

A. BASIS OF PREPARATION OF THE UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE ENLARGED GROUP

The following unaudited pro forma financial information of the Enlarged Group (“**Unaudited Pro Forma Financial Information**”) is prepared by the Directors to illustrate the effect of the Subscription, as if the Subscription had been completed on 30 June 2022. Details of the Subscription are set out in the section headed “Letter from the Board” contained in this Circular.

The Unaudited Pro Forma Financial Information has been prepared in accordance with Rule 4.29 of the Listing Rules, for the purpose of illustrating the effect of the Subscription pursuant to the terms of the Subscription Agreement.

The unaudited pro forma statement of assets and liabilities is prepared based on the information on unaudited condensed consolidated statement of financial position of the Group as at 30 June 2022, which has been extracted from the published interim report of the Company for the six months ended 30 June 2022 and after making pro forma adjustments relating to the Subscription that are (i) directly attributable to the Subscription and (ii) factually supportable, as if the Subscription had been completed on 30 June 2022. The Unaudited Pro Forma Financial Information is prepared based on a number of assumptions, estimates and uncertainties. Accordingly, because of its hypothetical nature, it may not give a true picture of the financial position of the Enlarged Group had the Subscription been completed as at 30 June 2022 or at any future date.

The Unaudited Pro Forma Financial Information should be read in conjunction with the historical financial information of the Group and the Coastal Company, as set out in the published interim report of the Company for the six month ended 30 June 2022 and the accountants’ report on the Coastal Company as set out in Appendix III to this Circular respectively, and other financial information included elsewhere in the Circular.

UNAUDITED PRO FORMA STATEMENT OF ASSETS AND LIABILITIES OF THE ENLARGED GROUP

	The Group as at 30 June 2022	Coastal Company as at 30 April 2022	Pro forma Adjustments			Unaudited pro forma total for the Enlarged Group
	RMB'000 (unaudited) (Note 1)	RMB'000 (audited) (Note 2)	RMB'000 (Note 3)	RMB'000 (Note 4)	RMB'000 (Note 5)	RMB'000 (unaudited)
Non-current assets						
Interests in joint ventures	5,179,910	—				5,179,910
Equity instrument at fair value through other comprehensive income	19,500	—				19,500
Property and equipment	1,788	297,256				299,044
Right-of-use asset	16,995	—				16,995
Concession intangible assets	—	5,486,382				5,486,382
Other intangible assets	—	2,186				2,186
Construction in progress	—	58				58
Deposit paid for acquisition of property and equipment	—	2,045				2,045
Other receivables	—	451,657		(451,657)		—
Deferred tax assets	—	253,974				253,974
	<u>5,218,193</u>	<u>6,493,558</u>	<u>—</u>	<u>(451,657)</u>	<u>—</u>	<u>11,260,094</u>
Current assets						
Deposits and prepayments	1,582	—				1,582
Trade and other receivables	7,124	697,091		(641,330)		62,885
Amount due from a joint venture	220,141	—				220,141
Structured deposit	260,526	—				260,526
Inventories	—	499				499
Restricted bank deposits	—	13,016				13,016
Bank balances and cash	1,676,337	378,865			(4,530)	2,050,672
	<u>2,165,710</u>	<u>1,089,471</u>	<u>—</u>	<u>(641,330)</u>	<u>(4,530)</u>	<u>2,609,321</u>
Current liabilities						
Trade and other payables	9,927	1,045,666	3,800,000	(1,092,987)		3,762,606
Lease liability	6,090	—				6,090
Bank loans	930,828	—				930,828
Bank overdrafts	—	39,143				39,143
Dividend payables	338,983	—				338,983
Tax payables	3,894	—				3,894
	<u>1,289,722</u>	<u>1,084,809</u>	<u>3,800,000</u>	<u>(1,092,987)</u>	<u>—</u>	<u>5,081,544</u>
Net current assets/(liabilities)	<u>875,988</u>	<u>4,662</u>	<u>(3,800,000)</u>	<u>451,657</u>	<u>(4,530)</u>	<u>(2,472,223)</u>
Total assets less current liabilities	<u>6,094,181</u>	<u>6,498,220</u>	<u>(3,800,000)</u>	<u>—</u>	<u>(4,530)</u>	<u>8,787,871</u>
Non-current liabilities						
Lease liability	11,444	—				11,444
Bank loans	1,101,623	—				1,101,623
Deferred tax liabilities	144,152	—				144,152
	<u>1,257,219</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>1,257,219</u>
Net assets	<u>4,836,962</u>	<u>6,498,220</u>	<u>(3,800,000)</u>	<u>—</u>	<u>(4,530)</u>	<u>7,530,652</u>

Notes:

1. The amounts are extracted from the unaudited condensed consolidated statement of financial position of the Group as at 30 June 2022 as set out in the published interim report of the Company for the six months ended 30 June 2022.
2. The balances are extracted from the audited consolidated statement of financial position of the Coastal Company as at 30 April 2022 as set out in Appendix III to the Circular.
3. The adjustment represents the Capital Reduction in the Coastal Company of RMB3,800,000,000 as if Capital Reduction was completed on 30 June 2022. As at the date of the Subscription Agreement, the registered capital of the Coastal Company is RMB6,600,000,000 which is fully paid-up and held by the Existing Shareholder, and the capital reserve of the Coastal Company is RMB2,100,000,000. As one of the precedent conditions for completion of the transaction, the Existing Shareholder shall complete all the necessary procedures under applicable PRC laws and regulations to effect the capital reduction of the Coastal Company by reducing RMB3,800,000,000 of the registered capital to RMB2,800,000,000 and the capital reserve of Coastal Company shall remain as RMB2,100,000,000. The Capital Reduction will result in a liability of Coastal Company to Existing Shareholder, recognised as amount due to Existing Shareholder which is under the line item of trade and other payables upon completion of the Capital Reduction.
4. The consideration for the subscription of 51% enlarged equity interest in the Coastal Company under the Subscription Agreement amounting to RMB2,998,000,000 to be settled in cash by the Group to the Coastal Company, accordingly there is no net impact to the bank balances and cash of the Enlarged Group upon Completion.

For the purpose of preparing the Unaudited Pro Forma Consolidated Statement of Assets and Liabilities, the Subscription is assumed to have taken place on 30 June 2022 and accounted for as a business combination under common control since the Group and the Coastal Company are both controlled by Shenzhen International Holdings Limited (“SIHL”) before and after the Subscription, and that control is not transitory. Assets and liabilities of the Coastal Company will be consolidated at their respective carrying amounts. No amount is recognised in respect of goodwill or bargain purchase gain at the time of common control combination.

Pursuant to the relevant condition of the Subscription Agreement, all inter-company loans and balances between (a) the Existing Shareholder, its subsidiaries and related parties and (b) the Coastal Company (excluding any payable of the Coastal Company to Shenzhen Expressway arising from the Capital Reduction and any fees payable to the Shenzhen Expressway Group arising from the Existing Continuing Transactions) will be fully settled on or before the Completion.

The adjustment represents the net off of some inter-company balances between the Coastal Company and the Shenzhen Expressway Group according to the Subscription Agreement. The loan to a fellow subsidiary of RMB451,657,000 and amount due from immediate holding company of RMB641,330,000 is net off with the trade payables to immediate holding company of RMB271,249,000 and amount due to immediate holding company of RMB376,387,000 (as extracted from accountants’ report of the Coastal Company in Appendix III of this Circular). The remaining balance of RMB445,351,000 will be offset with the amount due to Shenzhen Expressway Group.

Reconciliation of inter-company balances is as follows:

	<i>RMB'000</i>
Amount due to immediate holding company resulting from Capital Reduction (<i>Note 3</i>)	3,800,000
Trade payable to immediate holding company	271,249
Amount due to immediate holding company other than resulting from Capital Reduction and trade payable	<u>376,387</u>
Outstanding balance of amount due to immediate holding company (immediately after Capital Reduction)	<u>4,447,636</u>
Offset by:	
Loan to a fellow subsidiary of Shenzhen Expressway Group	(451,657)
Amount due from immediate holding company	<u>(641,330)</u>
Adjustment to amount due to immediate holding company (included in trade and other payables)	<u>(1,092,987)</u>
Outstanding balance of amount due to immediate holding company (immediately after Capital Reduction and offsetting of inter-company balances with Shenzhen Expressway Group) (included in trade and other payables)	<u><u>3,354,649</u></u>
5. The adjustment represents the payment of estimated transaction costs of approximately RMB4,530,000 that are directly attributable to the Subscription would have been charged to profit or loss.	
6. No adjustments have been made to reflect any trading results or other transactions of the Group entered into subsequent to 30 June 2022.	

INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT
ON THE COMPILATION OF UNAUDITED PRO FORMA FINANCIAL INFORMATION

TO THE DIRECTORS OF SHENZHEN INVESTMENT HOLDINGS BAY AREA DEVELOPMENT COMPANY LIMITED

We have completed our assurance engagement to report on the compilation of unaudited pro forma financial information of Shenzhen Investment Holdings Bay Area Development Company Limited (the "Company") and its subsidiaries (hereinafter collectively referred to as the "Group") by the directors of the Company (the "Directors") for illustrative purposes only. The unaudited pro forma financial information consists of the unaudited pro forma statement of assets and liabilities as at 30 June 2022 and related notes as set out on pages IV-1 to IV-4 of the circular issued by the Company dated 23 September 2022 (the "Circular"). The applicable criteria on the basis of which the Directors have compiled the unaudited pro forma financial information are described on pages IV-1 to IV-4 of the Circular.

The unaudited pro forma financial information has been compiled by the Directors to illustrate the impact of the subscription of 51% enlarged equity interest in Shenzhen Guangshen Coastal Expressway Investment Company Limited on the Group's financial position as at 30 June 2022 as if the transaction had taken place at 30 June 2022. As part of this process, information about the Group's financial position has been extracted by the Directors from the Group's financial statements for the six months ended 30 June 2022, on which a review report has been published.

Directors' Responsibilities for the Unaudited Pro Forma Financial Information

The Directors are responsible for compiling the unaudited pro forma financial information in accordance with paragraph 4.29 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and with reference to Accounting Guideline 7 "Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars" ("AG 7") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA").

Our Independence and Quality Control

We have complied with the independence and other ethical requirements of the "Code of Ethics for Professional Accountants" issued by the HKICPA, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

Our firm applies Hong Kong Standard on Quality Control 1 "Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Services Engagements" issued by the HKICPA and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Reporting Accountants' Responsibilities

Our responsibility is to express an opinion, as required by paragraph 4.29(7) of the Listing Rules, on the unaudited pro forma financial information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the unaudited pro forma financial information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

We conducted our engagement in accordance with Hong Kong Standard on Assurance Engagements 3420 "Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus" issued by the HKICPA. This standard requires that the reporting accountants plan and perform procedures to obtain reasonable assurance about whether the Directors have compiled the unaudited pro forma financial information in accordance with paragraph 4.29 of the Listing Rules and with reference to AG 7 issued by the HKICPA.

INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT
ON THE COMPILATION OF UNAUDITED PRO FORMA FINANCIAL INFORMATION

TO THE DIRECTORS OF
SHENZHEN INVESTMENT HOLDINGS BAY AREA DEVELOPMENT COMPANY LIMITED - continued

Reporting Accountants' Responsibilities - continued

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the unaudited pro forma financial information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the unaudited pro forma financial information.

The purpose of unaudited pro forma financial information included in an investment circular is solely to illustrate the impact of a significant event or transaction on unadjusted financial information of the Group as if the event had occurred or the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the event or transaction at 30 June 2022 would have been as presented.

A reasonable assurance engagement to report on whether the unaudited pro forma financial information has been properly compiled on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the Directors in the compilation of the unaudited pro forma financial information provide a reasonable basis for presenting the significant effects directly attributable to the event or transaction, and to obtain sufficient appropriate evidence about whether:

- the related pro forma adjustments give appropriate effect to those criteria; and
- the unaudited pro forma financial information reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on the reporting accountants' judgment, having regard to the reporting accountants' understanding of the nature of the Group, the event or transaction in respect of which the unaudited pro forma financial information has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the unaudited pro forma financial information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion:

- (a) the unaudited pro forma financial information has been properly compiled on the basis stated;
- (b) such basis is consistent with the accounting policies of the Group; and
- (c) the adjustments are appropriate for the purposes of the unaudited pro forma financial information as disclosed pursuant to paragraph 4.29(1) of the Listing Rules.



Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong
23 September 2022