual General Meeting.

### **Operating Environment**

In 2020, the global economy was severely affected by the COVID-19 pandemic, and the GDP of major economies contracted to varying degrees. However, Mainland China’s annual GDP grew by 2.3% YoY and exceeded RMB100 trillion for the first time, demonstrating its sound and solid economic fundamentals and strength. Mainland China’s GDP achieved a positive growth for the year, comparing to the YoY decrease of 6.8% in the first quarter of 2020, reflecting the pandemic prevention and control measures have been taken effectively and the adoption of measures in reducing fees and lowering taxes has ensured the resumption of people’s living, operation and production activities in an orderly manner as well as the steady recovery in social and economic activities. The GDP of Guangdong Province also rebounded from a contraction of 6.7% in the first quarter to a growth of 2.3% for the year, with the annual economic aggregate exceeding RMB11 trillion, ranking the first in Mainland China for 32 consecutive years, and the YoY growth rate is in line with that of the nation, overcoming the adverse impact of the COVID-19 pandemic. Recovery in social and economic activities driving the rise of passenger and cargo traffic and the Group’s expressway business has also resumed steadily in parallel with the economic environment.

The construction of the Bay Area is progressing steadily. The continuous introduction of relevant supporting policies by local governments together with the unprecedented opportunity of “dual-driven” in Shenzhen’s pilot demonstration area will accelerate its development into one of the regions with the strongest comprehensive strength, the highest degree of openness and the strongest economic vitality in Mainland China. Development of the Bay Area will lead to the continued positive economic development of the region as well as the long-term and growing transportation demand driven by the interconnection and logistics flow between cities. These will in turn benefits the GS Superhighway and the GZ West Superhighway operated by the Group as they are the major arteries connecting major cities across the eastern and western regions of the Bay Area.

## **Business Review and Prospects**

During the year under review, the GS Superhighway and the GZ West Superhighway of the Group were affected by the national policy of waiver of tolls for 79 days, resulting in a decline in the performance of the toll expressway business. In the second half of 2020, with the gradual recovery of social and economic activities, passenger and cargo traffic volume continued to rebound and performance of the Group's toll expressway business has stabilised. The average daily toll revenue and average daily full-length equivalent traffic of the GS Superhighway recorded a slight YoY increase, while the average daily toll revenue and average daily full-length equivalent traffic of the GZ West Superhighway recorded a slight YoY decrease due to the diversion of road network and construction works. In terms of business expansion, the Group promotes the realisation of land value along the GS Superhighway at full steam. By introducing a strategic investor for the first pilot project in the second half of 2020 through the disposal of 22.5% equity interest in the Xintang JV to CR Land, project construction has accelerated and the goal in maximising land value has been achieved preliminarily. In order to share the positive outcome of the project with Shareholders, the Board declared a special interim dividend of RMB10 cents per share to Shareholders in November 2020.

In the future, based on the successful experience of the Xintang project and the feasibility study of the expansion work of the GS Superhighway, the Group will continue to actively seek for plans that integrates expansion with development and utilisation of the land, strengthen the communication and cooperation with local governments in a higher level and broader areas, and strive to replicate another Xintang project. In addition, the preliminary feasibility report on road expansion of the GS Superhighway has been completed and will undergo preliminary review by relevant government departments and revisions. The application for work approval will be submitted afterward and targets to officially commence the expansion works in 2022. The Company is in the process of formulating its "14th Five-Year" development strategy plan, aiming to accelerate the strategic expansion and sustainable development of the Company in respect of the core business and resources of the toll expressway business by leveraging various resources, in order to build the Company into an overseas capital operation platform for the controlling shareholder of the Group.

Entering 2021, the COVID-19 pandemic has yet to come under control around the world. However, with the approval of the use of the COVID-19 vaccine in various countries, people's living and international economic and trade activities are expected to gradually return to normal. In addition, the market expects that governments of various countries will introduce more economic stimulus measures, and the global economic recovery is expected to be promising. Yet, the rise of unilateralism and trade protectionism in recent years, coupled with the challenges in easing the tension between the PRC and the United States in the short term, have brought uncertainties to the global and Chinese economic outlook. In response to the complex international environment changes and leveraging on the advantages of the PRC's mega-sized economy, the PRC has accelerated the construction of the new development pattern in the "14th Five-Year Plan" with domestic circulation to dominant and domestic and international dual-circulation reinforcing each other, so as to achieve higher quality, more efficient, more fair, more sustainable and safer development. The Group are confident in the future economic prospects of the PRC and believe that the PRC can maintain a healthy development amid the global economic plight. In particular, the economic vitality and overall strength of the Bay Area, which is a key development area of the country, continue to grow under the impact of the pandemic. The business of the Group is located in

the premium location of the eastern and western coast of the Bay Area and is expected to grow in line with the economic growth of the Bay Area.

### **Appreciation**

I would like to take this opportunity to express my sincere gratitude to the Directors, senior management and all staff of the Group for their persistent hard work and dedication despite facing all the difficulties and challenges during such difficult time in the past year. I would also like to thank all our Shareholders, bankers and business partners for their long-term support and enduring trust. In the future, the Group will continue to contribute to the development of the Bay Area and explore suitable development opportunities in order to create sustainable returns for our Shareholders.

**Zhengyu Liu\***

*Chairman*

Hong Kong, 25 February 2021

*\* For identification purpose only*

## Final Dividend

The Board has proposed a final dividend of RMB9.1 cents per share (equivalent to HK10.936835 cents per share at the exchange rate of RMB1:HK\$1.20185) for the year ended 31 December 2020. Together with the special interim dividend of RMB10 cents per share which will be paid on Friday, 26 February 2021, the total dividends for the year will amount to RMB19.1 cents per share. The total regular dividends for the year will amount to RMB9.1 cents per share (excluding the special interim dividend of RMB10 cents per share) which is 54% less than the total regular dividends of RMB19.9 cents per share of last year. The total regular dividends represent a regular dividend payout ratio of 100% of the profit attributable to owners of the Company (excluding post-tax profit on partial disposal of Xintang JV) and will be the same as that of last year.

Subject to Shareholders' approval at the 2021 Annual General Meeting to be held on Friday, 30 April 2021, the proposed final dividend will be paid on Tuesday, 27 July 2021 to Shareholders whose names have been registered at the close of business on Thursday, 6 May 2021.

If the proposed final dividend is approved by the Shareholders at the 2021 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, 25 February 2021 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 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 Thursday, 15 July 2021. **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 2021 Annual General Meeting to be held on Friday, 30 April 2021, the Register of Members of the Company will be closed from Tuesday, 27 April 2021 to Friday, 30 April 2021, 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 2021 Annual General Meeting, all transfers of share ownership, 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, 26 April 2021.

To ascertain shareholders' entitlement to the proposed final dividend, the Register of Members of the Company will be closed for one day on Thursday, 6 May 2021, if and only if the proposed final dividend is approved by the Shareholders at the 2021 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 share ownership, 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, 5 May 2021.

# MANAGEMENT DISCUSSION AND ANALYSIS

## BUSINESS REVIEW

### Overall Business Performance

During the year under review, the aggregate average daily toll revenue of the GS Superhighway and the GZ West Superhighway (also known as the “Western Delta Route”) declined by 27% YoY to RMB9.50 million and the total toll revenue amounted to RMB3.478 billion. The decrease in toll revenue was mainly due to the implementation of the policy of waiver of tolls on toll roads nationwide for 79 days from 17 February 2020 to 5 May 2020 in response to the prevention and control measures for the COVID-19 pandemic by the Ministry of Transport of the PRC, and the adjustments on the Holiday Toll-free Policy for small passenger vehicles with 7 seats or less during the Lunar New Year holiday in 2020, which was extended from 7 days to 16 days. The above two policies resulted in a significant YoY decrease in toll revenue of the GS Superhighway and the GZ West Superhighway during the year under review. On the other hand, electronic toll collection (“ETC”) discount rate has been increased from 2% to 5%, effective from 1 July 2019, which continues to have minor negative impact on toll revenue of the GS Superhighway and the GZ West Superhighway.

Affected by the aforesaid factors, the average daily toll revenue and average daily full-length equivalent traffic of the GS Superhighway fell 26% and 26% YoY to RMB6.51 million and 74,000 vehicles respectively; the average daily toll revenue and average daily full-length equivalent traffic of the GZ West Superhighway fell 28% and 27% YoY to RMB2.99 million and 43,000 vehicles respectively. During the year under review, the Group’s shared aggregate net toll revenue declined by 27% YoY to RMB1.573 billion. Contributions from the GS Superhighway and the GZ West Superhighway were 66% and 34%, respectively.

Following the resumption of toll collection for toll roads nationwide from 6 May 2020 and driven by the economic recovery of the cities along the expressway, the performance of the GS Superhighway rebounded significantly in the second half of 2020 with average daily toll revenue and average daily full-length equivalent traffic increasing by 2% and 1% YoY to RMB9.14 million and 103,000 vehicles respectively. The performance of the GZ West Superhighway has also stabilised. However, due to the diversion effect caused by the conversion of Foshan Ring Road into a toll expressway and the closure and transformation of the Shizhou toll station since August 2020, the average daily toll revenue and average daily full-length equivalent traffic for the second half of 2020 slightly decreased by 3% and 5% YoY to RMB4.21 million and 60,000 vehicles, respectively.

The Guangzhou Xintang residential project made significant progress during the year under review and the Group disposed 22.5% equity interest and the corresponding shareholder’s loans in the Xintang JV to CR Land in September 2020. Upon completion of the Disposal, the Group still owns 15% equity interest in the Xintang JV and realised the pre-tax gain on Disposal of approximately RMB545 million and the post-tax profit from Disposal of approximately RMB409 million.

<b>Year</b>	<b>2019</b>	<b>2020</b>	<b>% Change</b>
<b><i>At JV level</i></b>			
<b><i>GS Superhighway</i></b>			
Average daily toll revenue <sup>#</sup> (RMB '000)	8,835	<b>6,509</b>	-26%
Average daily full-length equivalent traffic* (No. of vehicles '000)	100	<b>74</b>	-26%
<b><i>GZ West Superhighway</i></b>			
Average daily toll revenue <sup>#</sup> (RMB '000)	4,150	<b>2,994</b>	-28%
Average daily full-length equivalent traffic* (No. of vehicles '000)	59	<b>43</b>	-27%

<b>Year</b>	<b>Second half of 2019</b>	<b>Second half of 2020</b>	<b>% Change</b>
<b><i>At JV level</i></b>			
<b><i>GS Superhighway</i></b>			
Average daily toll revenue <sup>#</sup> (RMB '000)	8,935	<b>9,142</b>	+2%
Average daily full-length equivalent traffic* (No. of vehicles '000)	102	<b>103</b>	+1%
<b><i>GZ West Superhighway</i></b>			
Average daily toll revenue <sup>#</sup> (RMB '000)	4,345	<b>4,212</b>	-3%
Average daily full-length equivalent traffic* (No. of vehicles '000)	63	<b>60</b>	-5%

<sup>#</sup> Including tax

\* 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/ period under review. It can better reflect road usage as it takes into account total travelling distance by all vehicles on the expressway and is a standard operational statistic used throughout the industry

## **Operating Environment**

### ***Domestic economic situation***

In 2020, the outbreak of COVID-19 has spread across the world with large-scale outbreaks in numerous countries, which have caused a heavy blow to the global economy. In order to curb the spread of the COVID-19 pandemic, various countries have successively implemented regional lockdowns and entry quarantine measures, which have severely affected the flow of people and logistics and caused significant impact to the industrial chains across multiple industries, making the international economic and trade environment more challenging. As the provincial and municipal governments of the PRC decisively implemented a series of pandemic prevention measures which basically and effectively controlled the pandemic across the country. The production and economic activities of enterprises recovered in an orderly manner, and key economic indicators such as total import and export value, fixed asset investment and per capita disposable income of residents of Mainland China maintained positive growth throughout the year, and the economic operation is steadily recovering. The GDP of Mainland China rebounded from a YoY contraction of 6.8% in the first quarter to a growth of 2.3% for the year with the total value exceeding RMB100 trillion. The GDP of Guangdong Province rebounded from a contraction of 6.7% in the first quarter to a growth of 2.3% for the year, indicating a significant trend of accelerated economic recovery. Facing the unprecedented and complex COVID-19 pandemic and international political and economic situation, the PRC focuses on the new development pattern with domestic circulation to dominant and domestic and international dual-circulation reinforcing each other, leading the economy to a higher level of quality development. As people around the world begin to get COVID-19 vaccine injections, it is expected that the pandemic will be further controlled, bringing international economic and trade activities back on track and supporting the continuous expansion of domestic demand. The domestic economy is expected to maintain steady growth, which will lead to a continuous increase in logistics and transportation demand, providing a solid foundation for the businesses of the GS Superhighway and the GZ West Superhighway operated by the Group.

### ***Development of the Bay Area***

Regional development of the Bay Area is driven by four core cities, namely Hong Kong, Macao, Guangzhou and Shenzhen and is also composed of important hub cities such as Zhuhai, Foshan, Huizhou, Dongguan, Zhongshan, Jiangmen and Zhaoqing, with a total area of approximately 56,000 square kilometres and a total population of more than 72 million at the end of 2019 and market expects the GDP of the area will be approximately RMB11 trillion in 2020, which is one of the most active regions in the PRC in terms of economy with remarkable regional advantages and great development potential.

The construction of the Bay Area is a major national development strategy and Shenzhen is a significant engine for the construction of the Bay Area. Under the significant historical opportunity of “dual-driven” and with the in-depth promotion of the construction of “Core, Coastal Belt and Zone Initiative”, the economy continues to develop steadily. During the year, local governments continued to actively engage in the promotion of the construction of the Bay Area, introduced more specific policies and measures to promote mutual integration and development, created a leading and innovative business environment to attract high-quality enterprises, funds and talents, which accelerated the integration of regional market to expand the scale of economic development.

As one of the four core engines of the Bay Area, Shenzhen has actively promoted the construction of the dual area. Since the issuance of the Guidelines on Supporting Shenzhen in Building a Pilot Demonstration Area of Socialism with Chinese Characteristics by the State Council in August 2019, Shenzhen has introduced a number of policies, which have injected strong momentum to promote the construction of the Bay Area. In October 2020, the State Council issued the Plan on Implementing Comprehensive Pilot Reforms in Shenzhen to Build the City into a Demonstration Area of Socialism with Chinese Characteristics (2020-2025) and the List of the First Batch of Authorisation Matters for the Comprehensive Pilot Reforms in Shenzhen to Build the City into a Demonstration Area of Socialism with Chinese Characteristics enabling Shenzhen greater autonomy in the reform of key areas and key matters, including the system of factor market-oriented allocation, business environment, scientific and technological innovation, opening-up, improvement of ecological environment and urban space governance, and further clarifying that the demonstration area will achieve significant progress in the system construction in all aspects in 2022, achieve milestone achievements in the reform of major areas and key matters and basically complete the pilot reform tasks in 2025, marking milestone goals for the national system construction. This new system reform suggested that Shenzhen can build an industrial innovation highland with global influence more efficiently, which plays a strong leading role in promoting the economic development of the Bay Area, and can further promote the interconnection of flow of people, logistics, capital flow and information flow within the Bay Area. On the other hand, in September 2020, Dongguan City also issued the Opinions on Further Improving the Regional Coordinated Development Pattern and Facilitating the Accelerating High-quality Development in Towns in the Southern Region, which proposed the goal of connecting 9 towns near Shenzhen in the southern part of Dongguan at high standard and integrating into the Shenzhen Pilot Demonstration Area in 2025. These policies have a positive effect on the demand for travel using expressways and are beneficial to the expressway business environment in the long run by promoting convenient transportation connection within the Bay Area, which drives the flow of people and logistics.

These policy documents demonstrate that the Bay Area, a focus area of domestic economic development, has been recognised by the government and various parties as a focal point. The short-term economic shock caused by the COVID-19 pandemic will not change the general favourable trend of the economy within the area led by the development of the Bay Area.

## **Latest Updates on Industry Policies**

### ***Adjustments on the Holiday Toll-free Policy for Small Passenger Vehicles with 7 seats or less during the Lunar New Year in 2020***

Due to the COVID-19 pandemic, the Ministry of Transport published a notice to extend the Holiday Toll-free Policy for small passenger vehicles with 7 seats or less during the Lunar New Year in 2020 from the original 7 days (from 24 January 2020 to 30 January 2020) extended to 16 days (ended on 8 February 2020), so as to shift peak period travel of vehicles. As a result, the toll revenue of the GS Superhighway and the GZ West Superhighway for 2020 decreased.

### ***Waiver of Tolls on Toll Roads During the COVID-19 pandemic***

Pursuant to the Notice from the Ministry of Transport on Waiver of Tolls on Toll Roads During the Prevention and Control of Epidemic Caused by the Novel Coronavirus Pneumonia issued by the Ministry of Transport on 15 February 2020, due to the COVID-19 pandemic, with the approval of the State Council, commenced from 00:00 a.m. on 17 February 2020 till the end of the prevention and control of the COVID-19 pandemic, tolls of toll roads is waived nationwide during the period of the prevention and control of the pandemic caused by COVID-19, and the specific end date is subject to further notice. After such period, pursuant to the Notice from the Ministry of Transport on Resumption of Toll Fees Collection on Toll Roads issued on 28 April 2020, with the approval of the State Council, toll roads nationwide have resumed toll fees collection for all vehicles legally travelling through the toll roads from 00:00 a.m. on 6 May 2020. During the aforesaid period, tolls on the GS Superhighway and the GZ West Superhighway operated by the Group were waived for 79 days in total, bringing negative impact on the business performance of the Group.

### ***Removal of provincial boundary expressway toll stations nationwide***

Guangdong Province has completed works relating to the removal of provincial boundary expressway toll stations by the end of 2019, switched the systems successfully and formally merged itself into the national network. Toll system on the GS Superhighway and the GZ West Superhighway has also been connected to the national network in standard specification as required, and enhancement has been made to revolve issues arose in the early stage of switching to the new system. The two expressways are currently capable of offering quality service of fast access to the public.

### ***Adjustment to ETC discount***

In order to accelerate the promotion of ETC usage, Guangdong Province has adjusted toll discount for vehicles using ETC payment cards on expressways within the province to align with the national standard, increasing the discount rate from 2% to 5%, effective from 1 July 2019. In the second half of 2020, tolls collected through means of ETC payment cards on the GS Superhighway and the GZ West Superhighway accounted for approximately 60% of the overall toll revenue, while the traffic volume of vehicles using ETC payment cards accounted for approximately 64% of the overall traffic volume. As there is still much room for the percentage of traffic volume using ETC payment cards compared to more than 90% of the national target, the gradual increase of users may have a slight impact on the toll revenue of the Group in the future.

### ***New tariff standard for highway in Guangdong Province***

Tariff standard for expressways within Guangdong Province has been revised based on PRC's latest industry standard on Vehicle Classification of the Toll for Highway since 1 January 2020. According to which, passenger vehicles are classified into four types, trucks and special motor vehicles are classified into six types, and the basic tariff rate remains unchanged at RMB0.6 per kilometre for each vehicle for the expressways with 6 lanes or above. Details on classification and tariff multiplier are set out in the table below. After the implementation of the new tariff standard, average toll revenue per vehicle (after considering ETC discount adjustment) of the GS Superhighway and the GZ West Superhighway in 2020 remained basically the same as the corresponding period of last year, the overall toll revenue was not affected.

#### **Vehicle Classification and Tariff Multiplier of the Toll for Highway in Guangdong Province**

Class	Passenger vehicle		Truck		Special motor vehicle	
	No. of passengers	Tariff Multiplier	No. of axles	Tariff Multiplier <sup>N2</sup>	No. of axles	Tariff Multiplier
1	≤9	1	2 <sup>N3</sup>	1	2 <sup>N3</sup>	1
2	10–19	1.5	2 <sup>N4</sup>	2.1	2 <sup>N4</sup>	2.1
3	≤39	2	3	3.16	3	3.16
4	≥40 <sup>N1</sup>	3	4	3.75	4	3.75
5	–	–	5	3.86	5	3.86
6	–	–	6	4.09	≥6	4.09

*N1: Large passenger vehicle with 40 seats above will be charged as Class 3*

*N2: For >6-axle truck: charge on the basis of Class 6 and tariff multiplier will increase by 0.17 for each additional axle*

*N3: Vehicle length <6 metres and maximum authorised weight <4.5 tonnes*

*N4: Vehicle length ≥6 metres or maximum authorised weight ≥4.5 tonnes*

### ***Supporting policies in relation to domestic automobile sales***

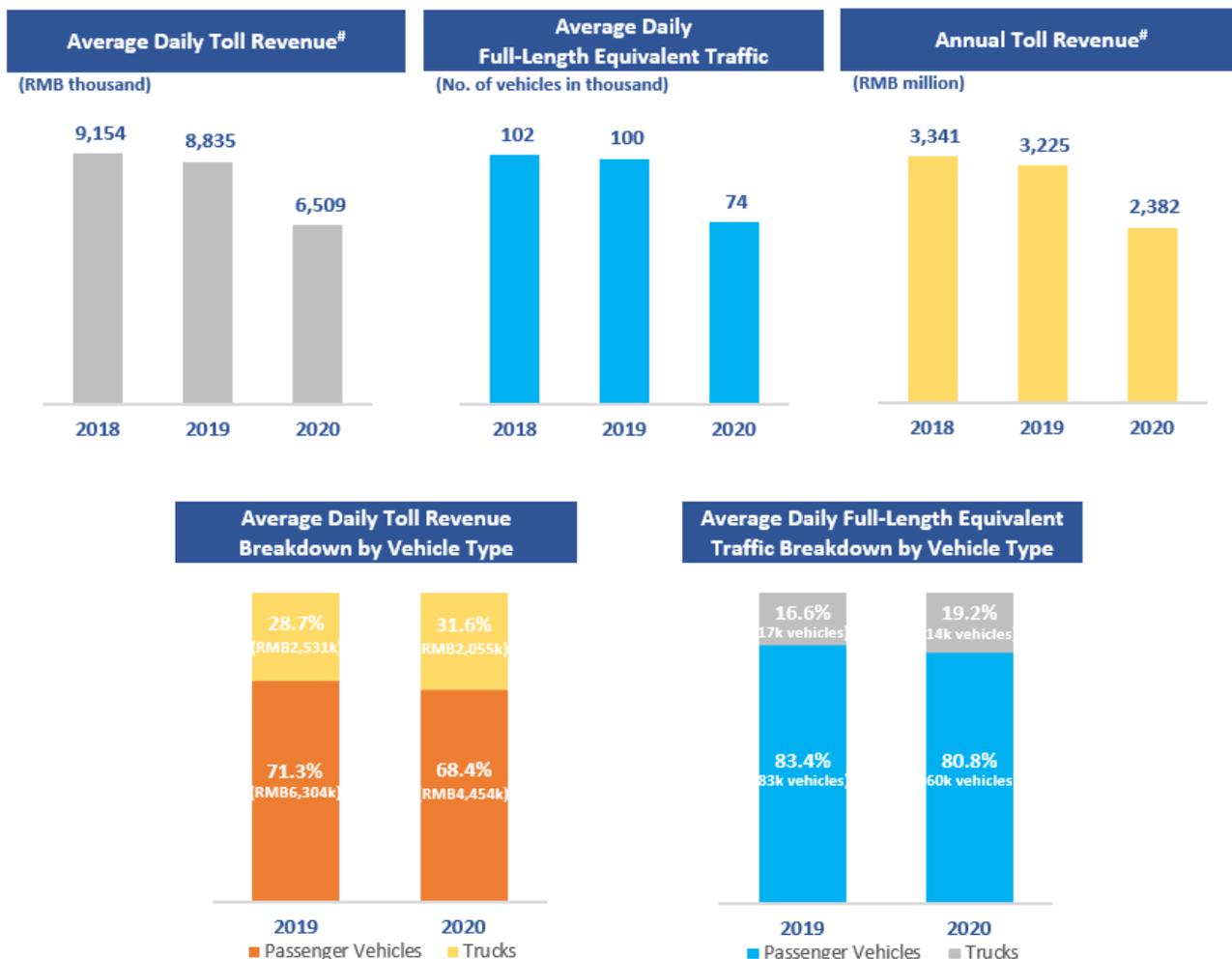
The domestic automobile consumption market continued to pick up. In 2020, the sales volume of automobiles was approximately 25.31 million units, representing a YoY decrease of 2%, which was significantly contracted as compared with the YoY decrease of 17% in the first half of the year and overall situation was better than the market expectation. In November 2020, the State Council issued the Development Plan of New Energy Vehicle Industry (2021-2035), which will further increase the penetration rate of new energy vehicles. Furthermore, the purchase subsidy policy for new energy vehicles, will also help drive the growth of new energy vehicle sales. Entering 2021, Ministry of Commerce issued Guidelines for Promoting Automobile Consumption in Business Area in February. In terms of expanding consumption of new vehicles, it proposed to enhance the automobile purchase restriction policy and refrain from introducing new purchase restrictions, in order to stabilise the automobile consumption in cities. It also proposed measures such as supporting automobile consumption in rural areas as well as promoting new energy vehicle sales. It is believed that the policy will continue to inject new momentum into automobile sales. The supporting policies related to automobile sales have a positive effect on increasing the overall automobile ownership, which is beneficial to the expressway industry.

## **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. In 2020, the average daily toll revenue and average daily full-length equivalent traffic both fell 26% YoY to RMB6.51 million and 74,000 vehicles respectively. Its total toll revenue for the year amounted to RMB2,382 million. The significant decrease in toll revenue and traffic volume was mainly due to the waiver of tolls effective from 17 February 2020 to 5 May 2020 according to the notice from the Ministry of Transport. Toll revenue and traffic volume contributed by passenger vehicles accounts for 68% and 81% of the toll revenue and full-length equivalent traffic of the GS Superhighway respectively.

Despite the economic impact of the COVID-19 pandemic on the cities along the GS Superhighway, economic activities gradually resumed and the GDP of Guangzhou, Dongguan and Shenzhen recorded YoY annual growth of 2.7%, 1.1% and 3.1% respectively as compared to the negative growth experienced in the first quarter of 2020. Following the resumption of toll collection for toll roads nationwide from 6 May 2020 and driven by the economic recovery of the cities along the expressway, the performance of the GS Superhighway rebounded significantly in the second half of 2020 with average daily toll revenue and average daily full-length equivalent traffic increasing by 2% and 1% YoY to RMB9.14 million and 103,000 vehicles respectively. In particular, the average daily toll revenue and average daily full-length equivalent traffic of passenger vehicles still recorded a slight decrease, while the average daily toll revenue and average daily full-length equivalent traffic of trucks recorded a relatively higher growth, which was in line with the circumstances of the reducing number of trips of the general public and the continuous growth of export freights under the pandemic.

Commissioned in April 2019, the Nansha Bridge is another important passage crossing the Pearl River in addition to the Humen Bridge and it has enhanced traffic connectivity and efficiency across the Pearl River. Moreover, passing of trucks and passenger vehicles with 40 seats above is prohibited on Humen Bridge with effect from mid-August 2019 and vehicles traveling across the Pearl River shall detour through Nansha Bridge or Huangpu Bridge, thereby resulting in a slightly positive effect on the toll revenue and traffic volume of the GS Superhighway.



# Including tax

According to the information published by the relevant authorities of the Shenzhen Municipal Government, the reconstruction of the Huanggang Port in Shenzhen next to the Huanggang entry and exit point of the GS Superhighway is in progress. The demolition of the passenger clearance building was completed in 2020 and will be redeveloped at the original site. Currently, a temporary passenger clearance site was set up to handle cross-border travellers and vehicles. The new passenger clearance building of Huanggang Port is expected to be completed by the end of 2022, which is positioned as a traveler-only checkpoint under the “co-location arrangement”, where the cargo inspection function will be cancelled, and will be developed into a super port and integrated transportation hub that radiates the Bay Area and engages globally. The increased passenger clearance capacity at the new port has a positive effect on passenger vehicles travelling to the port through the GS Superhighway. Yet given the cancellation of cargo inspection function, cross-border freight vehicles will no longer require to travel to the port through the GS Superhighway, the Group will closely monitor the specific arrangements in the future and assess the impact on the GS Superhighway.

The Shenzhen section Phase I and Dongguan section of Shenzhen Outer Ring Expressway officially opened to traffic at the end of 2020. It is connected to the Guangshen Coastal Expressway in the west and the Huiyan Expressway in the east, and is another east-west expressway located north of Jihe Expressway. Shenzhen Outer Ring Expressway is connected to the Guangshen Coastal Expressway, GS Superhighway, Nanguang Expressway, Longda Expressway and Meiguan Expressway. As the Songgang interchange connecting with the GS Superhighway has not yet been opened, vehicles travelling to the Shenzhen Outer Ring Expressway cannot access to the GS Superhighway at the moment, which may cause diversion impact on the GS Superhighway. Due to the short opening period, the impact is still subject to further observation.

### ***Expansion of GS Superhighway***

Linking Guangzhou, Dongguan, Shenzhen and Hong Kong, the GS Superhighway is an important traffic passage connecting the Bay Area internally and externally. As the Outline Plan and 3-year Action Plan of Guangdong Province for Building the Guangdong-Hong Kong-Macao Greater Bay Area (2018-2020) provided clear plans to accelerate the expansion of busy sections of certain state level expressways, such as the Beijing-Hong Kong-Macao Expressway, together with the Guangdong Province Expressway Network Plan (2020-2035) issued by the Department of Transportation of Guangdong Province in May 2020, which restates the expansion plan of expressways, including the GS Superhighway, the expansion of the GS Superhighway will be accelerated as planned.

The GS JV has already carried out a feasibility study on road expansion, so as to improve traffic efficiency as well as land utilisation by increasing the number of traffic lanes on the main alignment and optimising interchange design and land use layout. A steering committee was established by the GS JV to be responsible for related works, and to actively communicate with the relevant local governments and departments to collect opinions from various parties, to deepen the content of the feasibility report and ensure alignment with local government planning. The preliminary feasibility report of the expansion work has been completed at the end of 2020 and went through preliminary review by relevant government departments in January 2021. In the next stage, the feasibility report of the expansion work will be further revised pursuant to the comments received from the preliminary review and subsequent to the revisions, the process to submit application for work approval will be entered. Pending to the official approval by relevant government departments, the construction scale and estimated cost for the expansion work would be finalised. 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, yet the final construction scale and estimated cost are to be determined. On the other hand, the tender for survey and design work is carried out simultaneously to shorten the time for preparatory work and accelerate the project progress in order to strive to officially commence the expansion work in 2022.

### ***Potential Land Development and Utilisation of GS Superhighway***

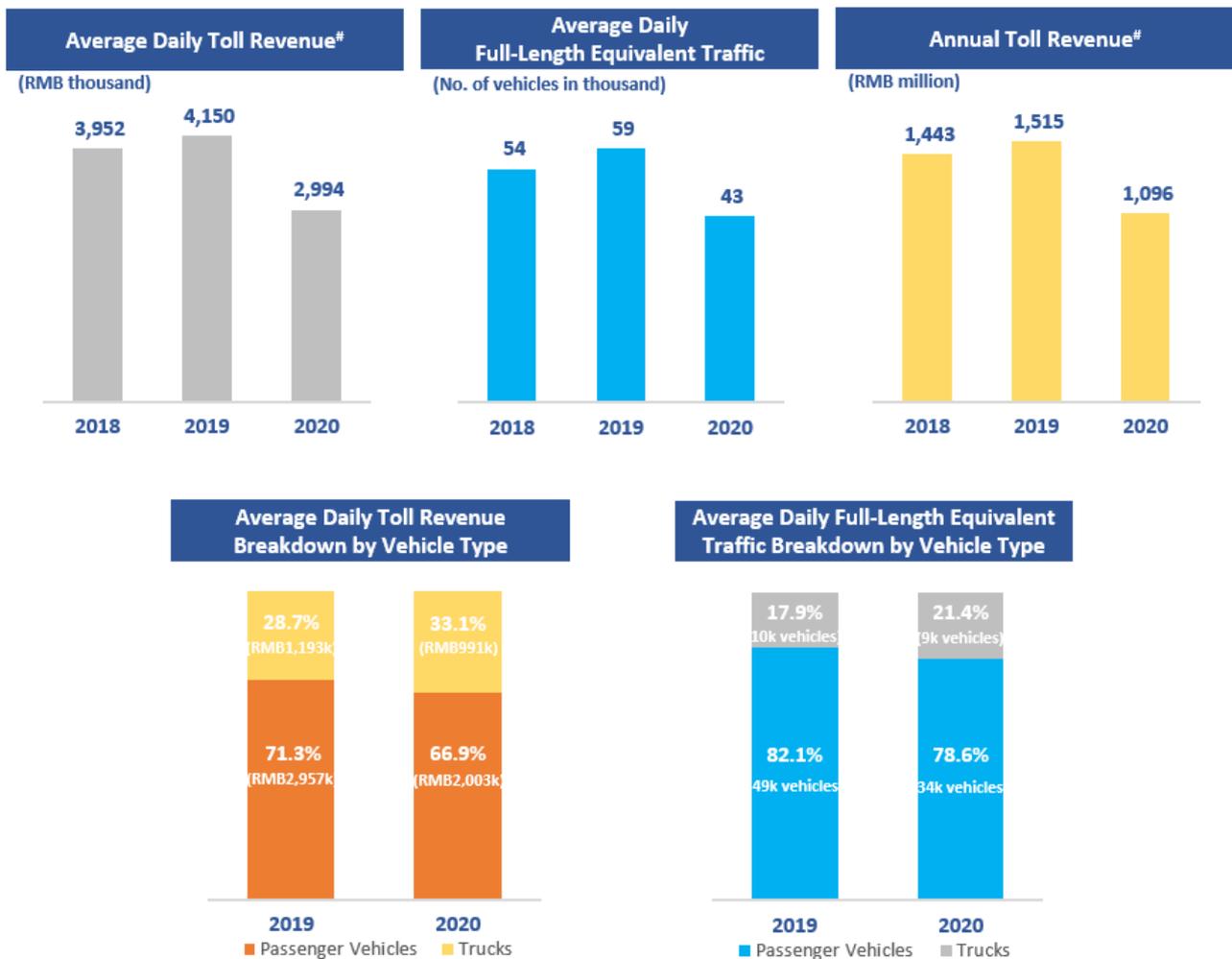
The Company has entered into a memorandum of cooperation and framework agreements with Guangdong Highway Construction, the joint venture partner of the GS JV, with respect to the principles of cooperation in relation to the development and utilisation of land along the GS Superhighway in October 2019, to jointly strive for the opportunities of integrated development and realisation of value for the GS Superhighway's stock of land alongside.

Studies on the planning of land along the GS Superhighway has combined with the feasibility study on the expansion work of the GS Superhighway in order to promote the planning scheme of the integration of certain interchange transformations and development and utilisation of land simultaneously. The aim is to integrate the expansion with development and utilisation of land, and seek a win-win solution that is in line with the land planning of the local government. The Guangzhou Xintang project is a demonstration pilot project for traffic transformation and land space composite utilisation of expressways in Guangdong Province. It is a template for the transformation of other interchanges along the GS Superhighway and is of positive significance to the projects in other areas along the route. 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.

## **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. In 2020, the average daily toll revenue and average daily full-length equivalent traffic fell 28% and 27% YoY to RMB2.99 million and 43,000 vehicles respectively. Its total toll revenue for the year amounted to RMB1,096 million. The significant decrease in toll revenue and traffic volume was mainly due to the waiver of tolls effective from 17 February 2020 to 5 May 2020 according to the notice from the Ministry of Transport and the diversion impact caused by the conversion of Foshan Ring Road into a toll expressway and the closure and transformation of the Shizhou toll station since August 2020. Toll revenue and traffic volume contributed by passenger vehicles accounts for 67% and 79% of the toll revenue and full-length equivalent traffic of the GZ West Superhighway respectively.

The GZ West Superhighway runs through four major cities on the west bank of the Bay Area, namely Guangzhou, Foshan, Zhongshan and Zhuhai. Affected by the COVID-19 pandemic, the GDP of the above cities has experienced negative growth in the first quarter of 2020 and as economic activities gradually resumed, the GDP of those cities recorded YoY annual growth of 2.7%, 1.6%, 1.5% and 3.0% respectively. Following the resumption of toll collection for toll roads nationwide from 6 May 2020 and driven by the economic recovery of the cities along the expressway, the performance of the GZ West Superhighway has stabilised simultaneously. However, due to diversion impact caused by the conversion of Foshan Ring Road into a toll expressway and the closure and transformation of the Shizhou toll station, the average daily toll revenue and average daily full-length equivalent traffic in the second half of 2020 decreased by 3% and 5% YoY to RMB4.21 million and 60,000 vehicles respectively. In particular, the average daily toll revenue and average daily full-length equivalent traffic of passenger vehicles recorded a decrease, while the average daily toll revenue and average daily full-length equivalent traffic of trucks recorded growth, which was in line with the circumstances of the reducing number of trips of the general public and the continuous growth of export freights under the pandemic.



# Including tax

Foshan Ring Road is formerly a major local road of Foshan city located close to the northern end of the GZ West Superhighway, and has been converted from a toll-free local road into a toll expressway from 2020. With its connection with Guangzhou-Zhongshan-Jiangmen Expressway and Jiangmen Zhuhai Expressway, an expressway corridor that runs mostly parallel to the GZ West Superhighway is then formed, linking up Foshan, Jiangmen and western Zhuhai. The conversion of the above section into a toll expressway has caused a slight diversion impact on the GZ West Superhighway, but the impact has gradually faded out in the fourth quarter of 2020.

To comply with Foshan government’s plan on development of Sanlongwan area, the Shizhou toll station on the GZ West Superhighway carried out ramp expansion, toll station transformation and landscape improvement starting from mid-August 2020. The transformation work was completed one month earlier than expected and was re-opened on 1 January 2021. The station was officially renamed as Sanlongwan toll station, which is in line with the planning of the local government. The transformation work helps improve the capacity of the toll station to handle traffic flow, and will benefit from the development of the area and the continuous growth of traffic volume in the long run, which will have a positive effect on the increase in traffic volume of the GZ West Superhighway.

The Huangpu Express Line was fully opened at the end of December 2020. By connecting with Ronggui Outer Ring Road and Bigui Road, a local road connecting Shunde and Zhongshan was formed, which is mostly parallel to the Ronggui toll station and Zhongshan West toll station section of the GZ West Superhighway. On the other hand, the third phase of the Guangzhou-Zhongshan-Jiangmen Expressway commenced operation at the end of December 2020, connecting the second phase of the Guangzhou-Zhongshan-Jiangmen Expressway in the west and the Dongxin Expressway in the east. Of which, Dongfeng and Nantou North (which interconnected with Nantou interchange of the GZ West Superhighway) section has not yet been opened. The Group will continue to closely monitor to changes in the surrounding road network, which may cause slight diversion impact on the GZ West Superhighway.

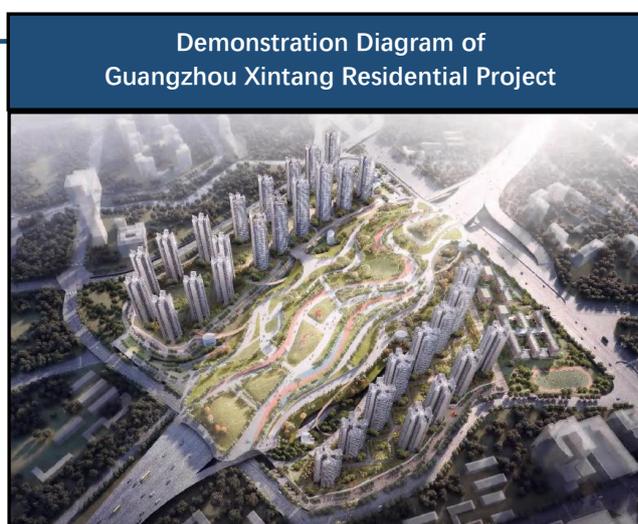
The GZ West Superhighway is the main expressway artery between Guangzhou and Zhuhai, and is highly accessible to the Hengqin New Zone and the HZM Bridge through the expressway network connecting Zhuhai. The new port in Hengqin was officially opened in August 2020, which greatly enhances the custom clearance capability and efficiency of the port and facilitates the flow of people and trade between Guangdong and Macao. On the other hand, in November 2020, the Guangdong Provincial Public Security Department issued the Administrative Measures of Guangdong Province on the Entry of Motor Vehicles into and out of the Mainland via the Zhuhai Highway Port of the Hong Kong-Zhuhai-Macao Bridge (Draft for Comments), which announced that the entry of single-licensed vehicles into and out of the Mainland via the Zhuhai Port of the HZM Bridge will be further eased. The permitted driving area is expanded from the current Zhuhai Hengqin area to the entire Guangdong Province, serving as an experience to the policy of expanding the permission of Hong Kong vehicles into and out of the Guangdong Province via the HZM Bridge. It is expected that the three local governments will further open up cross-border road transportation to increase the usage of the HZM Bridge and the flow of people and logistics between the three regions, which will have a positive effect on the traffic volume of the GZ West Superhighway in the long run.

## Guangzhou Xintang Residential Project

Xintang JV, jointly established by the Group and the subsidiaries of GPCG, successfully acquired the land use rights of the Project Land for residential use of Xintang Interchange for RMB 4.124 billion through bidding in December 2019. The land parcel has a total site area of approximately 200,000 square metres and a total gross floor area of approximately 600,000 square metres. In order to introduce professional property developer to jointly engage in the construction of the residential project, during the year under review, the Group and GPCG (through Guangdong Highway Construction) disposed of an aggregate of 60% equity interest in the Xintang JV (representing 22.5% equity interest owned by the Group and 37.5% equity interest owned by Guangdong Highway Construction) and the corresponding shareholders' loans to CR Land through public tender. The Disposal was completed in September 2020 and realised the pre-tax gain on Disposal of approximately RMB545 million and the post-tax profit from Disposal of approximately RMB409 million. Currently, the Group remains to own 15% equity interest in the Xintang JV.

During the year under review, the transformation works of interchange and the construction of the residential and ancillary work of the Xintang residential project has commenced, of which the construction of the residential and ancillary work is planned to be carried out in three phases. It is expected that the pre-sale of a portion of the residential units in the first phase will commence in 2021, with the annual sales target comprising a gross floor area of approximately 70,000 square metres, which can be delivered to the buyers and revenue will be recognised in 2023 the earliest.

### Location of Guangzhou Xintang Residential Project



## FINANCIAL REVIEW

The Group's results for the year ended 31 December 2020 were as follows:

RMB million	Year ended 31 December									
	2019					2020				
	Revenue	EBITDA	Depreciation and amortisation	Interest and tax	Results	Revenue	EBITDA	Depreciation and amortisation	Interest and tax	Results
Group's share project contributions:										
<b>Toll expressway projects</b>										
- GS Superhighway <sup>Note 1</sup>	1,409	1,248	(445)	(316)	487	<b>1,041</b>	<b>860</b>	<b>(450)</b>	<b>(189)</b>	<b>221</b>
- GZ West Superhighway	735	627	(245)	(193)	189	<b>532</b>	<b>418</b>	<b>(243)</b>	<b>(140)</b>	<b>35</b>
<b>Sub-total</b>	<b>2,144</b>	<b>1,875</b>	<b>(690)</b>	<b>(509)</b>	<b>676</b>	<b>1,573</b>	<b>1,278</b>	<b>(693)</b>	<b>(329)</b>	<b>256</b>
<b>Land development and utilisation project</b>										
- Xintang Interchange	-	0	-	(2)	(2)	-	(1)	-	(41)	(42)
<b>Total</b>	<b>2,144</b>	<b>1,875</b>	<b>(690)</b>	<b>(511)</b>	<b>674</b>	<b>1,573</b>	<b>1,277</b>	<b>(693)</b>	<b>(370)</b>	<b>214</b>
YoY change						<b>-27%</b>	<b>-32%</b>	<b>0.4%</b>	<b>-28%</b>	<b>-68%</b>
Corporate:										
Bank deposits interest income					2					9
Investment income from - structured deposit					-					2
Interest income of loans to a JV					2					50
Gain on disposal of 22.5% equity interest in Xintang JV					-					545
Other income					3					4
General and administrative expenses and depreciation					(37)					(36)
Finance costs					(1)					(17)
Income tax expense					(0)					(150)
<b>Sub-total</b>					<b>(31)</b>					<b>407</b>
<b>Profit before net exchange (loss)/gain</b>					<b>643</b>					<b>621</b>
YoY change										<b>-3%</b>
Net exchange (loss)/gain					(22)					73
<b>Profit for the year</b>					<b>621</b>					<b>694</b>
Profit attributable to non-controlling interests					(9)					(5)
<b>Profit attributable to owners of the Company</b>					<b>612</b>					<b>689</b>
YoY change										<b>13%</b>

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

### **Toll Expressway Projects**

The Group's share of the net toll revenue of the expressway projects namely the GS Superhighway and the GZ West Superhighway operated by two joint ventures decreased by 27% to RMB1,573 million in 2020 from RMB2,144 million in 2019, of which the net toll revenue of the GS Superhighway decreased by 26% to RMB1,041 million in 2020 from RMB1,409 million in 2019; net toll revenue of the GZ West Superhighway decreased by 28% to RMB532 million in 2020 from RMB735 million in 2019. The main reasons for the decrease in toll revenue include: according to the notice from the Ministry of Transport in the PRC, in light of the COVID-19 pandemic, the policy of waiver of tolls was implemented on toll roads nationwide from 17 February 2020 to 5 May 2020 (both days inclusive), which was applicable to the GS Superhighway and the GZ West Superhighway (details of which were set out in the announcements of the Company dated 17 February 2020 and 29 April 2020). The GS Superhighway and the GZ West Superhighway had resumed toll fees collection for all vehicles from 00:00 a.m. on 6 May 2020; the Holiday Toll-free Policy for small passenger vehicles with 7 seats or less during the Lunar New Year in 2020 from the original 7 days (from 24 January 2020 to 30 January 2020) extended to 16 days (ended on 8 February 2020); and from 1 July 2019, the ETC discount had been increased from 2% to 5%.

The Group's share of the aggregate EBITDA of its two toll expressways (excluding net exchange difference on the GS JV's US Dollar and HK Dollar loans) decreased by 32% to RMB1,278 million in 2020 from RMB1,875 million in 2019. As the toll revenue of the GS Superhighway and the GZ West Superhighway recorded a decrease in 2020, the Group's share of the EBITDA of the GS Superhighway decreased by 31% to RMB860 million in 2020 from RMB1,248 million in 2019; the Group's share of the EBITDA of the GZ West Superhighway fell by 33% to RMB418 million in 2020 from RMB627 million in 2019.

Affected by the COVID-19 pandemic, the full-length equivalent traffic (including tolled and toll-free) of the GS Superhighway and the GZ West Superhighway for the first half of 2020 decreased slightly as compared with the first half of 2019. However, since the resumption of toll collection of toll roads nationwide from 6 May 2020, the performance of the GS Superhighway rebounded significantly in the second half of 2020 with the full-length equivalent traffic increasing by 1% YoY, which was driven by the economic recovery in the PRC. The Group's share of depreciation and amortisation charges of the GS Superhighway amounted to RMB450 million, representing a slight increase from RMB445 million in 2019; the performance of the GZ West Superhighway returned stable simultaneously. However, due to the diversion effect caused by the conversion of Foshan Ring Road into a toll expressway and the closure and renovation of Shizhou Toll Station, the full-length equivalent traffic in the second half of 2020 decreased by 5% YoY. The Group's share of depreciation and amortisation charges of the GZ West Superhighway amounted to RMB243 million, representing a slight decrease from RMB245 million in 2019. Overall, the Group's share of aggregate depreciation and amortisation charges of the two toll expressways amounted to RMB693 million, representing a slight increase from RMB690 million in 2019.

In 2019 and 2020, the applicable PRC EIT rate for both the GS JV and the GZ West JV was 25%. The Group's share of tax expenses of two joint ventures also declined, mainly due to the reduction in toll revenue as a result of the implementation of the policy of waiver of tolls. In addition, the bank loans of the GS JV are mainly denominated in US dollars. The Group's share of the GS JV's interest and tax expenses decreased significantly by 40% to RMB189 million from RMB316 million in 2019, benefiting from the four rounds of US Federal Funds Rate reduction since July 2019 with a total cut of 2.25%. In addition, the GZ West JV repaid the principal of the bank loans of RMB848 million and RMB253 million (at JV level) in advance with its cash surplus in 2019 and 2020 respectively, and benefiting from the transition of the interest rate of RMB loans from the benchmark interest rate of the People's Bank of China to the loan prime rate as the pricing basis, the interest rate was declined, leading to the further reduction of the interest expenses of the GZ West JV. The Group's share of the interest and tax expenses of the GZ West JV decreased by 27% to RMB140 million in 2020 from RMB193 million in 2019. The Group's share of aggregate interest and tax in the two joint ventures decreased by 35% to RMB329 million in 2020 from RMB509 million in 2019.

Affected by the decrease in toll revenue of the GS Superhighway, the Group's share of net profit of the GS JV was RMB221 million, representing a decrease of 55% from the net profit of RMB487 million in 2019; the Group's share of net profit of the GZ West Superhighway was RMB35 million, representing a decrease of 81% from the net profit of RMB189 million in 2019. The Group's share of total net profit of the two expressway projects (excluding net exchange difference on the GS JV's US Dollar and HK Dollar loans) was RMB256 million, representing a decrease of 62% from the net profit of RMB676 million in 2019.

## **Land Development and Utilisation Project**

As set out in the announcements of the Company dated 29 November 2019 and 27 December 2019 respectively, Shenwan Infrastructure, Guangdong Highway Construction, Lealu Investment and Leaxin Investment entered into the JV Agreement and JV Articles, pursuant to which, Shenwan Infrastructure, Guangdong Highway Construction, Lealu Investment and Leaxin Investment agreed to jointly establish the Xintang JV to participate in the bidding for the land use rights of the Project Land and, after successful Bidding, engage in the subsequent development of residential project on the Project Land. After the successful Bidding, the land use rights of the Project Land is held by the Xintang JV which owned as to 62.5% (in aggregate) by the GPCG (through Guangdong Highway Construction, Lealu Investment and Leaxin Investment) and 37.5% by the Group (through Shenwan Infrastructure). Xintang JV won the bid for the land use rights of the Project Land for a land premium of RMB4,124 million and had entered into the grant contract for the state-owned construction land use rights of the Project Land with the Guangzhou Municipal Planning and Natural Resources Bureau on 25 December 2019. As set out in the announcements of the Company dated 12 June 2020, 19 July 2020 and 10 September 2020 and the circular of the Company dated 20 October 2020 respectively, the Group (through Shenwan Infrastructure) and GPCG (through Guangdong Highway Construction) disposed of an aggregate of 60% equity interest in the Xintang JV (representing 22.5% equity interest held by Shenwan Infrastructure and 37.5% equity interest held by Guangdong Highway Construction) together with their respective rights in the corresponding proportion of the shareholders' loans to Xintang JV (including the outstanding accrued interests thereof ) through public tender ("Disposal"). On 10 September 2020, Shenwan Infrastructure and Guangdong Highway Construction (as transferor) and Shenzhen Run Investment (as transferee) entered into a transaction contract in respect of the Disposal. On the same day, Shenwan Infrastructure, Lealu Investment, Leaxin Investment and Shenzhen Run Investment entered into the New JV Agreement and Amended JV Articles. The Group (through Shenwan Infrastructure), GPCG (through Lealu Investment and Leaxin Investment) and Shenzhen Run Investment holds 15%, 25% (in aggregate) and 60% of its equity respectively. On 17 September 2020, the consideration received by Shenwan Infrastructure from the Disposal was approximately RMB1,090 million, including (i) the consideration for the disposal of its 22.5% equity interest in Xintang JV of approximately RMB558 million; and (ii) its 22.5% shareholder's loans (together with the outstanding accrued interests thereof) as at 31 December 2019, its Post-Valuation Date Interests and Post-Valuation Date Shareholders' Loans and Interests in aggregate of approximately RMB532 million. The Disposal realised the pre-tax gain on Disposal of approximately RMB545 million and the post-tax profit from Disposal of approximately RMB409 million for the Group. In 2020, the Group's share of the loss of Xintang JV was approximately RMB42 million, compared to the loss of RMB2 million in 2019.

## **The Group**

In 2020, the Group's aggregate bank deposits interest income and investment income increased from RMB2 million in 2019 to RMB11 million in 2020, mainly due to a consideration of approximately RMB1,090 million was received from the Disposal in September 2020 and therefore the bank deposit balances increased. Since December 2019, based on its shareholding percentage, the Group (through Shenwan Infrastructure) has made one to three-year shareholder's loans at annual interest rates of 6% to 8%. On the other hand, the Group's newly drawn bank loans amounted to a total of approximately RMB797 million in 2020, mainly for shareholder's loans invested in the Xintang JV and general working capital purposes. As a result, the interest expenses of bank loans increased from approximately RMB1 million in 2019 to RMB17 million. Income tax expenses mainly represent (i) as set out in the paragraph under "Land Development and Utilisation Project", the Disposal realised the pre-tax gain on Disposal of approximately RMB545 million; and (ii) the provision on interest income from the investment of shareholder's loans to Xintang JV, in which the applicable PRC EIT rate for Shenwan Infrastructure is 25%. Overall, the Group's (excluding joint ventures) profit increased to RMB407 million in 2020 from a loss of RMB31 million in 2019.

Benefiting from the appreciation of RMB in the second half of 2020, the net exchange gain (including the exchange gain from the Group's share of the US Dollar and Hong Kong Dollar loans of the GS JV) amounted to RMB73 million, compared to the net exchange loss of RMB22 million recorded in 2019. The profit attributable to owners of the Company amounted to RMB689 million, representing an increase of 13% from the profit of RMB612 million in 2019.

## **Outlook**

In January 2020, the novel coronavirus pneumonia broke out and spread across Mainland China. In the period of COVID-19 pandemic prevention and control, the policy of waiver of tolls was implemented on toll roads nationwide from 17 February 2020 to 5 May 2020 (both days inclusive). During the implementation of the policy of waiver of tolls, the revenue of the GS Superhighway and the GZ West Superhighway was interrupted, which had a negative impact on the Group's business performance for the first half of 2020. However, in the second half of 2020, the RMB exchange rate continued to rise, which had a positive impact on the US Dollar and Hong Kong Dollar loans of the GS JV. With the COVID-19 pandemic in Mainland China eased and under control, the Group believes that the stable core business of the GS Superhighway and the GZ West Superhighway will continue to support the Group's future performance enhancement. Overall, the Group remains cautiously optimistic about its future performance: (i) the GS Superhighway will benefit from favourable policies, including the economic development of the Bay Area, the construction of the "Guangzhou-Shenzhen-Hong Kong-Macao" Science and Technology Innovation Corridor and the Shenzhen Pilot Demonstration Area; (ii) the core business of the GZ West Superhighway is growing steadily and will continue to be benefited from the robust development of the economy and road network, including the HZM Bridge which opened in October 2018, the economic development of the Bay Area, and the construction of the "Guangzhou-Shenzhen-Hong Kong-Macao" Science and Technology Innovation Corridor; (iii) the interest rates of the US Dollar and Hong Kong Dollar loans are expected to remain low for a period of time which will continue to be favourable to the Group and the GS JV in terms of interest expenses in 2021; and (iv) the Xintang project introduced a strategic partner to optimise the shareholder structure (details of which were set out in the announcements of the Company dated 12 June, 19 July and 10 September 2020) and push ahead with the construction of residential projects, which will enhance the benefit of the project.

Although the Group recorded a loss for the first time in the first half of 2020 and the Board did not declare the payment of interim dividend, the Board believes that part of the profit obtained from the disposal of 22.5% equity interest in the Xintang JV by the Group would be returned to shareholders through special interim dividend, sharing the initial positive results of the Group's engagement in the potential land development and utilisation project of the GS Superhighway with shareholders. However, the special interim dividend is not included in the full-year regular dividend payout ratio target of 100%. With the easing of the pandemic and recovery of the economy in Mainland China, the Board believes that the Group's full-year regular dividend payout ratio target of 100% on recurring income will be maintained, taking into account the stable dividend payments of the GS JV and that the GZ West JV commenced to pay dividends to the Group since 2020.

## **Financing of the Group**

As set out in the paragraphs under the “Land Development and Utilisation Project”, after the successful Bidding, the land use rights of the Project Land is held by the Xintang JV which owns as to 15%, 25% (in aggregate) and 60% by the Group (through Shenwan Infrastructure), GPCG (through Lealu Investment and Leaxin Investment) and Shenzhen Run Investment pursuant to the New JV Agreement and Amended JV Articles 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.

**As of 31 December 2020**

	Maximum total amount to be contributed to the Xintang JV RMB million	Maximum contribution amount attributable to the Group (15% equity interest) <sup>Note 3</sup> RMB million	Time of contribution
<b>I. Land premium of the Project Land</b>			
Shareholder's loan	2,062.80	309.42	Contributed
Shareholder's loan	2,061.20	309.18	Contributed in January 2021
<b>Total</b> <sup>Note 1</sup>	<b>4,124.00</b>	<b>618.60</b>	
<b>II. Ancillary works</b>			
Shareholder's loan	330.00	49.50	Contributed
Shareholder's loan	150.00	22.50	Contributed in January 2021
Shareholder's loan	2,011.00	301.65	2021-2022 (Expected)
<b>Total</b> <sup>Note 2</sup>	<b>2,491.00</b>	<b>373.65</b>	
<b>III. Others</b>			
Registered capital	10.00	1.50	Contributed
Shareholder's loan	30.00	4.50	Contributed
Shareholder's loan	118.80	17.82	Contributed in January 2021
Shareholder's loan	26.20	3.93	2021-2022 (Expected)
<b>Total</b>	<b>185.00</b>	<b>27.75</b>	
<b>Total Upper Limit</b>	<b>6,800.00</b>	<b>1,020.00</b>	

Notes: 1. Xintang JV won the bid for the land use rights of the Project Land for a land premium of RMB4,124 million and entered into the grant contract for the state-owned construction land use rights of the Project Land with the Guangzhou Municipal Planning and Natural Resources Bureau on 25 December 2019.

2. Xintang JV entered into the Ancillary Works Construction and Management Agreement with Guangdong Highway Construction for the provision of construction and management services in relation to the Ancillary Works, in accordance with the requirements of the grant contract for the state-owned construction land use rights in respect of the Project Land, at a fixed contract sum of RMB2,491 million (details of which were set out in the announcement of the Company dated 30 March 2020).

3. On 10 September 2020, the Group disposed and transferred 22.5% of the equity interest in the Xintang JV and the corresponding shareholder's loans (including the outstanding accrued interests thereof). The equity interest in the Xintang JV was reduced from 37.5% to 15%.

The Group has duly made arrangement to meet the capital need of the Xintang JV. On 31 December 2020, the Group contributed RMB365 million in aggregate to the Xintang JV (comprising registered capital of RMB1.50 million and shareholder's loans of RMB363 million). Approximately up to RMB655 million of contribution has not yet been invested and the Group has cash on hand of RMB1,561 million and an unutilised long-term financing signed with the bank in 2020 of RMB1,394 million, which are adequate to meet future funding needs.

The financial position of the Group comprises assets and liabilities at corporate level and the Group's share of assets and liabilities of the GS JV, the GZ West JV and the Xintang JV.

### *Corporate Level*

	31 December 2019	<b>31 December 2020</b>		31 December 2019	<b>31 December 2020</b>
	RMB million	<b>RMB million</b>		RMB million	<b>RMB million</b>
Bank balances and cash (including bank structured deposit)	50	<b>1,561</b>	Bank loans	281	<b>1,078</b>
Shareholder's loans to a JV	309	<b>336</b>	Tax payables	-	<b>147</b>
Interest receivable of shareholder's loans to a JV	2	<b>56</b>	Other liabilities	93	<b>86</b>
Other assets	25	<b>34</b>	Special interim dividend payable	-	<b>306</b>
	386	<b>1,987</b>		374	<b>1,617</b>
			Net assets of the Group	12	<b>370</b>

### *The Group's share of JVs*

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

	31 December 2019	<b>31 December 2020</b>		31 December 2019	<b>31 December 2020</b>
	RMB million	<b>RMB million</b>		RMB million	<b>RMB million</b>
Bank balances and cash	218	<b>446</b>	Bank loans		
Concession intangible assets	3,758	<b>3,425</b>	- USD	1,112	<b>1,039</b>
Property and equipment	256	<b>226</b>	- HKD	95	<b>90</b>
Other assets	44	<b>41</b>	- RMB	563	<b>506</b>
			Other loan	10	<b>10</b>
			Other liabilities	558	<b>683</b>
	4,276	<b>4,138</b>		2,338	<b>2,328</b>
			Net assets of GS JV	1,938	<b>1,810</b>

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

	31 December 2019	<b>31 December 2020</b>		31 December 2019	<b>31 December 2020</b>
	RMB million	<b>RMB million</b>		RMB million	<b>RMB million</b>
Bank balances and cash	47	<b>93</b>	Bank loans	2,641	<b>2,500</b>
Concession intangible assets	5,729	<b>5,538</b>	Balances with a JV partner	456	<b>484</b>
Property and equipment	183	<b>180</b>	Other liabilities	389	<b>455</b>
Balances with a JV	456	<b>484</b>			
Other assets	21	<b>21</b>			
	6,436	<b>6,316</b>		3,486	<b>3,439</b>
			Net assets of GZ West JV	2,950	<b>2,877</b>

***Xintang JV (The Group's shared portion: 15% (2019: 37.5%))***<sup>Note</sup>

	31 December 2019	31 December 2020		31 December 2019	31 December 2020
	RMB million	RMB million		RMB million	RMB million
Bank balances and cash	4	5	Shareholder's loans	309	336
Project Land deposit paid	277	-	Interest payable of shareholder's loans	2	56
Project Land cost	-	620	Project Land premium payable	-	319
Other assets	11	31	Other liabilities	11	-
	292	656		322	711
			Net liabilities of Xintang JV	(30)	(55)
	31 December 2019	31 December 2020		31 December 2019	31 December 2020
	RMB million	RMB million		RMB million	RMB million
			<b>Total liabilities</b>	6,520	8,095
			Equity attributable to owners of the Company	4,846	4,978
			Non-controlling interests	24	24
			<b>Total Shareholder's Equity and Liabilities</b>	11,390	13,097
<b>Total Assets</b>	11,390	13,097		11,390	13,097
			<b>Total net assets</b>	4,870	5,002

*Note: On 10 September 2020, the Group disposed and transferred 22.5% of the equity interest in the Xintang JV and the corresponding shareholder's loans (including the outstanding accrued interests thereof). The equity interest in the Xintang JV was reduced from 37.5% to 15%.*

## Liquidity and Financial Resources

The Group's share of bank loans of JV is non-recourse bank loans.

### Corporate Level

	31 December 2019	31 December 2020		31 December 2019	31 December 2020
	RMB million	RMB million		RMB million	RMB million
Bank balances and cash (including bank structured deposit)	50	1,561	Bank loans	281	1,078
Shareholder's loans to a JV <sup>Note 1</sup>	309	336			
	359	1,897		281	1,078
<b>Net cash <sup>Note 2</sup>: RMB483 million (31 December 2019: Net debt <sup>Note 3</sup> RMB231 million)</b>					
<b>Net cash and shareholder's loans to a JV: RMB819 million</b>					
<b>(31 December 2019: Net debt and shareholder's loans to a JV RMB78 million)</b>					

### Share of JVs (including GS JV, GZ West JV and Xintang JV)

	31 December 2019	31 December 2020		31 December 2019	31 December 2020
	RMB million	RMB million		RMB million	RMB million
Bank balances and cash	269	544	<b>Bank and other loans</b>		
			- GS JV	1,780	1,645
			- GZ West JV	2,641	2,500
			<b>Shareholder's loans</b>		
			- Xintang JV	309	336
	269	544		4,730	4,481
<b>Net debt <sup>Note 3</sup>: RMB3,601 million (31 December 2019: RMB4,152 million)</b>					
<b>Net debt and shareholder's loans to a JV: RMB3,937 million (31 December 2019: RMB4,461 million)</b>					

*Note 1: Shareholder's loans made by the Group to the Xintang JV, utilised as land premium for the bidding of the Project Land and costs of the ancillary works*

*Note 2: Net cash: Bank balances and cash (including bank structured deposit) less bank and other loans*

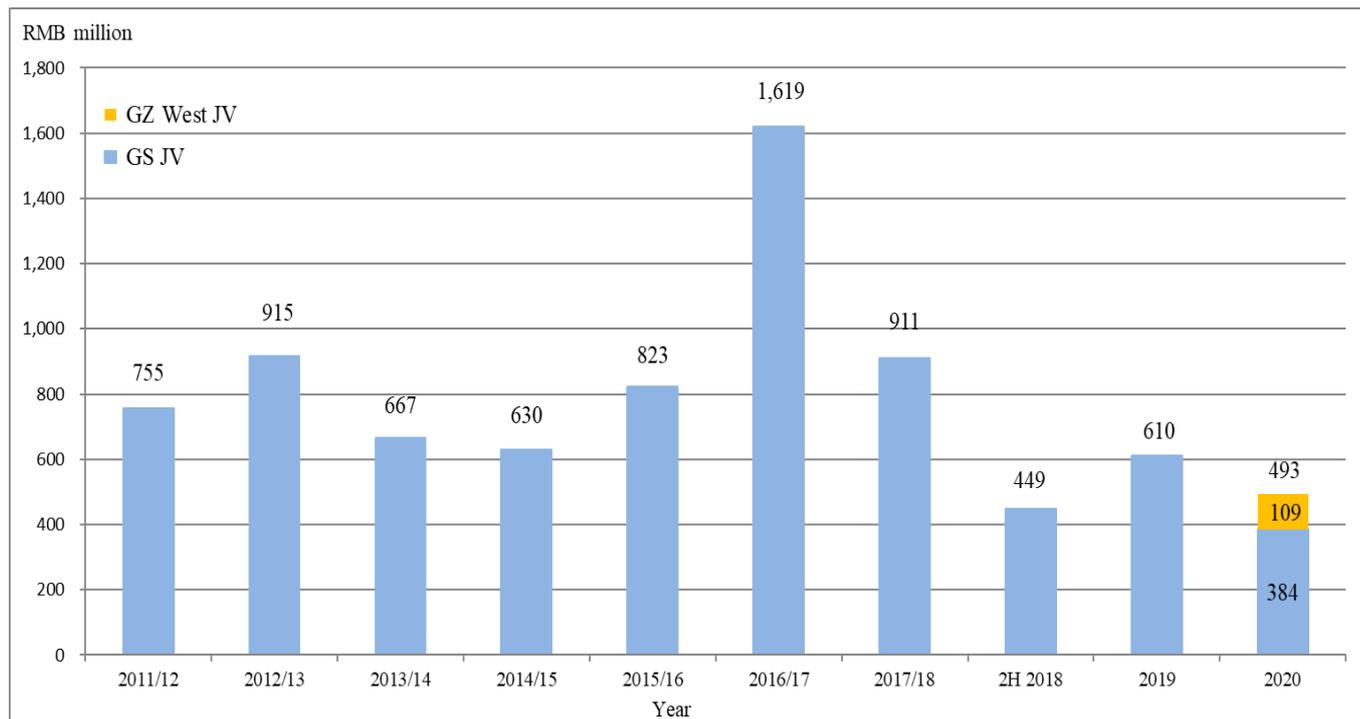
*Note 3: Net debt: Bank and other loans less bank balances and cash (including bank structured deposit, if any)*

	31 December 2019	31 December 2020
	RMB million	RMB million
Total debt		
- Corporate level	281	1,078
- Share of JVs <sup>Note 1</sup>	5,186	4,965
Net debt <sup>Note 2</sup>	5,148	3,938
Total assets (including total assets of corporate level and share of JVs)	11,390	13,097
Equity attributable to owners of the Company	4,846	4,978
Total debt / total assets ratio	48%	46%
Gearing ratio	106%	79%

*Note 1: The Group's share of JVs' debt includes bank and other loans together with balance with JV partner and shareholder's loans.*

*Note 2: Net debt is defined as total debt (including corporate level and share of JVs) less total bank balances and cash (including bank structured deposit) (including corporate level and share of JVs).*

## Post-tax Cash Dividend from JVs to the Group



For the year ended 30 June 2017, the GS JV obtained an additional eight-year bank loan facility amounting to RMB2 billion to reimburse past capital expenditure advanced by its shareholders. Subsequently, the GS JV distributed post-tax net dividend of RMB912 million to the Group out of this loan.

The implementation of policy of waiver of tolls on toll roads nationwide from 17 February to 5 May 2020 (both days inclusive), the two joint ventures recorded no revenue during this period and caused GS JV to postpone the partial payment of dividends in 2020, reserving funds for its operating expenses.

## Bank and Other Borrowings

On 31 December 2020, the corporate level had HK Dollar bank loan of equivalent to approximately RMB1,078 million, together with the bank and other borrowings of the JVs shared by the Group amounted to approximately RMB4,145 million (including US Dollar bank loans of equivalent to RMB1,039 million, HK Dollar bank loan of equivalent to RMB90 million and RMB bank and other loans of RMB3,016 million, but excluding the shareholder's loans) totalling approximately RMB5,223 million (31 December 2019: RMB4,702 million) with the following profile:

- (a) 99.8% (31 December 2019: 99.8%) consisted of bank loans and 0.2% (31 December 2019: 0.2%) of other loan; and
- (b) 58% (31 December 2019: 68%) was denominated in RMB; 20% (31 December 2019: 24%) was denominated in US Dollar and 22% (31 December 2019: 8%) was denominated in HK Dollar.

## Debt Maturity Profile

As at 31 December 2020, whereas the maturity profile of the bank and other borrowings (excluding shareholder's loans) at corporate level and the Group's share of JVs were shown below, together with the corresponding comparatives as at 31 December 2019:

### *Corporate Level*

	31 December 2019		31 December 2020	
	RMB million	%	RMB million	%
Repayable within 1 year	281	100%	324	30%
Repayable between 1 and 5 years	-	-	754	70%
	281	100%	1,078	100%

### *The Group's share of JVs*

	31 December 2019		31 December 2020	
	RMB million	%	RMB million	%
Repayable within 1 year	338	8%	352	8%
Repayable between 1 and 5 years	2,890	65%	3,314	80%
Repayable beyond 5 years	1,193	27%	479	12%
	4,421	100%	4,145	100%

### **Interest Rate and Exchange Rate Exposure**

The Group closely monitors its exposure to interest rates and foreign currency exchange rates and strictly controls its use of financial instruments. At present, neither the corporate level nor JVs has 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 and the exchange rate movements, with a view to minimising its funding costs and enhance return on its financial assets. As at 31 December 2020, 99.7% of the bank balances and cash (including bank structured deposit, details of which were set out in the announcement of the Company dated 11 December 2020) at the corporate level (excluding JVs) were denominated in RMB and the remaining 0.3% were denominated in HK Dollar. In 2020, the overall treasury yield on bank deposits (including bank structured deposit) at the corporate level was 2.16% whereas 2.19% of 2019.

### **Contingent Liability**

During the year ended 30 June 2008, a subsidiary of the Company recovered the registered capital of HK\$702 million (equivalent to RMB471 million) previously injected to the GS JV. According to the Law of the PRC on Sino-foreign Equity Joint Venture Enterprise, in relation to the early repayment of registered capital to the foreign joint venture partner by the GS JV before the expiry of the operation period, the subsidiary of the Company, as the foreign joint venture partner, was required to undertake the financial obligations of the GS JV to the extent of HK\$702 million (the "Financial Obligations") when the GS JV failed to meet its financial obligations during the joint venture operation period. In March 2019, the Law of the PRC on Foreign Investment (the "Foreign Investment Law") was promulgated by the National People's Congress of the PRC. The Foreign Investment Law came into effect on 1 January 2020, according to which, the Law of the PRC on Sino-foreign Equity Joint Venture Enterprise previously applicable to the GS JV, was repealed on the same day, and the Financial Obligations were terminated accordingly.

Except for the above, the Group had no other material contingent liability as at 31 December 2020.

### **Material Acquisition or Disposal**

As mentioned in the title "Land Development and Utilisation Project", in 2020, the Group (through Shenwan Infrastructure) and GPCG (through Guangdong Highway Construction which is a non wholly-owned subsidiary of GPCG) disposed of an aggregate of 60% equity interest in the Xintang JV (representing 22.5% equity interest held by Shenwan Infrastructure and 37.5% equity interest held by Guangdong Highway Construction) together with their respective rights in the corresponding proportion of the shareholders' loans to Xintang JV (including the outstanding accrued interests thereof) through public listing.

Except for the above, the Company's subsidiaries and associated companies did not make material acquisitions or disposals as at 31 December 2020.

## **OTHER INFORMATION**

### **Review of Annual Results**

The Audit Committee of the Company 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 2020.

### **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 2020 as set out in the preliminary announcement have been agreed by the Group'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.

### **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 six months ended 31 December 2020.

## **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 Company complied with all the code provisions as set out in the CG Code except for the deviation from code provision A.5.1 which is explained below.

### **Code Provision A.5.1**

The Company does not consider it necessary to have a nomination committee as the Company already has the policies and procedures for selection and nomination of Directors in place. The Board as a whole regularly reviews the plans for orderly succession for appointments to the Board and its structure, size, composition and diversity. If the Board considers that it is necessary to appoint new Director(s), it will set down the relevant appointment criteria which may include, where applicable, the background, experience, professional skills, personal qualities, availability to commit to the affairs of the Company and, in case of Independent Non-executive Director, the independence requirements set out in the Listing Rules from time to time. Nomination of new Director(s) will normally be made by the Chairman and/or the General Manager and subject to the Board's approval. External consultants may be engaged, if necessary, to access a wider range of potential candidate(s).

### **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 the year under review.

On behalf of the Board

**Zhengyu LIU\***

*Chairman*

Hong Kong, 25 February 2021

*\*For identification purpose only*

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME  
For the Year Ended 31 December 2020

	<u>NOTES</u>	<u>2019</u> RMB'000	<u>2020</u> RMB'000
Other income	5	7,414	<b>64,178</b>
Other gain and loss	6	(5,748)	<b>13,378</b>
Gain on partial disposal of a joint venture	7	-	<b>545,181</b>
Depreciation		(361)	<b>(575)</b>
General and administrative expenses		(36,930)	<b>(35,199)</b>
Finance costs		(1,306)	<b>(17,266)</b>
Share of results of joint ventures	8	<u>700,552</u>	<u><b>295,090</b></u>
Profit before tax		663,621	<b>864,787</b>
Income tax expense	9	<u>(42,646)</u>	<u><b>(171,004)</b></u>
Profit for the year	10	<u>620,975</u>	<u><b>693,783</b></u>
Other comprehensive income			
Item that will not be reclassified to profit or loss:			
Fair value gain on investment in equity instrument at fair value through other comprehensive income, net of tax		10,350	<b>7,560</b>
Item that may be reclassified subsequently to profit or loss:			
Exchange (loss) gain arising on translation of foreign operations		<u>(2,127)</u>	<u><b>64,359</b></u>
Total comprehensive income for the year		<u>629,198</u>	<u><b>765,702</b></u>
Profit for the year attributable to:			
Owners of the Company		612,026	<b>688,661</b>
Non-controlling interests		<u>8,949</u>	<u><b>5,122</b></u>
		<u>620,975</u>	<u><b>693,783</b></u>
Total comprehensive income attributable to:			
Owners of the Company		620,249	<b>760,580</b>
Non-controlling interests		<u>8,949</u>	<u><b>5,122</b></u>
		<u>629,198</u>	<u><b>765,702</b></u>
		RMB cents	RMB cents
Earnings per share	11		
Basic		<u>19.86</u>	<u><b>22.35</b></u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
As at 31 December 2020

	<u>NOTES</u>	<u>2019</u> RMB'000	<u>2020</u> RMB'000
<b>ASSETS</b>			
<b>Non-current Assets</b>			
Interests in joint ventures		4,858,483	4,673,688
Equity instrument at fair value through other comprehensive income	13	22,600	31,000
Property and equipment		1,546	2,111
Amount due from a joint venture		311,224	322,792
		<u>5,193,853</u>	<u>5,029,591</u>
<b>Current Assets</b>			
Deposits and prepayments		820	545
Interest and other receivables		68	1,208
Amount due from a joint venture		-	27,041
Structured deposit	14	-	801,503
Time deposit with original maturity over three months		-	240,000
Bank balances and cash		49,785	519,042
		<u>50,673</u>	<u>1,589,339</u>
<b>Total Assets</b>		<u>5,244,526</u>	<u>6,618,930</u>
<b>EQUITY AND LIABILITIES</b>			
<b>Capital and Reserves</b>			
Share capital		270,603	270,603
Share premium and reserves		4,575,455	4,707,513
Equity attributable to owners of the Company		4,846,058	4,978,116
Non-controlling interests		24,020	23,586
<b>Total Equity</b>		<u>4,870,078</u>	<u>5,001,702</u>
<b>Non-current Liabilities</b>			
Bank loans		-	754,002
Deferred tax liabilities		80,668	76,025
		<u>80,668</u>	<u>830,027</u>
<b>Current Liabilities</b>			
Payables and accruals		12,811	10,255
Bank loans		280,969	324,347
Dividend payables		-	306,030
Tax payables		-	146,569
		<u>293,780</u>	<u>787,201</u>
<b>Total Liabilities</b>		<u>374,448</u>	<u>1,617,228</u>
<b>Total Equity and Liabilities</b>		<u>5,244,526</u>	<u>6,618,930</u>
<b>Cash and cash equivalents</b>		<u>49,785</u>	<u>519,042</u>

**1. SIGNIFICANT EVENTS IN THE CURRENT YEAR**

- (i) Pursuant to the "Notice from the Ministry of Transport on Waiver of Tolls on Toll Roads During the Prevention and Control of Epidemic Caused by the Novel Coronavirus Pneumonia" (《交通運輸部關於新冠肺炎疫情防控期間免收收費公路車輛通行費的通知》) issued by the Ministry of Transport of the People's Republic of China (the "PRC") on 15 February 2020 (the "Notice"), with the approval of the State Council, the Ministry of Transport determined that tolls of toll roads would be waived nationwide for all vehicles legally travelling through the toll roads during the period of the prevention and control of the epidemic caused by the novel coronavirus pneumonia. The toll-free period commenced from 00:00 a.m. on 17 February 2020 till the end of the prevention and control of the epidemic, which applied to vehicles on non-networked toll expressways and common highways according to the time of passing through the toll lane of the toll station, and applied to vehicles on networked toll expressways according to the time of leaving the exit of the toll lane (the "Toll-free Period"). Pursuant to the "Notice from the Ministry of Transport on Resumption of Toll fees Collection on Toll Roads" (《交通運輸部關於恢復收費公路收費的公告》) issued by the Ministry of Transport of the PRC on 28 April 2020, with the approval of the State Council, saved for the designated vehicles which were subject to the statutory free passage policy prior to the implementation of the Notice for which the toll-free policy would continue to be applied, toll roads nationwide (including toll bridges and tunnels) resumed toll fees collection for all vehicles legally travelling through the toll roads from 00:00 on 6 May 2020.

According to the above, the Notice was applicable to Guangzhou-Shenzhen Superhighway ("GS Superhighway") and Guangzhou-Zhuhai West Superhighway ("GZ West Superhighway") operated by the Group's joint ventures. All vehicles legally travelling through those expressways during the Toll-free Period were waived from tolls. Since toll income constitutes the primary source of revenue of the Group's joint ventures, the implementation of the Notice resulted in a negative impact on the business performance of the Group during the current year.

- (ii) On 10 September 2020, the Group entered into an agreement to dispose 22.5% equity interest of Guangzhou Zhentong Development Company Limited (廣州臻通實業發展有限公司) ("Xintang JV"), together with the transfer of its rights in the corresponding portion of its shareholders' loans advanced to Xintang JV and the outstanding interests accrued thereon, through a public tender process in the PRC (the "Partial Disposal"). The Group holds 15% equity interest of Xintang JV after the completion of the Partial Disposal. Details of the Partial Disposal are set out in note 7.

## 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. APPLICATION OF AMENDMENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS

### *Amendments to IFRSs that are mandatorily effective for the current year*

In the current year, the Group has applied the Amendments to References to the Conceptual Framework in IFRS Standards and the following amendments to IFRSs issued by the IASB for the first time, which are mandatorily effective for the annual period beginning on or after 1 January 2020 for the preparation of the consolidated financial statements:

Amendments to IAS 1 and IAS 8	Definition of Material
Amendments to IFRS 3	Definition of a Business
Amendments to IFRS 9, IAS 39 and IFRS 7	Interest Rate Benchmark Reform

The application of the Amendments to References to the Conceptual Framework in IFRS Standards and the amendments to IFRSs in the current year 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	Insurance Contracts and the related Amendments <sup>1</sup>
Amendment to IFRS 16	Covid-19-Related Rent Concessions <sup>4</sup>
Amendments to IFRS 3	Reference to the Conceptual Framework <sup>2</sup>
Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16	Interest Rate Benchmark Reform - Phase 2 <sup>5</sup>
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture <sup>3</sup>

Amendments to IAS 1	Classification of Liabilities as Current or Non-current <sup>1</sup>
Amendments to IFRS 1 and IFRS Practice Statement 2	Disclosure of Accounting Policies <sup>1</sup>
Amendments to IAS 8	Definition of Accounting Estimates <sup>1</sup>
Amendments to IAS 16	Property, Plant and Equipment: Proceeds before Intended Use <sup>2</sup>
Amendments to IAS 37	Onerous Contracts - Cost of Fulfilling a Contract <sup>2</sup>
Amendments to IFRS Standards	Annual Improvements to IFRS Standards 2018-2020 <sup>2</sup>

<sup>1</sup> Effective for annual periods beginning on or after 1 January 2023.

<sup>2</sup> Effective for annual periods beginning on or after 1 January 2022.

<sup>3</sup> Effective for annual periods beginning on or after a date to be determined.

<sup>4</sup> Effective for annual periods beginning on or after 1 June 2020.

<sup>5</sup> Effective for annual periods beginning on or after 1 January 2021.

In addition to the above new and amendments to IFRSs, a revised Conceptual Framework for Financial Reporting was issued in 2019. Its consequential amendments, the Amendments to References to the Conceptual Framework in IFRS Standards, will be effective for annual periods beginning on or after 1 January 2021.

The Directors anticipate that the application of all new and amendments to IFRSs will have no material impact on the consolidated financial statements in the foreseeable future.

#### 4. 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, including segment revenue, the Group's share of joint ventures' earnings before interest, tax, depreciation and amortisation before 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 before tax on exchange gain/loss and including withholding tax on earnings distributed by a 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 jointly operated 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:

- GS Superhighway
- GZ West Superhighway
- Xintang Interchange

Information regarding the above segments is reported below.

## Segment revenue and results

	2019				2020					
	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
<b>Toll expressway projects</b>										
GS Superhighway	1,408,888	1,248,307	(445,024)	(315,899)	487,384	<b>1,040,756</b>	<b>859,495</b>	<b>(449,886)</b>	<b>(188,433)</b>	<b>221,176</b>
GZ West Superhighway	735,380	626,703	(245,029)	(192,748)	188,926	<b>531,899</b>	<b>418,468</b>	<b>(243,289)</b>	<b>(140,305)</b>	<b>34,874</b>
	<u>2,144,268</u>	<u>1,875,010</u>	<u>(690,053)</u>	<u>(508,647)</u>	<u>676,310</u>	<b>1,572,655</b>	<b>1,277,963</b>	<b>(693,175)</b>	<b>(328,738)</b>	<b>256,050</b>
<b>Land development and utilisation project</b>										
Xintang Interchange	-	38	-	(1,924)	(1,886)	-	(554)	-	(41,482)	(42,036)
Total	<u>2,144,268</u>	<u>1,875,048</u>	<u>(690,053)</u>	<u>(510,571)</u>	<u>674,424</u>	<b>1,572,655</b>	<b>1,277,409</b>	<b>(693,175)</b>	<b>(370,220)</b>	<b>214,014</b>
Corporate interest income from bank deposits					2,156					8,939
Corporate investment income from structured deposit					-					1,503
Corporate interest income from loans made by the Group to a joint venture					1,924					49,537
Gain on partial disposal of a joint venture										545,181
Other income					3,478					4,199
Corporate general and administrative expenses and depreciation					(37,291)					(35,774)
Corporate finance costs					(1,306)					(17,266)
Corporate income tax expense					(776)					(149,683)
Net exchange (loss) gain (net of related income tax) (Note)					(21,634)					73,133
Profit for the year					620,975					693,783
Profit for the year attributable to non-controlling interests					(8,949)					(5,122)
Profit for the year attributable to owners of the Company					<u>612,026</u>					<u>688,661</u>

Note: Net exchange (loss) gain (net of related income tax) is composed of the Group's share of the exchange gain (net of related income tax) of a joint venture of RMB59,755,000 (2019: net exchange loss (net of related income tax) of RMB15,742,000) and the net exchange gain of the Group of RMB13,378,000 (2019: net exchange loss of RMB5,892,000).

The segment revenue represents the Group's share of joint ventures' toll revenue received and receivable (net of value-added tax) from the operations of toll expressways in the PRC based on the profit-sharing ratios specified in the relevant joint venture agreements. 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; and (iii) amortisation of additional cost of investments in joint ventures. 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:

	2019 RMB'000	2020 RMB'000
Total segment results	674,424	<b>214,014</b>
Add:		
Net exchange (loss) gain (net of related income tax)	(15,742)	<b>59,755</b>
Withholding tax attributed to the dividend received from and the undistributed earnings of the joint ventures	<u>41,870</u>	<b>21,321</b>
Share of results of joint ventures as presented in consolidated statement of profit or loss and other comprehensive income	<u>700,552</u>	<b>295,090</b>

## Other segment information

The below other segment information, included in the measure of segment profit or loss, represents the Group's share of interest income from bank deposits and amount due from a joint venture and investment income from structured deposit. Such amount relating to the joint ventures are eliminated under equity method of accounting to reconcile from "Segment total" to "Consolidated total".

Year	GS Superhighway RMB'000	GZ West Superhighway RMB'000	Xintang Interchange RMB'000	Segment total RMB'000	Elimination RMB'000	Unallocated RMB'000	Consolidated total RMB'000
2019	<u>4,067</u>	<u>1,137</u>	<u>55</u>	<u>5,259</u>	<u>(5,259)</u>	<u>4,080</u>	<u>4,080</u>
2020	<u>8,979</u>	<u>2,186</u>	<u>114</u>	<u>11,279</u>	<u>(11,279)</u>	<u>59,979</u>	<u>59,979</u>

## Geographical information

The operations of the Group's joint ventures are located in the PRC. All of the joint ventures' revenue from external customers was generated from the services provided in the PRC and the location of the non-current assets excluding interests in joint ventures, amount due from a joint venture, equity instrument at fair value through other comprehensive income ("FVTOCI") and property and equipment located in the PRC amounting to RMB1,782,000 (2019: RMB1,546,000) are in Hong Kong.

## 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.

## 5. OTHER INCOME

	<u>2019</u> RMB'000	<u>2020</u> RMB'000
Interest income from:		
Bank deposits	2,156	<b>8,939</b>
Amount due from a joint venture	1,924	<b>49,537</b>
Investment income from structured deposit	-	<b>1,503</b>
Government grants (note)	-	<b>1,027</b>
Dividend income from equity instrument at FVTOCI	3,120	<b>1,100</b>
Others	<u>214</u>	<u><b>2,072</b></u>
	<u>7,414</u>	<u><b>64,178</b></u>

Note: During the current year, the Group recognised government grants of RMB1,027,000 in respect of Covid-19-related subsidies, of which RMB1,027,000 relates to Employment Support Scheme provided by the Hong Kong Government.

## 6. OTHER GAIN AND LOSS

	<u>2019</u> RMB'000	<u>2020</u> RMB'000
Net exchange (loss) gain	(5,892)	13,378
Gain on disposal of property and equipment	<u>144</u>	<u>-</u>
	<u>(5,748)</u>	<u>13,378</u>

## 7. GAIN ON PARTIAL DISPOSAL OF A JOINT VENTURE

Xintang JV is established to engage in the development of residential project on the Xintang interchange.

A gain on the Partial Disposal of approximately RMB545,181,000 is recognised during the year ended 31 December 2020, which is based on the consideration received from the Partial Disposal of approximately RMB1,090,432,000 less corresponding portion of its shareholder's loans advanced to Xintang JV and the outstanding interests accrued thereon up to 17 September 2020 of approximately RMB532,534,000 less related fees of approximately RMB12,717,000 and taking into consideration that the Group's 22.5% equity interest of Xintang JV on the completion date amounted to zero.

## 8. SHARE OF RESULTS OF JOINT VENTURES

	<u>2019</u> RMB'000	<u>2020</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	792,358	388,039
Amortisation of additional cost of investments in joint ventures	(91,806)	(92,949)
Share of imputed interest expenses incurred by a joint venture on interest-free registered capital contributions made by the Group	(52,499)	(55,784)
Imputed interest income recognised by the Group on interest-free registered capital contributions made by the Group	<u>52,499</u>	<u>55,784</u>
	<u>700,552</u>	<u>295,090</u>

## 9. INCOME TAX EXPENSE

	<u>2019</u> RMB'000	<u>2020</u> RMB'000
The tax charge comprises:		
PRC Enterprise Income Tax ("EIT")	33,016	176,487
Deferred tax	<u>9,630</u>	<u>(5,483)</u>
	<u>42,646</u>	<u>171,004</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 2020 included an amount of RMB26,340,000 (2019: RMB32,704,000) 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>2019</u> RMB'000	<u>2020</u> RMB'000
Profit before tax	<u>663,621</u>	<u>864,787</u>
Tax at normal PRC income tax rate of 25% (2019: 25%)	165,905	<b>216,197</b>
Effect of different tax rates on income tax expense	(503)	<b>(469)</b>
Tax effect of income not taxable for tax purposes	(611)	<b>(5,532)</b>
Tax effect of expenses not deductible for tax purposes	11,123	<b>13,260</b>
Tax effect of share of results of joint ventures	(175,138)	<b>(73,773)</b>
Withholding tax on earnings distributed by joint ventures	<u>41,870</u>	<u>21,321</u>
Income tax expense	<u>42,646</u>	<u>171,004</u>

#### 10. PROFIT FOR THE YEAR

	<u>2019</u> RMB'000	<u>2020</u> RMB'000
Profit for the year has been arrived at after charging:		
Auditor's remuneration	1,542	<b>1,668</b>
Directors' emoluments	8,279	<b>8,037</b>
Other staff costs	<u>15,315</u>	<u>17,530</u>
Total staff costs	<u>23,594</u>	<u>25,567</u>
Depreciation of property and equipment	361	<b>575</b>
Finance costs (Note)	1,306	<b>17,266</b>
Short-term lease expense	<u>1,648</u>	<u>1,791</u>

Note: The amount represents the bank charges and bank loan interest for both years.

## 11. 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>2019</u> RMB'000	<u>2020</u> RMB'000
Earnings for the purpose of basic earnings per share	<u>612,026</u>	<u>688,661</u>
	<u>Number of shares</u>	
	<u>2019</u>	<u>2020</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.

## 12. DIVIDENDS

	<u>2019</u> RMB'000	<u>2020</u> RMB'000
Dividends recognised as a distribution during the year:		
Interim dividend for the year ended 31 December 2019 paid of RMB9.8 cents (equivalent to HK10.971394 cents) per share	305,852	-
Final dividend for the year ended 31 December 2019 paid of RMB10.1 cents (equivalent to HK11.320989 cents) (2019: for the six months ended 31 December 2018 paid of RMB9.9 cents (equivalent to HK11.615472 cents)) per share	307,573	320,807
Special interim dividend for the year ended 31 December 2020 payable of RMB10 cents (equivalent to HK11.787600 cents) per share	-	307,715
	<u>613,425</u>	<u>628,522</u>

Proposed dividend:

Final dividend for the year ended 31 December 2020 proposed of RMB9.1 cents (equivalent to HK10.936835 cents) (2019: for the year ended 31 December 2019 paid of RMB10.1 cents (equivalent to HK\$11.320989 cents)) per share	<u>311,251</u>	<u>280,434</u>
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A final dividend in respect of the year ended 31 December 2020 of RMB9.1 cents (equivalent to HK10.936835 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.

**13. EQUITY INSTRUMENT AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME**

The Group holds the interest in unlisted limited company established in the PRC (“the Investment”), which Directors have elected to designate the Investment in equity instrument as at FVTOCI as they believe that the investment is not held for trading and not expected to be sold in the foreseeable future.

**14. STRUCTURED DEPOSIT**

At 31 December 2020, the Group's structured deposit represent financial products issued by the bank, with maturity of 30 days on 13 January 2021 and expected return at 3.81% per annum. The investments in financial products are classified as financial assets at fair value through profit or loss at initial recognition and measured at fair value at the end of the reporting period. The Directors consider the fair value of the financial products approximate to the carrying amount as at 31 December 2020 because of the short maturities.

## Appendix –Consolidated Financial Information (Prepared under proportionate consolidation method)

### Consolidated Statement of Profit or Loss

For the year ended 31 December 2020

(FOR INFORMATION PURPOSE ONLY)

	<u>2019</u> RMB'000	<u>2020</u> RMB'000	<u>2019</u> HK\$'000	<u>2020</u> HK\$'000
Toll revenue	2,144,268	<b>1,572,655</b>	2,429,924	<b>1,783,753</b>
Revenue on construction	93,022	<b>34,262</b>	103,627	<b>40,669</b>
Turnover	2,237,290	<b>1,606,917</b>	2,533,551	<b>1,824,422</b>
Other income and other expense (Note i)	98,656	<b>290,893</b>	112,883	<b>332,102</b>
Gain on partial disposal of a joint venture	-	<b>545,181</b>	-	<b>618,877</b>
Construction costs	(93,022)	<b>(34,262)</b>	(103,627)	<b>(40,669)</b>
Provision for resurfacing charges	(15,964)	<b>(20,487)</b>	(18,291)	<b>(23,042)</b>
Toll expressway operation expenses	(269,724)	<b>(302,314)</b>	(304,756)	<b>(346,979)</b>
General and administrative expenses	(112,192)	<b>(113,414)</b>	(126,864)	<b>(128,156)</b>
Depreciation and amortisation charges	(690,415)	<b>(693,751)</b>	(782,495)	<b>(780,589)</b>
Finance costs (Note ii)	(237,157)	<b>(271,953)</b>	(269,050)	<b>(304,758)</b>
Profit before tax	917,472	<b>1,006,810</b>	1,041,351	<b>1,151,208</b>
Income tax expense	(296,497)	<b>(313,027)</b>	(336,499)	<b>(356,315)</b>
Profit for the year	<u>620,975</u>	<u><b>693,783</b></u>	<u>704,852</u>	<u><b>794,893</b></u>
Profit for the year attributable to:				
Owners of the Company	612,026	<b>688,661</b>	694,703	<b>789,031</b>
Non-controlling interests	8,949	<b>5,122</b>	10,149	<b>5,862</b>
	<u>620,975</u>	<u><b>693,783</b></u>	<u>704,852</u>	<u><b>794,893</b></u>

Notes:

(i) OTHER INCOME AND OTHER EXPENSE

	<u>2019</u> RMB'000	<u>2020</u> RMB'000	<u>2019</u> HK\$'000	<u>2020</u> HK\$'000
Interest income from:				
Bank deposits	7,414	<b>21,721</b>	8,365	<b>24,961</b>
Loan made by the Group to a joint venture	1,924	<b>49,537</b>	2,142	<b>54,991</b>
Imputed interest income on interest-free registered capital contributions made by the Group to a joint venture	26,249	<b>27,892</b>	29,754	<b>31,361</b>
Net exchange (loss) gain	(26,881)	<b>93,051</b>	(28,750)	<b>107,968</b>
Rental income	23,174	<b>23,458</b>	26,473	<b>26,269</b>
Others	66,776	<b>75,234</b>	74,899	<b>86,552</b>
	<u>98,656</u>	<u><b>290,893</b></u>	<u>112,883</u>	<u><b>332,102</b></u>

(ii) FINANCE COSTS

	<u>2019</u> RMB'000	<u>2020</u> RMB'000	<u>2019</u> HK\$'000	<u>2020</u> HK\$'000
Interest on:				
Bank loans	208,164	<b>185,752</b>	236,227	<b>208,237</b>
Loans made by joint venture partners	1,924	<b>43,206</b>	2,142	<b>47,986</b>
Interest on instalment payment of land premium	-	<b>12,894</b>	-	<b>14,705</b>
Imputed interest on interest-free registered capital contributions made by a joint venture partner	26,249	<b>27,892</b>	29,754	<b>31,361</b>
Others	608	<b>648</b>	689	<b>729</b>
	<u>236,945</u>	<u><b>270,392</b></u>	<u>268,812</u>	<u><b>303,018</b></u>
Other financial expenses	212	<b>1,561</b>	238	<b>1,740</b>
	<u>237,157</u>	<u><b>271,953</b></u>	<u>269,050</u>	<u><b>304,758</b></u>

## Appendix –Consolidated Financial Information (Prepared under proportionate consolidation method)

### Consolidated Statement of Financial Position

As at 31 December 2020

(FOR INFORMATION PURPOSE ONLY)

	2019 RMB'000	2020 RMB'000	2019 HK\$'000	2020 HK\$'000
<b>ASSETS</b>				
<b>Non-current Assets</b>				
Property and equipment	440,724	405,760	490,966	481,636
Concession intangible assets	9,487,517	8,964,620	10,569,094	10,641,005
Balance with a joint venture	456,303	484,195	508,322	574,739
Loans made by the Group to a joint venture	311,224	365,214	346,704	433,509
Equity instrument at fair value through other comprehensive income	22,600	31,000	25,176	36,797
	<u>10,718,368</u>	<u>10,250,789</u>	<u>11,940,262</u>	<u>12,167,686</u>
<b>Current Assets</b>				
Inventories	11,858	619,979	13,210	735,915
Deposits and prepayments	310,525	24,467	345,924	29,042
Interest and other receivables	31,411	57,662	34,992	68,444
Loans made by the Group to a joint venture	-	27,041	-	32,098
Structured deposit	-	801,503	-	951,384
Time deposit with original maturity over three months	-	240,000	-	284,880
Pledged bank balances and deposits of joint ventures	258,395	530,634	287,852	629,863
Bank balances and cash				
- The Group	49,785	519,042	55,461	616,103
- Joint ventures	10,098	12,743	11,249	15,126
	<u>672,072</u>	<u>2,833,071</u>	<u>748,688</u>	<u>3,362,855</u>
<b>Total Assets</b>	<u>11,390,440</u>	<u>13,083,860</u>	<u>12,688,950</u>	<u>15,530,541</u>
<b>EQUITY AND LIABILITIES</b>				
<b>Capital and Reserves</b>				
Share capital	270,603	270,603	308,169	308,169
Share premium and reserves	4,575,455	4,707,513	5,090,339	5,600,854
Equity attributable to owners of the Company	4,846,058	4,978,116	5,398,508	5,909,023
Non-controlling interests	24,020	23,586	26,758	27,996
<b>Total Equity</b>	<u>4,870,078</u>	<u>5,001,702</u>	<u>5,425,266</u>	<u>5,937,019</u>
<b>Non-current Liabilities</b>				
Bank and other loans				
- The Group	-	754,002	-	895,000
- Joint ventures	4,083,492	3,794,182	4,549,010	4,503,695
Balance with a joint venture partner	456,252	484,144	508,265	574,679
Loans made by joint venture partners	311,224	362,965	346,704	430,840
Resurfacing obligations	236,207	256,694	263,134	304,696
Deferred tax liabilities	280,952	267,802	312,981	317,880
Other non-current liabilities	37,160	192,332	41,396	228,298
	<u>5,405,287</u>	<u>6,112,121</u>	<u>6,021,490</u>	<u>7,255,088</u>
<b>Current Liabilities</b>				
Provision, other payables, accruals and deposits received	411,942	750,493	458,904	890,835
Dividend payable	-	306,030	-	363,257
Bank loans				
- The Group	280,969	324,347	313,000	385,000
- Joint ventures	337,510	351,694	375,986	417,461
Loans made by joint venture partners	-	27,041	-	32,098
Other interest payable	5,926	4,934	6,601	5,857
Tax liabilities	78,728	205,498	87,703	243,926
	<u>1,115,075</u>	<u>1,970,037</u>	<u>1,242,194</u>	<u>2,338,434</u>
<b>Total Liabilities</b>	<u>6,520,362</u>	<u>8,082,158</u>	<u>7,263,684</u>	<u>9,593,522</u>
<b>Total Equity and Liabilities</b>	<u>11,390,440</u>	<u>13,083,860</u>	<u>12,688,950</u>	<u>15,530,541</u>

## GLOSSARY

“2011/12”	the year ended 30 June 2012
“2012/13”	the year ended 30 June 2013
“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
“Amended JV Articles”	the amended articles of the Xintang JV dated 10 September 2020 entered into and adopted by the Parties, as disclosed in the Company’s announcement dated 10 September 2020
“Bay Area”	Guangdong-Hong Kong-Macao Greater Bay Area, a national development strategy of the PRC
“Bidding”	the bidding for the land use rights of the Project Land by the Xintang JV, as disclosed in the Company’s announcement dated 29 November 2019
“Board”	the board of Directors of the Company
“CG Code”	Corporate Governance Code contained in Appendix 14 to the Listing Rules
“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
“COVID-19 pandemic”	coronavirus disease (COVID-19) pandemic
“Director(s)”	director(s) of the Company
“Disposal”	the Group (through Shenwan Infrastructure) and GPCG (through Guangdong Highway Construction) disposed of an aggregate of 60% equity interest in the Xintang JV (representing 22.5% equity interest held by Shenwan Infrastructure and 37.5% equity interest held by Guangdong Highway Construction) together with their respective rights in the corresponding proportion of the shareholder’s loan to Xintang JV (including the outstanding accrued interests thereof ) through public listing, as disclosed in the Company’s announcement dated 12 June 2020, 19 July 2020 and 10 September 2020 and the circular of the Company dated 20 October 2020
“EBITDA”	earnings before interest, tax, depreciation and amortisation (before net exchange gain/loss)
“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
“JV(s)”	joint venture(s)
“JV Agreement”	the joint venture agreement dated 29 November 2019 entered into among the Parties in respect of the establishment, management and operation of the Xintang JV, as disclosed in the Company’s announcement dated 29 November 2019
“JV Articles”	the articles of the Xintang JV dated 29 November 2019 entered into and adopted by the Parties, in conjunction with the JV Agreement, as disclosed in the Company’s announcement dated 29 November 2019
“km”	kilometre(s)
“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 a wholly-owned subsidiary of Guangdong Highway Construction
“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 a wholly-owned subsidiary of Leatop Real Estate
“Leatop Real Estate”	Guangdong Leatop Real Estate Investment Co., Ltd.* (廣東利通置業投資有限公司), a company established in the PRC with limited liability and a 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
“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
“New JV Agreement”	the joint venture agreement dated 10 September 2020 entered into among the Parties in relation to the Xintang JV, as disclosed in the Company’s announcement dated 10 September 2020
“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”
“Post-Valuation Date Interests”	the interests further accrued on the shareholders’ loans advanced to the Xintang JV corresponding to the respective percentages of equity interest (including the outstanding interests accrued thereon) to be disposed of under the Disposal as at 31 December 2019 at the rate of 8 per cent per annum during the period from 1 January 2020 up to the date of full settlement of the total consideration under the Disposal on a dollar-for-dollar basis, as disclosed in the Company’s announcement dated 10 September 2020
“Post-Valuation Date Shareholders’ Loans and Interests”	the shareholders’ loans further advanced to the Xintang JV during the period from 1 January 2020 up to the date of full settlement of the total consideration under the Disposal corresponding to the respective percentages of equity interest in the Xintang JV to be transferred to Shenzhen Run Investment under the Disposal together with interests accrued thereon at the rate of 8 per cent per annum from the date of advancement of such shareholders’ loans up to the date of full settlement of the total consideration under the Disposal on a dollar-for-dollar basis, as disclosed in the Company’s announcement dated 10 September 2020
“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
“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 Pilot Demonstration Area”	“Guidelines on Supporting Shenzhen in Building a Pilot Demonstration Area of Socialism with Chinese Characteristics” * 《關於支持深圳建設中國特色社會主義先行示範區的意見》 released by the State Council in August 2019, a national development strategy of the PRC
“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
“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 originally held as to 37.5%, 37.5%, 20% and 5% by Shenwan Infrastructure, Guangdong Highway Construction, Lealu Investment and Leaxin Investment respectively. After the Disposal, the equity interest of the joint venture is held as to 15%, 20%, 5% and 60% by Shenwan Infrastructure, Lealu Investment, Leaxin Investment and Shenzhen Run Investment respectively, as disclosed in the Company’s announcement dated 10 September 2020
“YoY”	year-on-year

*As at the date of this announcement, the Board comprises three Executive Directors namely, Mr. Tianliang ZHANG\* (General Manager), Mr. Cheng WU\* (Deputy General Manager) and Mr. Ji LIU\* (Deputy General Manager and secretary to the Board); three Non-executive Directors namely, Mr. Zhengyu LIU\* (Chairman), and Mr. Junye CAI\* and Mr. Weiguo ZONG\*; and three Independent Non-executive Directors namely, Mr. Brian David Man Bun LI, Mr. Yu Lung CHING and Mr. Tony Chung Nin KAN.*

*\* For identification purpose only*