

For Immediate Release

12 August 2020

## 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))

### Shenzhen Investment Holdings Bay Area Development Company Limited Announces 2020 Interim Results

#### Highlights

- During the period under review, the Company recorded a net loss of RMB115 million (first half of 2019: net profit of RMB303 million), such turnaround from profit to loss of the Company's interim results was mainly due to the fact that pursuant to a notice from the Ministry of Transport of the PRC (which was applicable to toll roads nationwide) and in light of the COVID-19 pandemic, tolls of the GS Superhighway and the GZ West Superhighway operated by the Company were waived during the period from 17 February 2020 to 5 May 2020, resulting in a significant decrease in toll revenue of the two joint ventures for the first half of 2020
- Toll collection on the GS Superhighway and the GZ West Superhighway has resumed from 6 May 2020, and toll revenue and traffic volume have been recovering gradually
- In view of the loss recorded in interim results for the first time, the Board does not declare interim dividend
- The Company and Xintang JV partner has published a tender notice on equity exchange centres in the PRC on 17 July 2020, intending to dispose of an aggregate of 60% equity interest in Xintang JV (22.5% equity interest owned by the Company) and the corresponding shareholder's loan, so as to introduce professional property developer as strategic partner. If the Potential Disposal is materialised, the Company would still own 15% equity interest in Xintang JV, and is expected to a record gain on disposal

(August 12, 2020 – Hong Kong) **Shenzhen Investment Holdings Bay Area Development Company Limited** (“Bay Area Development”, the “Company”; SEHK HKD-traded Shares: 737; SEHK RMB-traded Shares: 80737) announced today its interim results for the year ended 31 December 2020.

During the period under review, Bay Area Development's share of the net toll revenue of the two expressway projects decreased by 55% to RMB462 million from the corresponding period of 2019. The main reason for the decrease in toll revenue was mainly due to the fact that pursuant to a notice from the Ministry of Transport in the PRC (which was applicable to toll roads nationwide) and in light of the COVID-19 pandemic, tolls of the two expressway projects were waived during the period from 17 February 2020 to 5 May 2020.

Affected by the aforesaid factors, the Company's share of net loss of toll expressway projects was RMB72 million during the period under review, compared with a net profit of RMB332 million for the corresponding period of last year. Taking into account of the net exchange loss of RMB15 million (including exchange loss on the GS JV's US Dollar and HK Dollar loans shared by the Company), the loss attributable to the owner of the Company was RMB115 million, which was also the Company's first loss recorded since its listing in 2003, as compared with a profit of RMB303 million for the corresponding period of last year.

During the period under review, the Company recorded a loss for the first time and the Board does not declare the payment of interim dividend. Following the continued easing of the COVID-19 pandemic and recovery of the economy in Mainland China, the Board believes that the Company's full-year regular dividend payout ratio target of 100% on recurring income will be maintained, taking into account the stable dividend payment of the GS JV and the expectation that the GZ West JV will commence to pay dividends to the Company within this year, which provides solid bases for the Company's dividend payment.

During the period under review, affected by the implementation of the policy of waiver of tolls on toll roads nationwide, extension on the Holiday Toll-free Policy for small passenger vehicles with 7 seats or less during the Lunar New Year holiday, as well as increased electronic toll collection discount rate from 2% to 5%, toll revenue of the GS Superhighway and the GZ West Superhighway decreased significantly YoY. During the period under review, the average daily toll revenue and average daily full-length equivalent traffic of the GS Superhighway declined by 56% and 54% YoY to RMB3.85 million and 45,000 vehicles respectively; while the average daily toll revenue and average daily full-length equivalent traffic of the GZ West Superhighway declined by 55% and 52% YoY to RMB1.76 million and 27,000 vehicles respectively. Nevertheless, toll collection on the GS Superhighway and the GZ West Superhighway has resumed from 6 May 2020, and toll revenue and traffic volume have been recovering gradually.

Bay Area as a focus area of domestic economic development of the PRC, 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. As the GS Superhighway and the GZ West Superhighway connect core cities of the Bay Area, regional economic development will bring positive effect to the traffic volume on both expressways.

Bay Area Development and Xintang JV partner has published a tender notice on equity exchange centres in the PRC on 17 July 2020, intending to dispose of an aggregate of 60% equity interest in Xintang JV (22.5% equity interest owned by the Company) and the corresponding shareholder's loan, so as to introduce professional property developer as strategic partner. If the Potential Disposal is materialised, Bay Area Development would still own 15% equity interest in Xintang JV and is expected to record a gain on disposal. The Company believes that introduction of strategic partner can help to optimise the shareholder structure and promote the development of the residential project, which will enhance the overall benefit of the project.

For more details please refer to the announcement posted on the Bay Area Development website (<http://www.sihbay.com/home.htm>).

### Financial Highlights

( in million RMB )	For the six months ended 30 June		% Change
	2019	2020	
Net toll revenue	1,038	462	-55%
EBITDA of toll expressways	920	351	-62%
Profit/ (Loss) before net exchange loss	314	(100)	n/a
Profit/(Loss) attributable to owners of the Company	303	(115)	n/a

### Operational Highlights

	For the six months ended 30 June		% Change
	2019	2020	
<b>Average Daily Toll Revenue (RMB '000)</b>			
GS Superhighway	8,733	3,847	-56%
GZ West Superhighway	3,952	1,762	-55%
<b>Average Daily Full-Length Equivalent Traffic<sup>N1</sup> ('000 vehicles)</b>			
GS Superhighway	98	45	-54%
GZ West Superhighway	56	27	-52%

*N1: 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 period under review.*

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### **About Shenzhen Investment Holdings Bay Area Development Company Limited**

Listed on The Stock Exchange of Hong Kong Limited in August 2003, Shenzhen Investment Holdings Bay Area Development Company Limited (formerly known as Hopewell Highway Infrastructure Limited) focuses on the development of infrastructure and related businesses in the Guangdong-Hong Kong-Macao Greater Bay Area.

This press release is issued by **Wonderful Sky Financial Group Limited** on behalf of **Shenzhen Investment Holdings Bay Area Development Company Limited**.

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