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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 2021**

**Highlights**

- Net toll revenue increased by 24% YoY to RMB1,955 million was primarily due to the implementation of the policy of waiver of tolls introduced by the PRC government for 79 days during 2020, applicable to the GS Superhighway and the GZ West Superhighway, resulting in a low comparison base.
- Profit attributable to owners of the Company fell by 12% YoY to RMB609 million, mainly due to net profit of approximately RMB409 million recorded from the disposal of 22.5% equity interest in the Xintang JV last year. Excluding this one-off net profit, the profit attributable to owners of the Company would have increased by 118% YoY.
- Proposed final dividend of RMB10.45 cents per share, representing a regular dividend payout ratio of 100% for the year.
- On 11 January 2022, SIHC, the ultimate controlling Shareholder of the Company, completed the sale and purchase of approximately 71.83% of the total issued Shares indirectly held by SIHC with Shenzhen Expressway. Upon completion of the Transaction, Shenzhen Expressway becomes the controlling Shareholder of the Company.

## **CHAIRMAN'S STATEMENT**

I am truly honored to be appointed by the Board as the Executive Director and the Chairman of the Board on 31 December 2021. The transaction on approximately 71.83% of the issued shares of the Company between Shenzhen Expressway and SIHC also completed on 11 January 2022, and Shenzhen Expressway became the controlling Shareholder of the Company. Shenzhen Expressway is the first enterprise in Shenzhen listed in both Hong Kong and Shanghai engaging primarily in the investment, construction and operation management in the fields of urban and transportation infrastructure as well as large-scale environmental protection industry. Being a major provider of construction and operation of transportation infrastructure in the Guangdong-Hong Kong-Macao Greater Bay Area, the attributable mileage of high-grade highways invested or operated covers over 600km. Capitalising on our controlling Shareholder's extensive and integrated capabilities on expressway investment, construction, operations and management, experiences on land development and construction, and premier resources on assets, synergistic effects will be created with the Group's businesses, further enhancing the operating effectiveness of the GS Superhighway and the GZ West Superhighway, accelerating the implementation of the expansion of GS Superhighway and the potential land development projects along the route, expanding the Group's asset scale and business development capabilities, further enhancing the Group's profitability and investment value, and creating stable and good returns for the Shareholders.

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

On behalf of the Board, I am delighted to report to the Shareholders the final results of the Group for 2021. The revenue from investment projects attributable to the Group was RMB1,974 million, representing a YoY increase of 25%, mainly due to implementation of the nationwide toll free policy for 79 days during 2020, applicable to the expressway projects, resulting in a low comparison base. The profit attributable to owners of the Company amounted to RMB609 million, representing a YOY decline of 12%, and a basic earnings per share was RMB19.77 cents. Excluding the one-off net profit of approximately RMB409 million as recorded from the disposal of the equity interests of Xintang JV in 2020, the profit attributable to owners of the Company would have increased 118% YoY.

The Board has proposed a final dividend of RMB10.45 cents per share for year 2021 with a dividend payout ratio amounting to 100% of total dividend to the profit attributable to owners of the Company. Payment of the final dividend is subject to approval at the 2022 Annual General Meeting.

## **Operating Environment**

In 2021, the global economy was picking up under the backdrop of the evolving COVID-19 pandemic. The GDP, regardless of the developed economies or emerging economies, resumed its growth. As the COVID-19 vaccination becomes widely available, various governments have restarted economic activities. Although demands have resumed rapidly, shortages on supply still subsist and the price of raw materials and energies continues to increase, which has prompted the problem of high inflation. Coupled with the global outbreak of the new variant strand, which is more infectious, the road to global economy recovery is still paved with risks and uncertainties. However, facing such difficult and complicated external environment, the PRC adheres to the general working guideline of making progress while maintaining stability. With scientific coordination of the prevention and control of the pandemic, and economic and social development, the GDP throughout 2021 saw a YoY growth of 8.1%, making its economic growth ranking among the top of the leading economies across the globe. With a total economic output further elevating to a new laurel of RMB114 trillion, the PRC has secured a second place in the world, realising a favorable kick-off for the “14th Five-Year” Plan. In 2021, the GDP of Guangdong Province also saw a YoY increase of 8.0% with a total economic output exceeding RMB12 trillion, demonstrating a growth which aligns to that of the PRC. The economy of Guangdong Province resumes stability will create a favorable economic environment for the Group’s businesses.

## **Business Review and Prospects**

During the year under review, the operation performance of the GS Superhighway and the GZ West Superhighway of the Group fluctuated with the COVID-19 pandemic. The average daily toll revenue and average daily full-length equivalent traffic first rose then fell during the year and still recorded a relatively substantial YoY growth was mainly because the GS Superhighway and the GZ West Superhighway implemented the nationwide toll free policy in 2020 for 79 days, resulting in a low comparison base in the first half of the year. As for the second half of the year, as there were confirmed local cases of COVID-19 in Guangdong Province as well as other cities and provinces in the PRC, the prevention and control measures were enhanced in various places, which had led to the decline in tolls revenue and traffic. Moreover, as the surrounding road network was being improved, such as the newly opened Shenzhen Outer Ring Expressway, Phase II of the Nanping Highway and Huangpu Express Line have also contributed to the diversion effect for the GS Superhighway and the GZ West Superhighway respectively. As for the business development, the studies on land development and utilisation for Luogang Interchange of the GS Superhighway has been completed, relevant government departments has also issued a public consultation notice on the change of the nature of land use around Luogang Interchange to Type II residential (inclusive of commercial use). If the change of the nature of land use is implemented, it would reference to the model of the Xintang project for development in the next stage. The Xintang project, as to 15% equity interests owned by the Group, has been named as the Grand Park City. The pre-sale of a portion of the residential units of the first phase has commenced in May 2021 with the annual contracted sales amounting to approximately RMB1,368 million.

In 2022, with the support of the controlling Shareholder, the Group will define the “14th Five-Year development strategy” to achieve further improvement in the Group’s expressway business and land development business along the expressway, and seize the significant opportunities arising from the development of the Guangdong-Hong Kong-Macao Greater Bay Area, and strengthen communication and cooperation with the controlling Shareholder and the government, and actively promote project investment, mergers and acquisitions to rapidly enhance the Group’s asset scale, revenue and profitability, and actively explore and cultivate new businesses, explore new growth driver for profit, and ensure the sustainable and healthy development of the Group. In 2022, the Group will continue to proactively communicate, coordinate and discuss with government departments and partners at all levels to achieve a win-win plan for government, public and investors that integrates the expansion of the GS Superhighway with land development, so as to maximise the return of the Group in the expansion of the GS Superhighway. The Group will make every effort to complete the compilation of the feasibility report of the expansion of the GS Superhighway, and enter into the stage to submit application for work approval, striving to officially commence the expansion work in 2023. Through various innovative investment and financing models, the Group will give full play to the advantages as an overseas diversified financing platform to ensure a reasonable commercial return on project investment and protect the interests of Shareholders. Based on the basis of the feasibility report, the studies on the planning that integrates the expansion with land development of Dongguan section and Shenzhen section will be completed and the roadmap to land development will be formulated. The process of land and resource revitalisation and utilisation will be accelerated, and to strive for the smooth implementation of Luogang Interchange project during the year. The Group will fully utilise the synergies with its controlling Shareholder and actively acquire quality resources in the Guangdong-Hong Kong-Macao Greater Bay Area to further enhance the Group’s expressway business strength and industry competitiveness.

The GS Superhighway and GZ West Superhighway operated by the Group are located in the core area of the Bay Area. The GS Superhighway is an important channel for the Guangzhou-Shenzhen-Hong Kong-Macao Science and Technology Innovation Corridor and is of great significance to social and economic development, and urban traffic. The construction of the Bay Area, which brings about the high-quality economic development within the area, is an important cornerstone for the sustainable and stable development of the Group's businesses. Since the promulgation of the "Outline Development Plan for the Guangdong-Hong Kong-Macao Greater Bay Area" (《粵港澳大灣區發展規劃綱要》) in 2019, the PRC and Guangdong Province have been issuing a series of policies in support of the acceleration of the implementation of the construction progress of the Bay Area. As described in the "Outline of the 14th Five-Year Plan for National Economic and Social Development of Guangdong Province and the Long-Range Objectives Through the Year 2035" (《廣東省國民經濟和社會發展第十四個五年規劃和 2035 年遠景目標綱要》) issued in April 2021, Guangdong Province was specifically designated the Bay Area as a major platform to guide and drive the whole province to become a strong engine driving the high-quality development for the economy of the PRC, participating the domestic and international dual circulation in a high level, building up a strategic focus of new development pattern, and providing a stronger support for the fully construction of socialistic modernisation of Guangdong Province. The "Overall Plan for the Construction of the Hengqin Guangdong-Macao Intensive Cooperation Zone" (《橫琴粵澳深度合作區建設總體方案》) and the "Comprehensive Deepening of the Reform and Opening-up Plan for Qianhai Shenzhen-Hong Kong Modern Service Industry Cooperation Zone" (《全面深化前海深港現代服務業合作區改革開放方案》) were issued respectively in September of the same year, will have an important meaning in respect of the fully implementation of the construction of the Bay Area, enhancing the cooperation level and the interconnectivity among Guangdong-Hong Kong-Macao. Under the support of national policies, the Group is highly confident on the prospects of the Bay Area.

With the full support of Shenzhen Expressway, I believe that by optimising the corporate governance and operation mechanism, promoting the resource integration, capital operation and business synergy of both parties, the Group will promote high-quality sustainable development and create better returns for the Shareholders.

## **Appreciation**

On behalf of the Company, I would like to take this opportunity to express my sincere gratitude to our Shareholders, banks, business partners and friends from all walks of life for their support and trust in the development of the Bay Area Development. I would also like to thank the Directors and senior management for their wise contribution, and our staff for their unity, cooperation and diligence. In 2022, in the face of various challenges and arduous tasks, all staff of the Company will seize opportunities, forge ahead, stand at a new starting point, continue to contribute to the construction of the Bay Area, and strive to achieve a new level of development of the Company.

**Wei HU\***  
*Chairman*

Hong Kong, 25 February 2022

*\* For identification purpose only*

## Final Dividend

The Board has proposed a final dividend of RMB10.45 cents per share (equivalent to HK12.880879 cents per share at the exchange rate of RMB1:HK\$1.23262) for the year ended 31 December 2021. Together with the interim dividend of RMB9.3 cents per share (equivalent to HK11.147631 cents per share at the exchange rate of RMB1:HK\$1.19867) which paid on Friday, 22 October 2021, the total regular dividends for the year ended 31 December 2021 will amount to RMB19.75 cents per share (equivalent to HK24.028510 cents per share) which is 117% more than the total regular dividends of RMB9.1 cents per share (excluding the special interim dividend of RMB10 cents per share) of last year. The total regular dividends for the year ended 31 December 2021 represented a regular dividend payout ratio of 100% of the profit attributable to owners of the Company.

Subject to Shareholders' approval at the 2022 Annual General Meeting to be held on Friday, 29 April 2022, the proposed final dividend will be paid on Friday, 15 July 2022 to Shareholders whose names have been registered at the close of business on Friday, 6 May 2022.

If the proposed final dividend is approved by the Shareholders at the 2022 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 Friday, 25 February 2022 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 Tuesday, 31 May 2022. **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 2022 Annual General Meeting to be held on Friday, 29 April 2022, the Register of Members of the Company will be closed from Tuesday, 26 April 2022 to Friday, 29 April 2022, 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 2022 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, 25 April 2022.

To ascertain shareholders' entitlement to the proposed final dividend, the Register of Members of the Company will be closed for one day on Friday, 6 May 2022, if and only if the proposed final dividend is approved by the Shareholders at the 2022 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 Thursday, 5 May 2022.

# 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 increased by 25% YoY to RMB11.84 million and the total toll revenue amounted to RMB4,323 million. Toll revenue first rose then fell during the year and still recorded a relatively substantial YoY growth was mainly due to the fact that nationwide toll free policies implemented during the COVID-19 pandemic in 2020, which included the policy of waiver of tolls on toll roads nationwide for 79 days in total from 17 February 2020 to 5 May 2020 and the Holiday Toll-free Policy for small passenger vehicles with 7 seats or less during the Lunar New Year holiday in 2020, extending from the original 7 days to 16 days, as compared to normal toll fees collection during the corresponding period in 2021. As a result, the toll revenue in the first half of 2021 recorded a significant increase due to a relatively low comparison base. However, since May 2021, local confirmed cases of COVID-19 have appeared in Guangdong Province and other provinces and cities in Mainland China. Thus, citizen have travelled less frequently, resulting in a YoY decrease in toll revenue in the second half of 2021, partly offset the increase in the first half of the year. The average daily toll revenue and average daily full-length equivalent traffic of the GS Superhighway grew 24% and 26% YoY to RMB8.09 million and 93,000 vehicles respectively; the average daily toll revenue and average daily full-length equivalent traffic of the GZ West Superhighway grew 26% and 23% YoY to RMB3.76 million and 53,000 vehicles respectively.

The COVID-19 pandemic continued to pose adverse impact on the operational performance of the GS Superhighway and the GZ West Superhighway, which was mainly reflected in three aspects. Firstly, when local confirmed cases of COVID-19 emerged, local governments strictly implemented pandemic prevention and control measures, and relevant measures restricted cross-regional mobility and city travel of citizens. Secondly, the PRC government encouraged people to stay local during the Lunar New Year holiday, which led to a lower traffic flow during the Spring Festival travel rush than its pre-pandemic level. Thirdly, people have changed their travel habits and travelled less frequently to lower the risk of infection, the peak season for tourism activities in summer no longer exists. In addition, the operational performance of the GS Superhighway and the GZ West Superhighway was also affected by the newly opened expressways and local roads surrounding them which diverted their traffic flow.

The Xintang interchange residential project has been named as the Grand Park City, and the pre-sale of a portion of the residential units in the first phase has commenced in May 2021. During the year under review, the contracted sales amounted to approximately RMB1,368 million.



Year	2020	2021	% Change
<b>At JV level</b>			
<b>GS Superhighway</b>			
Average daily toll revenue <sup>#</sup> (RMB '000)	6,509	<b>8,087</b>	24%
Average daily full-length equivalent traffic* (No. of vehicles '000)	74	<b>93</b>	26%
<b>GZ West Superhighway</b>			
Average daily toll revenue <sup>#</sup> (RMB '000)	2,994	<b>3,758</b>	26%
Average daily full-length equivalent traffic* (No. of vehicles '000)	43	<b>53</b>	23%

<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 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 and External Economic Situation**

Despite facing multiple challenges such as the complicated and difficult international environment and the spread of the local COVID-19 cases, Mainland China's economy achieved high-quality development in 2021, maintaining its leading position in the world, and continuing to show a trend of recovery. Major macroeconomic indicators such as industrial production, imports and exports trades and retail sales of consumer goods maintained a fast-growing trend. The GDP of Mainland China increased by 8.1% throughout the year, creating a solid foundation for the “14th Five-Year Plan” in its beginning year. The economy of Guangdong Province maintained a recovery trend simultaneously, with an annual GDP growth of 8.0%. Worldwide economic growth recovered in 2021, but the pace of economic recovery varies across countries. Influenced by the lingering effect of the COVID-19 pandemic, problems such as supply and demand imbalances, rising price of natural resources, and intensifying inflation pressures will hinder the economic recovery, together with the market anticipation of the start of the rate-hike cycles in the United States and other major economies and the continued spread of the new coronavirus variant virus, creating an even more complex global economic environment. Under such complicated economic environment, the trend of sustained economic recovery in Mainland China remained unchanged. It is expected that the country will continue its proactive fiscal policy and prudent monetary policy, which will stably promote high-quality macroeconomic development. Meanwhile, the PRC government reiterated the direction of continuing the implementation of tax and fee reduction measures, which will provide further support for the healthy development of small and medium-sized enterprises. The stable economic environment of the country lays a solid foundation for the operation of the expressway industry.

The Regional Comprehensive Economic Partnership (《區域全面經濟夥伴關係協定》) (RCEP), a large-scale regional trading agreement jointly promoted by ASEAN and 15 free trade partners including China and Japan, came into effect on 1 January 2022. By reducing tariffs, expanding market access, and adopting trade and investment facilitation measures, RCEP promotes the free flow and efficient agglomeration of the factors of production, and will push forward the formation of a large integrated market, which will help further promoting regional trade and investment, promote confidence in economic recovery, and will eventually add new momentum to the prosperity and development regionally and globally. RCEP will enhance the connectivity of markets, resources and factors between China and RCEP member countries, stabilise the industrial chain and supply chain, improve the level of participation in global and regional value chains, and accelerate the formation of a new development pattern with domestic circulation to dominant and domestic and international dual-circulation reinforcing each other. Guangdong Province is the largest province in China's foreign trade. In 2021, the total imports and exports value reached a record high, breaking through RMB8 trillion for the first time, and the scale of foreign trade accounted for one-fifth of the total number in the country. The growth of trade will definitely provide a driving force for the further expansion of the import and export industry and the transportation industry, and expressway industry will be benefited by the continuous growth of passenger and freight traffic.

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

The “Outline Development Plan for the Guangdong-Hong Kong-Macao Greater Bay Area” (《粵港澳大灣區發展規劃綱要》) (the “Outline Plan”) was released in 2019 and is a major national development strategy. The Bay Area is composed of the four central cities of Hong Kong, Macao, Guangzhou and Shenzhen as the core engines of regional development, plus important hub cities such as Zhuhai, Foshan, Huizhou, Dongguan, Zhongshan, Jiangmen and Zhaoqing, with a total area of approximately 56,000 square kilometers. In 2020, the total population of the region exceeded 86 million, and the GDP exceeded RMB11 trillion, accounting for approximately 12% of the GDP. It is expected that a healthy growth would be maintained in 2021. The Bay Area will be one of the most economically active regions with dominant regional advantages and huge development potential.

The Central Committee of the Communist Party of China and the State Council successively issued the “Overall Plan for the Construction of the Hengqin Guangdong-Macao Intensive Cooperation Zone” (《橫琴粵澳深度合作區建設總體方案》) (the “Hengqin Plan”) and the “Comprehensive Deepening of the Reform and Opening-up Plan for Qianhai Shenzhen-Hong Kong Modern Service Industry Cooperation Zone” (《全面深化前海深港現代服務業合作區改革開放方案》) (the “Qianhai Plan”) in September 2021, leading the development direction of the two cooperation zones. One of the strategic positioning of the Hengqin plan is to facilitate the construction of a new highland in the Bay Area and fully develop the institutional innovation potential of the Bay Area, with an aim to strongly support the leading role of the Macao-Zhuhai Pole to the Bay Area and promote the development of west coast of the Pearl River with enhanced comprehensive strength and competitiveness of the cooperation zone. The Qianhai Plan further expands the development space of the cooperation zone in Qianhai, with the total area expanded from 14.92 square kilometres to 120.56 square kilometres. It proposes specific measures in building a comprehensive deepening reform and innovative test platform in the Bay Area as well as a high-level gateway and hub for opening-up, including promoting the innovative development of the modern service industry, accelerating the reform and innovation of the scientific and technological development system and

mechanism, and expanding the opening up of the financial industry, which are important measures in relation to building a new pattern of high-level opening up. The introduction of these two plans marks the entry of a new phrase in the construction of Hengqin and Qianhai, and is regarded as major measures for the in-depth implementation of the Outline Plan for the purpose of making the Bay Area a core engine with international competitiveness and further driving the domestic and international dual circulation reinforcing each other through accelerating the integrated development of the Bay Area and promoting market connectivity. According to the “2022 Guangdong Provincial Government Work Report” (《二零二二年廣東省政府工作報告》), profoundly promoting the “dual-zone” construction and the Shenzhen comprehensive reform pilot, comprehensively facilitating the construction of Hengqin and Qianhai cooperation zones, as well as firmly promoting the implementation of major national development strategies are being listed as the top priority in 2022. There will be 968 key projects in the Bay Area, with an annual planned investment of RMB548.9 billion. The development of the Bay Area is progressing smoothly, the Group will continue to take advantage of the unique geographical advantage of its highway assets connecting core cities in the Bay Area to seek more investment opportunities.

“The “14th Five-Year Plan” for Science and Technology Innovation of Guangdong Province” (《廣東省科技創新“十四五”規劃》) was officially issued and implemented in October 2021, emphasising the measures to promote the development of the Bay Area into a technological and industrial innovation highland with global influence, including further building the Guangzhou-Shenzhen-Hong Kong-Macao Science and Technology Innovation Corridor, giving full play to the role of carriers for cooperation zones such as the Guangdong-Macao In-Depth Cooperation Zone in Hengqin and the Qianhai Shenzhen-Hong Kong Modern Service Industry Cooperation Zone, comprehensively deepening Guangdong-Hong Kong-Macao scientific and technological cooperation as well as driving the innovation and coordinated development of “One Core Region, One Belt and One Area” Initiative for the purpose of promoting closer integration between regions. With the comprehensively deepened construction of the Guangzhou-Shenzhen-Hong Kong-Macao Science and Technology Innovation Corridor, the convergence and free flow of innovative elements such as talents, capital, information and technology in the Bay Area will be accelerated, which are conducive to the operating environment of the GS Superhighway and GZ West Superhighway that are located in the Guangzhou-Shenzhen-Hong Kong-Macao Science and Technology Innovation Corridor, and thus provides strong support for the Group's business development.

## **Latest Updates on Industry Policies**

### ***Differentiated tariff for expressway***

According to the “Plan on Implementing Differentiated Tariff for Expressway Nationwide” (《全面推廣高速公路差異化收費實施方案》) jointly promulgated by the Ministry of Transport of the PRC, the National Development and Reform Commission and the Ministry of Finance of the PRC in June 2021, a differentiated tariff scheme shall be adopted for expressway nationwide, with the aim of improving the efficiency of expressway network on an ongoing basis, while reducing the costs of travelling on expressways, and promoting the realisation of cost reduction and efficiency enhancement for the logistics industry. A suitable differentiated tariff scheme for expressway shall be carried out based on road sections, vehicle types, time period, entrances and exits, directions or payment methods. The detailed plans and implementation arrangements of Guangdong province will be published in due course, and the Group will pay close attention to such plans and assess its impacts.

### ***Supportive policies for vehicle sales in Mainland China***

In 2021, the sales of vehicles in the Mainland China maintained steady growth. The annual vehicle sales amounted to approximately 26.28 million units, representing a YoY increase of 4%, which ended a three-year downward trend. Of which the sales of new energy vehicles continued to rocket upward with a YoY increase of 1.6 times to approximately 3.52 million units, ranking first in the world for seven consecutive years.

In order to boost consumer confidence and comprehensively promote consumption, the Guangdong Provincial Government issued the “Several Policy and Measures on Promoting Urban Consumption” (《關於促進城市消費的若干政策措施》) in October 2021. In terms of expanding vehicle sales, it is proposed that the restrictions on automobile licensing indicators in Guangzhou and Shenzhen shall be gradually relaxed while vigorously promote the use of energy-saving vehicles and new energy vehicles. The incremental indicators for energy-saving small vehicles in Guangzhou is increased to 80,000 units during 2021 to 2022. In Shenzhen, in order to stimulate the sales of new energy small vehicles, the application conditions for new energy small vehicles are further relaxed and certain restrictions including social security are cancelled. In addition, it also encourages automobile service providers to explore the integrated consumption model of accommodation and transportation, establish an automobile station integrating extended services such as catering, shopping, accommodation, leisure and cultural tourism, and cultivate automobile cultural tourism consumption. The measures have a positive effect on releasing consumer demand and expanding the automobile market, which can further increase the overall car ownership, and is favourable 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. The economic recovery of the cities along the expressway was stable. The GDP of Guangzhou, Dongguan and Shenzhen rose 8.1%, 8.2% and 6.7% YoY respectively in 2021, underpinning the sound operation performance of the GS Superhighway. In 2021, the average daily toll revenue and average daily full-length equivalent traffic grew by 24% and 26% YoY to RMB8.09 million and 93,000 vehicles respectively. Its total toll revenue for the year amounted to RMB2,952 million. The significant YoY increase in toll revenue and traffic volume in the first half of 2021 was mainly due to the implementation of the policy of waiver of tolls from 17 February 2020 to 5 May 2020 pursuant to the notice from the Ministry of Transport of the PRC, and 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, resulting in a low comparison base as compared to normal toll fees collection during the corresponding period of 2021. In the second half of 2021, the toll revenue and traffic volume recorded negative YoY growth, and partially offset the increase in the first half of the year, which was mainly due to the emergence of local confirmed cases of COVID-19 in Guangdong Province and other provinces and cities, including Guangzhou, Dongguan and Shenzhen along the GS Superhighway, leading to a reduction in citizen's travel during the period. Toll revenue and traffic volume contributed by passenger vehicles accounts for 70.4% and 81.3% of the toll revenue and full-length equivalent traffic of the GS Superhighway respectively. The amount of tolls collected and traffic volume of vehicles using ETC payment cards accounted for approximately 65% and 66% of the toll revenue and traffic volume of the GS Superhighway respectively.



# Including tax

During the year under review, the newly opened expressways and local roads around the GS Superhighway also had a diversion impact on it. The Shenzhen section Phase I, Dongguan section and Shenzhen section Phase II of Shenzhen Outer Ring Expressway opened to traffic at the end of 2020 and January 2022 respectively. The fully opened Shenzhen Outer Ring Expressway is another east-west expressway located north of Jihe Expressway, and is connected to several expressways such as the Guangshen Coastal Expressway, the GS Superhighway, the Nanguang Expressway, the Longda Expressway and the Meiguan Expressway. As the Songgang interchange connecting with the GS Superhighway has not yet been opened, vehicles travelling to the Shenzhen Outer Ring Expressway cannot access to the GS Superhighway at the moment, which has caused diversion impact on the GS Superhighway. The diversion impact is expected to continue in 2022. In addition, Phase II of the Nanping Highway linking the Qianhai sub-district was open to traffic in July 2021. Vehicles can travel to and from the Guangshen Coastal Expressway through roads in the Qianhai sub-district, which has caused slight diversion impacts on the GS Superhighway.

Phase II of the Dongguan-Panyu Expressway was open to traffic at the end of 2021, extending eastward to the Dongguan-Shenzhen Expressway from the current connection of the GS Superhighway in the Houjienan interchange. The newly opened road section has become a new path for highway users to travel to and from the Nansha Bridge. Due to the short opening period, the impact on the GS Superhighway is still subject to further observation.

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

The expansion of the GS Superhighway continues to advance as planned. The feasibility report of the expansion work is currently subject to revision pursuant to the comments received from the preliminary review by relevant government departments and the investigation results of the survey and design work. After the revisions, the stage to submit application for work approval will be entered in order to strive to officially commence the expansion work in 2023. 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 is pending to the official approval by relevant government departments and is to be determined.

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

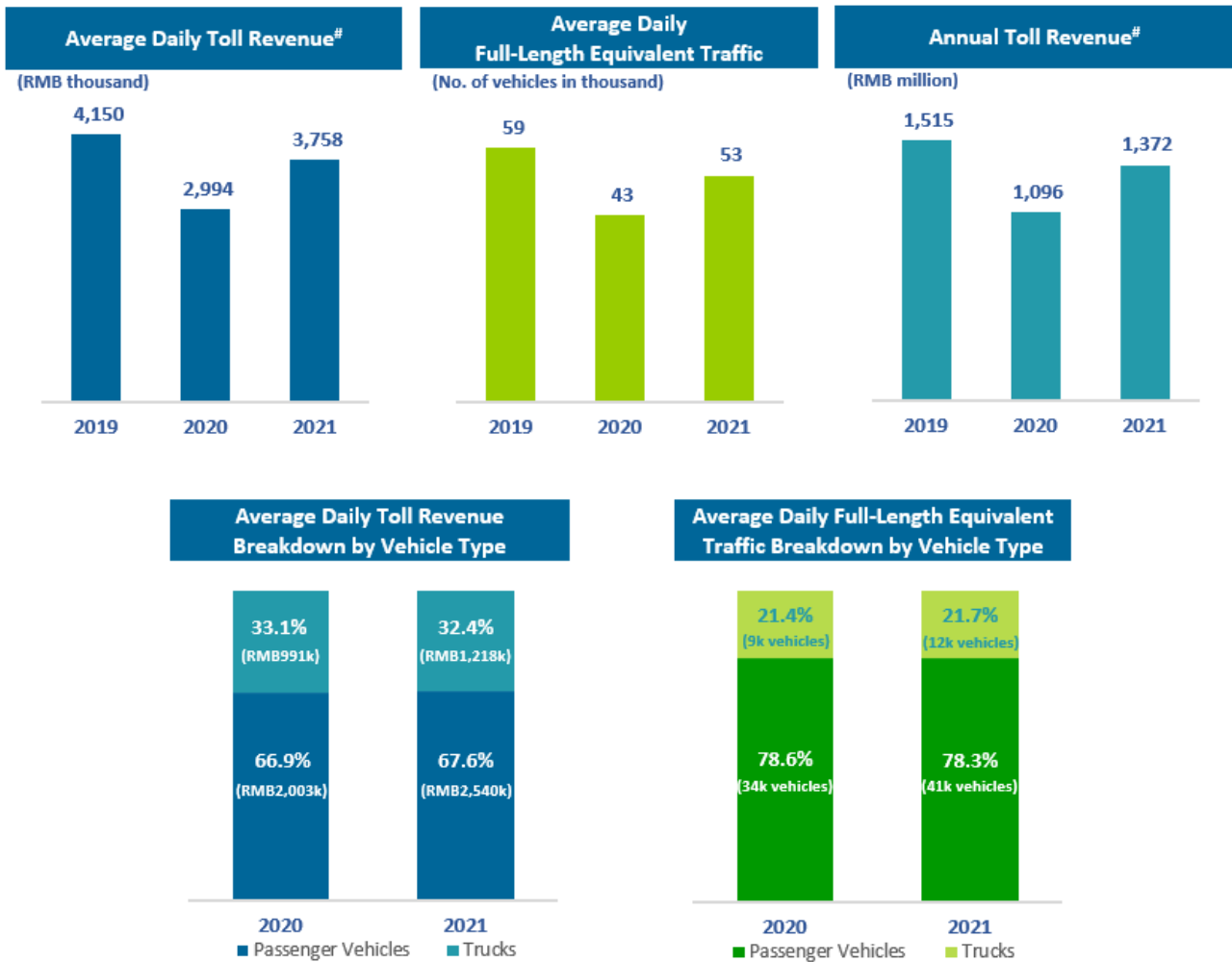
During the year under review, the Company and Guangdong Highway Construction have completed the studies on the planning that integrates the expansion with land development of Luogang Interchange, and submitted it to relevant government departments. Subsequently, Huangpu District of Guangzhou Municipal Planning and Natural Resources Bureau issued a public consultation notice from 18 September to 25 October 2021 on the change of the nature of land use around Luogang Interchange to Type II residential (inclusive of commercial use). Based on usual procedure, after the public consultation, the relevant government departments will examine the planning as published and will make decision on whether to change or adjust the nature of the land use. The relevant government departments have not announced the relevant decision yet. If the planning is implemented, Luogang Interchange would be reconstructed to vacate land for residential development (inclusive of commercial use). The government shall resume the vacated land plots from GS JV in accordance with the relevant laws and regulations, and will put up for bidding and auction. Currently, GS JV is negotiating with the local government on the exact size of the land parcels that will be handed over and the terms of the resumption (including the compensation sum). The Company is also negotiating with Guangdong Highway Construction to establish a joint venture pursuant to the terms of a memorandum of collaboration entered into in 2019, and will participate in the bidding for land use rights after the resumed land plot is put up for auction by the local government. However, the development and utilisation of land is subject to procedures for the change of land use and the obtaining of land use rights for future development according to relevant urban planning and regulations, which remain uncertain at the current stage.

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

## **GZ West Superhighway**

The GZ West Superhighway is the expressway artery between the city centres of Guangzhou and Zhuhai, and offers access to the HZM Bridge. The economy of cities along the expressway recovered at a solid pace. The GDP of Guangzhou, Foshan, Zhongshan and Zhuhai rose 8.1%, 8.3%, 8.2% and 6.9% YoY respectively in 2021, underpinning the stable operation performance of the GZ West Superhighway. In 2021, the average daily toll revenue and average daily full-length equivalent traffic grew by 26% and 23% YoY to RMB3.76 million and 53,000 vehicles respectively. Its total toll revenue for the year amounted to RMB1,372 million. The significant YoY increase in toll revenue and traffic volume in the first half of 2021 was mainly due to the implementation of the policy of waiver of tolls from 17 February 2020 to 5 May 2020 pursuant to the notice from the Ministry of Transport of the PRC, and 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, resulting in a low comparison base as compared to normal toll fees collection during the corresponding period of 2021. In the second half of 2021, the toll revenue and traffic volume recorded negative YoY growth, and partially offset the increase in the first half of the year, which was mainly due to the emergence of local confirmed cases of COVID-19 in Guangdong Province and other provinces and cities, including the cities along the GZ West Superhighway such as Guangzhou, Foshan, Zhongshan and Zhuhai, leading to a reduction in citizen's travel during the period and the peak season for tourism activities in Zhuhai and Hengqin in summer no longer existed as well. Toll revenue and traffic volume contributed by passenger vehicles accounts for 67.6% and 78.3% of the toll revenue and full-length equivalent traffic of the GZ West Superhighway respectively. The amount of tolls collected and traffic volume of vehicles using ETC payment cards accounted for approximately 65% and 66% of the toll revenue and traffic volume of the GZ West Superhighway respectively.





# Including tax

During the year under review, the newly opened local roads and road improvement projects around the GZ West Superhighway has also caused diversion impact on it. The Huangpu Express Line was fully opened at the end of December 2020. By connecting with the Ronggui Outer Ring Road and the Bigui Road, another local road connecting Shunde and Zhongshan was formed. As it runs mostly parallel to the Ronggui toll station and Zhongshan West toll station section of the GZ West Superhighway, it has caused diversion impact on the GZ West Superhighway. In addition, the reconstruction project of Zhongshan Shalang and Guhe section of National Highway 105 was completed successively in the second half of 2021. Smooth flow of National Highway 105 after the completion of the reconstruction project induced some vehicles to return travelling the National Highway.

Phase IV of the Guangzhou-Zhongshan-Jiangmen Expressway was opened at the end of December 2021, representing the full opening of the Guangzhou-Zhongshan-Jiangmen Expressway. It is another east-west channel on the west bank of the Pearl River, which is connected with several expressways such as the Dongxin Expressway, the GZ West Superhighway and the Foshan-Jiangmen Expressway. The newly opened section is interconnected at the Nantoubei interchange of the GZ West Superhighway. Due to the short opening period, the impact is still subject to further observation.

To comply with Foshan government's plan on development of Sanlongwan area, the Shizhou toll station on the GZ West Superhighway was re-opened on 1 January 2021 and renamed as Sanlongwan toll station, after closure for reconstruction work to improve the capacity of the toll station and landscape. According to the "Overall Development Plan for Foshan Sanlongwan High-End Innovation Cluster (2020-2035)" (《佛山三龍灣高端創新集聚區發展總體規劃(2020-2035年)》), Sanlongwan sub-district includes Chan Cheng district, Nanhai district, Shunde district in Foshan, with planned areas of 130 square kilometres. Serving as the core channel of Foshan to drive forward the construction of the Bay Area, and the key innovation platform for the construction of an international science and innovation center in the Bay Area, Sanlongwan sub-district strives to achieve regional GDP target of RMB80 billion in 2025 and RMB200 billion in 2035. There are 12 key industrial projects in the near term, which include International Intelligent-innovation Park, Da-Jiang Innovations Technology Research and Development and Production Base in Shunde, Midea-KUKA Intelligent Science and Technology Park and New Material Research Institute of Tsinghua. Such plan will be conducive to global high-end innovation cluster in Foshan. Building an advanced manufacturing system to realise independence and controllability plays an important role in establishing an advanced manufacturing base with competitiveness at the international level in the Bay Area. Under the comprehensive plan, the movement of people and logistics in the Sanlongwan sub-district will achieve a continuous growth, which has a positive impact on the operation performance of the GZ West Superhighway over the long term.

## Grand Park City

The Xintang interchange residential project has been named as the Grand Park City, with a total gross floor area of approximately 600,000 square metres. The construction will be carried out in three phases and the pre-sale of a portion of the residential units of the first phase has commenced in May 2021. Part of the sales revenue has been recognised based on completion stage since 2021. During the year under review, affected by the pandemic and market condition, approximately 70% of the annual sales target of 70,000 square meters was recorded with the contracted sales amounting to approximately RMB1,368 million, representing the average sales price of RMB28,000 per square metre. The construction of residential units has been smoothly proceeded as scheduled so far. The first phase consists of 7 blocks, of which 4 blocks have been topped out and the remaining 3 blocks are expecting to top out by mid 2022 successively. The construction of the second phase is expected to start in mid-2022.

Location of Grand Park City



## FINANCIAL REVIEW

The Group's results for the year ended 31 December 2021 were as follows:

RMB million	Year ended 31 December									
	2020					2021				
	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 <i>Note 1</i>	1,041	860	(450)	(189)	221	<b>1,289</b>	<b>1,194</b>	<b>(469)</b>	<b>(259)</b>	<b>466</b>
- GZ West Superhighway	532	418	(243)	(140)	35	<b>666</b>	<b>560</b>	<b>(237)</b>	<b>(160)</b>	<b>163</b>
<b>Sub-total</b>	1,573	1,278	(693)	(329)	256	<b>1,955</b>	<b>1,754</b>	<b>(706)</b>	<b>(419)</b>	<b>629</b>
<b>Land development and utilisation project</b>										
- Xintang Interchange	-	(1)	-	(41)	(42)	<b>19</b>	<b>(5)</b>	<b>(0)</b>	<b>(25)</b>	<b>(30)</b>
<b>Total</b>	1,573	1,277	(693)	(370)	214	<b>1,974</b>	<b>1,749</b>	<b>(706)</b>	<b>(444)</b>	<b>599</b>
YoY change						<b>25%</b>	<b>37%</b>	<b>2%</b>	<b>20%</b>	<b>180%</b>
Corporate:										
Bank deposits interest income					9					<b>36</b>
Investment income from bank structured deposits					2					<b>7</b>
Interest income of loans to a JV					50					<b>39</b>
Gain on disposal of 22.5% equity interest in Xintang JV					545					<b>-</b>
Other income and other gain					4					<b>15</b>
General and administrative expenses and depreciation					(36)					<b>(42)</b>
Finance costs					(17)					<b>(21)</b>
Income tax expense					(150)					<b>(40)</b>
<b>Sub-total</b>					407					<b>(6)</b>
<b>Profit before net exchange gain</b>					621					<b>593</b>
YoY change										<b>-5%</b>
Net exchange gain					73					<b>25</b>
<b>Profit for the year</b>					694					<b>618</b>
Profit attributable to non-controlling interests					(5)					<b>(9)</b>
<b>Profit attributable to owners of the Company</b>					689					<b>609</b>
YoY change										<b>-12%</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 net toll revenue of the expressway projects namely the GS Superhighway and the GZ West Superhighway operated by two joint ventures increased by 24% to RMB1,955 million from RMB1,573 million in 2020, of which the net toll revenue of the GS Superhighway increased by 24% to RMB1,289 million from RMB1,041 million in 2020; the net toll revenue of the GZ West Superhighway increased by 25% to RMB666 million from RMB532 million in 2020. The main reasons for the increase in toll revenue include: according to the notice from the Ministry of Transport of the PRC last year, 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 collection for all vehicles from 00:00 a.m. on 6 May 2020; in addition, the Holiday Toll-free Policy for small passenger vehicles with 7 seats or less during the Lunar New Year in 2020 extended from the original 7 days (from 24 January 2020 to 30 January 2020) to 16 days (ended on 8 February 2020).

The Group's share of aggregate EBITDA of its two toll expressways (excluding net exchange differences on the GS JV's US Dollar and HK Dollar denominated loans) increased by 37% to RMB1,754 million from RMB1,278 million in 2020. The Group's share of EBITDA of the GS Superhighway increased by 39% to RMB1,194 million from RMB860 million in 2020; the Group's share of EBITDA of the GZ West Superhighway increased by 34% to RMB560 million from RMB418 million in 2020, which is mainly attributable to the resumption of toll collection for the GS Superhighway and the GZ West Superhighway during the year 2021.

As driven by the domestic economic recovery, the actual full-length equivalent traffic (including tolled and toll-free) of the GS Superhighway and the GZ West Superhighway during the year 2021 increased as compared with 2020, of which the actual full-length equivalent traffic of the GS Superhighway increased by 0.4% as compared with 2020. The Group's share of depreciation and amortisation charges of the GS Superhighway amounted to RMB469 million, representing an increase of 4% from RMB450 million as compared with 2020; if excluding the depreciation and amortisation expenses of other fixed assets, the depreciation and amortisation expenses of concession intangible assets increased by 2% to RMB 330 million in 2021 from RMB322 million in 2020. The performance of the GZ West Superhighway resumed stable simultaneously with the actual full-length equivalent traffic increased by 2% as compared with 2020. The Group's share of depreciation and amortisation charges of the GZ West Superhighway amounted to RMB237 million, representing a decrease of 2% from RMB243 million as compared with the 2020; if excluding the depreciation and amortisation expenses of other fixed assets, the depreciation and amortisation expenses of concession intangible assets increased by 2% to RMB 215 million in 2021 from RMB211 million in 2020. Overall, the Group's share of aggregate depreciation and amortisation charges of the two toll expressways amounted to RMB706 million, representing an increase of 2% from RMB693 million as compared with 2020.

Since the bank loans of the GS JV are mainly denominated in US Dollar, benefiting from the US Federal Funds Rate reduction of 1.5% in the first half of 2020 and the interest rate of RMB denominated loans was in transition 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. The Group's share of interest expenses of the GS JV decreased by 33% to RMB38 million from RMB57 million in 2020; the GZ West JV repaid the principal of bank loans of RMB253 million and RMB348 million (at JV level) in advance with its cash surplus in 2020 and 2021 respectively, and benefiting from the transition of the interest rate of certain RMB denominated 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 further reduction of interest expenses of the GZ West JV. The Group's share of interest expenses of the GZ West JV decreased by 16% to RMB95 million from RMB113 million in 2020. The applicable PRC EIT rate for both the GS JV and the GZ West JV is 25%. With the increase in toll revenue, the Group's share of tax expenses of the GS JV increased by 67% to RMB221 million from RMB132 million in 2020, while the Group's share of tax expenses of the GZ West JV also increased significantly by 141% to RMB65 million from RMB27 million in 2020. Overall, the Group's share of interest and tax expenses in the two joint ventures in aggregate increased by 27% to RMB419 million from RMB329 million in 2020.

Due to the resumption of toll collection, in 2021, the Group's share of net profit of the GS JV was RMB466 million, representing an increase of 111% as compared to a net profit of RMB221 million in 2020; while the Group's share of net profit of the GZ West JV was RMB163 million, representing a significant increase of 366% as compared to a net profit of RMB35 million in 2020. The Group's share of aggregate net profit of the two expressway projects (excluding net exchange differences on the GS JV's US Dollar and HK Dollar denominated loans) was RMB629 million, representing an increase of 146% as compared to a net profit of RMB256 million in 2020.

### **Land Development and Utilisation Project**

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 (the "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.

In 2021, the addition of one-year shareholder's loans of RMB2.56 billion (of which the Group accounted for approximately RMB384 million) in aggregate was made by the Parties to the Xintang JV in proportion to their shareholdings, which was mainly used for the final payment of the land premium of the Project Land. The interest rate of the shareholder's loans was 8% per annum. The Group has invested a total of approximately RMB749 million (including registered capital of RMB1.50 million and shareholder's loans of approximately RMB747 million) in the Xintang JV (excluded the rights upon the Disposal). In order to meet the relevant bank financing requirements in Mainland China, on 30 June 2021, the Xintang JV increased its registered capital from RMB10 million to RMB3.04 billion through a debt-for-equity swap base on the existing shareholder's loans, and the shareholder's loans contributed by the Parties accordingly decreased from approximately RMB4,983 million to approximately RMB1,953 million; the registered capital contributed by the Group (through Shenwan Infrastructure) increased from RMB1.50 million to approximately RMB456 million based on its shareholding percentage, and the shareholder's loans decreased from approximately RMB747 million to approximately RMB293 million. As Xintang JV further repaid shareholders' loans to the Parties based on its shareholding percentage, the Group's shareholders' loans to Xintang JV amounted to approximately RMB263 million as of 31 December 2021. Xintang JV has officially pre-sold certain residential units commencing May 2021 and has commenced to recognise the revenue based on completion stage. It is expected that Xintang JV would contribute profit in 2023.

### **The Group**

In 2021, the aggregate amount of the Group's interest income from bank deposits and investment income from bank structured deposits increased to RMB43 million from approximately RMB11 million in 2020, mainly due to a consideration of approximately RMB1.09 billion received from the Disposal in September 2020 and therefore the balances of bank deposits and the structured deposits increased. Since December 2019, based on its shareholding percentage, the Group (through Shenwan Infrastructure) has made shareholder's loans at 8% per annum to the Xintang JV, which was financed by its internal fundings and bank financing.

As set out in the paragraphs under the "Land Development and Utilisation Project", on 10 September 2020, Shenwan Infrastructure, Guangdong Highway Construction and Shenzhen Run Investment entered into a transaction contract in respect of the Disposal. 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.

The Group's newly drawn bank loans amounted to a total of approximately RMB858 million in 2021, which were mainly used for the shareholder's loans invested in the Xintang JV and general working capital purposes. During the year under review, despite the increase in bank loans, the interest rate of bank loans decreased as compared with that of last year. The interest expense of bank loans, amounted to approximately RMB21 million, which was only 24% higher than that of approximately RMB17 million in 2020.

Income tax expenses mainly represent the provision for the interest income from the contribution of shareholder's loans to the Xintang JV by Shenwan Infrastructure, where the applicable PRC EIT rate is 25%; and the provision on the undistributed earnings of Shenwan Infrastructure, according to the prevailing tax laws in the PRC, the withholding tax shall be imposed at a preferential tax rate of 5% (normally at 10%) when Shenwan Infrastructure declares its earnings. Overall, the loss of the Group (excluding JVs) amounted to approximately RMB6 million in 2021. The profit for 2020 was approximately RMB407 million (included a net profit on disposal of 22.5% equity interests in Xintang JV amounted to RMB409 million).

Benefiting from the appreciation of RMB commenced from the second half of 2020, the net exchange gain of 2021 (including the Group's share of exchange gain on the US Dollar and HK Dollar denominated loans of the GS JV) amounted to RMB25 million, as compared to the net exchange gain of RMB73 million recorded in 2020. As a result, the profit attributable to owners of the Company amounted to RMB609 million, representing a decrease of 12% from RMB689 million as compared with 2020. If excluding the net profit on disposal of 22.5% equity interest in Xintang JV amounted to RMB409 million in 2020, there was an increase of RMB329 million, a rise of 118%.



## **Outlook**

The year of 2022 will be a challenging year. There is a risk of spread of the new COVID-19, and the interest rate of US Dollar would increase. However, supporting policies was provided by Mainland China to stabilise economic development, and the appreciation of RMB commenced from the second half in 2020, which had a positive impact on the GS JV. 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) RMB denominated loans of GS JV benefited from adopting the lower loan prime rate as the pricing basis. The one-year loan prime rate decreased by a total of 0.1% in December 2021 and January 2022 respectively, and the five-year loan prime rate decreased by 0.05% in January 2022, thereby further reducing financing costs; (iii) the core business of the GZ West Superhighway is growing steadily and will continue to be benefited from the robust development of the economy, including the economic development of the Bay Area, and the construction of the Guangzhou-Shenzhen-Hong Kong-Macao Science and Technology Innovation Corridor; (iv) the GZ West JV early repaid the principal of bank loans with its cash surplus and the interest rate of certain loans was declined, leading to expected further decrease of interest expenses; and (v) the Grand Park City had commenced pre-sale of certain residential units.

As the domestic economic growth tends to be stable, the GS JV has paid stable dividends to the Group every year and the GZ West JV has distributed dividends to the Group since 2020. As the financial situation of the Group remains robust, the Board believes that the Group's full-year regular dividend payout ratio target of 100% on recurring income will be maintained.

## **Financing of the Group**

As set out in the paragraphs under the “Land Development and Utilisation Project”, the Group (through Shenwan Infrastructure), GPCG (through Lealu Investment and Leaxin Investment) and Shenzhen Run Investment owns 15%, 25% (in aggregate) and 60% of equity interests in the Xintang JV respectively pursuant to the 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.

The Group has duly made arrangement to meet the capital need of the Xintang JV. On 31 December 2021, the Group contributed approximately RMB944 million to the Xintang JV (comprising registered capital of approximately RMB456 million, shareholder’s loans of approximately RMB263 million, and the shareholder’s guarantee for bank financing of approximately RMB225 million).

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 2020	31 December 2021		31 December 2020	31 December 2021
	RMB million	RMB million		RMB million	RMB million
Bank balances and cash, bank structured deposits	1,561	1,903	Bank loans	1,078	1,936
Shareholder's loan to a JV	336	263	Tax liabilities	147	139
Interest receivable of shareholder's loan to a JV	56	1	Dividend payable	306	-
Other assets	34	33	Other liabilities	86	18
	1,987	2,200		1,617	2,093
			Net assets of the Group	370	107

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

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

	31 December 2020	31 December 2021		31 December 2020	31 December 2021
	RMB million	RMB million		RMB million	RMB million
Bank balances and cash	446	250	Bank loans		
Concession intangible assets	3,425	3,017	- USD	1,039	882
Property and equipment	226	276	- HKD	90	76
Other assets	41	92	- RMB	506	394
			Other loan	10	11
			Other liabilities	683	687
	4,138	3,635		2,328	2,050
			Net assets of GS JV	1,810	1,585

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

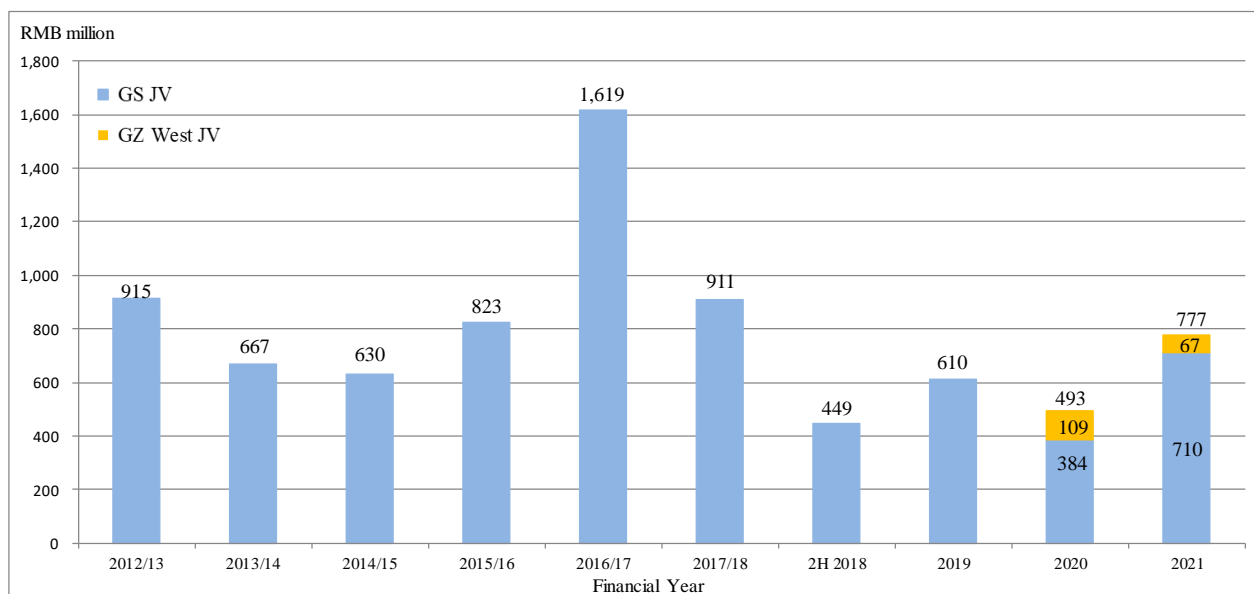
	31 December 2020	31 December 2021		31 December 2020	31 December 2021
	RMB million	RMB million		RMB million	RMB million
Bank balances and cash	93	85	Bank loans	2,500	2,143
Concession intangible assets	5,538	5,323	Balances with a JV partner	484	514
Property and equipment	180	163	Other liabilities	455	442
Balances with a JV	484	514			
Other assets	21	17			
	6,316	6,102		3,439	3,099
			Net assets of GZ West JV	2,877	3,003

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

	31 December 2020	31 December 2021		31 December 2020	31 December 2021
	RMB million	RMB million		RMB million	RMB million
Bank balances and cash	5	33	Shareholder's loan	336	263
Project Land cost	620	805	Shareholder's loan interest payable	56	1
Other assets	31	38	Bank loan	-	7
			Project Land premium payable	319	-
			Contract Liabilities	-	160
			Other liabilities	-	61
	656	876		711	492
			Net (liabilities)/assets of Xintang JV	(55)	384
	31 December 2020	31 December 2021		31 December 2020	31 December 2021
	RMB million	RMB million		RMB million	RMB million
			<b>Total liabilities</b>	8,095	7,734
			Equity attributable to owners of the Company	4,978	5,057
			Non-controlling interests	24	22
<b>Total Assets</b>	13,097	12,813	<b>Total Shareholder's Equity and Liabilities</b>	13,097	12,813
			<b>Total net assets</b>	5,002	5,079

## Liquidity and Financial Resources

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



For the year ended 30 June 2017, the GS JV obtained an additional bank loan facility amounting to RMB2 billion to reimburse past capital expenditure advanced by its shareholders. Subsequently for the year ended 30 June 2018, 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 2020 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 2021, the Group had HK Dollar bank loan of equivalent to approximately RMB1,936 million, together with the bank and other borrowings of the JVs shared by the Group amounted to approximately RMB3,513 million (including US Dollar bank loans of equivalent to RMB882 million, HK Dollar bank loan of equivalent to RMB76 million and RMB bank and other loans of RMB2,555 million, but excluding the shareholder's loans) totalling approximately RMB5,449 million (31 December 2020: approximately RMB5,223 million) with the following profile:

- (a) 99.8% (31 December 2020: 99.8%) consisted of bank loans and 0.2% (31 December 2020: 0.2%) of other loan; and
- (b) 47% (31 December 2020: 58%) was denominated in RMB; 16% (31 December 2020: 20%) was denominated in US Dollar and 37% (31 December 2020: 22%) was denominated in HK Dollar.

### ***Debt Maturity Profile***

As at 31 December 2021, 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 2020:

#### ***Corporate Level***

	31 December 2020		31 December 2021	
	RMB million	%	RMB million	%
Repayable within 1 year	324	30%	<b>882</b>	<b>46%</b>
Repayable between 1 and 5 years	754	70%	<b>1,054</b>	<b>54%</b>
	<b>1,078</b>	<b>100%</b>	<b>1,936</b>	<b>100%</b>

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

	31 December 2020		31 December 2021	
	RMB million	%	RMB million	%
Repayable within 1 year	352	8%	<b>220</b>	<b>6%</b>
Repayable between 1 and 5 years	3,314	80%	<b>2,541</b>	<b>72%</b>
Repayable beyond 5 years	479	12%	<b>752</b>	<b>22%</b>
	<b>4,145</b>	<b>100%</b>	<b>3,513</b>	<b>100%</b>

### ***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 Group 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, interest rate and the exchange rate movements, with a view to minimising its funding costs and enhance return on its financial assets. The reasonable and efficient use of temporary idle funds will enhance the overall capital gain of the Group, which is consistent with the core objectives of the Group to ensure capital safety and liquidity, for example the impact of risk factors on the expected rate of return of the bank structured deposits with guaranteed principal is low, but the Group could get a higher return as compared with fixed term deposits in commercial banks in the PRC. As at 31 December 2021, 99.7% of the Group's bank balances and cash (including bank structured deposit) were denominated in RMB and the remaining 0.3% were denominated in HK Dollar. In 2021, the overall treasury yield on bank deposits (including bank structured deposit) of the Group was 3.06% whereas 2.16% in 2020.

***Guarantee***

As at 31 December 2021, the banking facilities of a wholly-owned subsidiary of the Company amounting to RMB3,737,180,000 (2020: RMB5,956,394,000) were guaranteed by the Company. The Company is able to control the utilisation of the facilities.

During the year, a non-wholly-owned subsidiary of the Company has provided a corporate guarantee to a bank to secure a banking facility granted to a joint venture amounting to RMB225,000,000. At 31 December 2021, the amount utilised by the joint venture was RMB7,051,000. In the opinion of the Directors, the fair value of the financial guarantee is insignificant.

***Material Acquisition or Disposal***

The Company's subsidiaries and associated companies did not make any material acquisitions or disposals during the year ended 31 December 2021.

## **OTHER INFORMATION**

### **Review of Annual Results**

The Audit Committee had reviewed with the management of the Company the accounting principles and practices adopted by the Group and discussed the financial reporting matters, including the Group's unaudited interim results for the year ended 31 December 2021.

### **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 2021 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 year ended 31 December 2021.

### **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, the Company complied with all the code provisions that were in force 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 did not have a nomination committee as the Company already had the policies and procedures for selection and nomination of Directors in place. The Board as a whole regularly reviewed the plans for orderly succession for appointments to the Board and its structure, size, composition and diversity. If the Board considered that it was necessary to appoint new Director(s), it would set down the relevant appointment criteria which might 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) would normally be made by the Chairman and/or the General Manager and subject to the Board's approval. External consultants might be engaged, if necessary, to access a wider range of potential candidate(s).

On 1 January 2022, the Company has established the Nomination Committee which is chaired by the Chairman and comprises three Independent Non-executive Directors. Details of establishment of the Nomination Committee were set out in the announcement of the Company dated 31 December 2021. The terms of reference setting out the authority of the Nomination Committee and its duties are available on the Company's website and the HKEx website.

**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 2021.

## **The Sale and Purchase of Shares of the Company**

On 15 March 2021, SIHC, the ultimate controlling shareholder of the Company, entered into a memorandum of understanding (the “MOU”) with Shenzhen Expressway Company Limited (subsequently renamed as Shenzhen Expressway Corporation Limited on 20 December 2021, “Shenzhen Expressway”) in relation to the possible sale and purchase of the shares of the Company.

According to publicly available information, Shenzhen Expressway is a company incorporated in the PRC, the shares of which are listed on the Stock Exchange (Stock Code: 548) and Shanghai Stock Exchange (SSE Stock Code: 600548), which is a subsidiary of Shenzhen International Holdings Limited, a company listed on the Stock Exchange (“Shenzhen International”, Stock Code: 152), which in turn is owned as to approximately 43.39% by SIHC. SIHC is ultimately controlled by the State-owned Assets Supervision and Administration Commission of the People’s Government of Shenzhen Municipality. According to the information provided by Shenzhen Expressway, the principal activities of Shenzhen Expressway and its subsidiaries are the investment, construction, operation and management of toll highways and environmental protection business in PRC.

Pursuant to the MOU, Shenzhen Expressway intended to purchase, and SIHC intended to sell all its interest in the 2,213,449,666 Shares, representing approximately 71.83% of the total issued Shares (the “Possible Transaction”). The Possible Transaction was subject to further negotiation and execution of a formal sale and purchase agreement between the parties. Details of the MOU and the Possible Transaction were set out in the announcement of the Company dated 15 March 2021.

Shenzhen Expressway had made an application for a waiver from the obligation to make a mandatory general offer under Note 6(a) of Rule 26.1 of the Hong Kong Code on Takeovers and Mergers (the “Takeovers Code”) from the executive, and the executive has granted such waiver on 13 April 2021. For the purposes of the Takeovers Code, the offer period has ended on 14 April 2021. Details of grant of mandatory general offer waiver by the executive were set out in the announcement of the Company dated 14 April 2021.

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

Reference is also made to the announcement of the Company dated 17 September 2018 relating to, among other things, the agreement between the SIHC, the Vendor and the trustee of CMF Global Quantitative Stable Segregated Portfolio (“CMF Fund”) that CMF Fund may, during the period of three months prior to the fifth anniversary of the then completion date of the placing of certain shares of the Company to CMF Fund (the “Fifth Anniversary Date”), give a one-off notification to SIHC and the Vendor (or either of them) that CMF Fund intends to, on or within six months after the Fifth Anniversary Date, dispose of all or part of the then placing shares on-market and/or off-market to independent third party(ies) (“Disposal(s)”), and if the aggregate amount of the consideration received by CMF Fund under the Disposal(s) is less than the total investment costs of CMF Fund and its investor, SIHC and the Vendor (or either of them) will pay to CMF Fund the difference in cash (the “Payment Obligation”). SIHC, the Vendor, the Purchaser and Shenzhen Expressway have agreed that the Purchaser and Shenzhen Expressway will, after completion of the Transaction, perform the Payment Obligation (if any) towards CMF Fund (estimated to be not more than HK\$139,000,000).

Completion of the Transaction was subject to the fulfilment of certain conditions precedent, including among others, approval by the independent shareholders of each of Shenzhen Expressway and its holding company, Shenzhen International, at their respective general meeting. Details of sale and purchase of shares by controlling shareholder were set out in the announcement of the Company dated 10 August 2021.

On 10 December 2021, the relevant resolution approving the Agreement and the transactions contemplated thereunder was approved by the independent shareholders of Shenzhen Expressway at its extraordinary general meeting and the independent shareholders of Shenzhen International at its special general meeting. Details of further update on the sale and purchase of shares of the Target Company by controlling shareholder were set out in the announcement of the Company dated 10 December 2021.

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

On behalf of the Board

**Wei HU\***

*Chairman*

Hong Kong, 25 February 2022

*\*For identification purpose only*

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 31 DECEMBER 2021

	<u>NOTES</u>	<u>2020</u> RMB'000	<u>2021</u> RMB'000
Other income	5	64,178	84,950
Other gain and loss	6	13,378	19,627
Gain on partial disposal of a joint venture	7	545,181	-
Depreciation		(575)	(1,034)
General and administrative expenses		(35,199)	(41,124)
Finance costs		(17,266)	(20,651)
Share of results of joint ventures	8	<u>295,090</u>	<u>656,758</u>
Profit before tax		864,787	698,526
Income tax expense	9	<u>(171,004)</u>	<u>(80,440)</u>
Profit for the year	10	<u>693,783</u>	<u>618,086</u>
Other comprehensive income (expense)			
Item that will not be reclassified to profit or loss:			
Fair value gain (loss) on investment in equity instrument at fair value through other comprehensive income, net of tax		7,560	(9,810)
Item that may be reclassified subsequently to profit or loss:			
Exchange gain arising on translation of foreign operations		<u>64,359</u>	<u>46,870</u>
Total comprehensive income for the year		<u>765,702</u>	<u>655,146</u>
Profit for the year attributable to:			
Owners of the Company		688,661	609,208
Non-controlling interests		<u>5,122</u>	<u>8,878</u>
		<u>693,783</u>	<u>618,086</u>
Total comprehensive income attributable to:			
Owners of the Company		760,580	646,268
Non-controlling interests		<u>5,122</u>	<u>8,878</u>
		<u>765,702</u>	<u>655,146</u>
Earnings per share	11	RMB cents	RMB cents
Basic		<u>22.35</u>	<u>19.77</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
AS AT 31 DECEMBER 2021

	<u>NOTE</u>	<u>2020</u> RMB'000	<u>2021</u> RMB'000
<b>ASSETS</b>			
<b>Non-current Assets</b>			
Interests in joint ventures		4,673,688	4,971,183
Equity instrument at fair value through other comprehensive income	13	31,000	20,100
Property and equipment		2,111	1,768
Right-of-use asset		-	4,999
Amount due from a joint venture		322,792	-
		<u>5,029,591</u>	<u>4,998,050</u>
<b>Current Assets</b>			
Deposits and prepayments		545	735
Interest and other receivables		1,208	5,621
Amount due from a joint venture		27,041	263,636
Structured deposit		801,503	351,381
Time deposit with original maturity over three months		240,000	-
Bank balances and cash		519,042	1,552,319
		<u>1,589,339</u>	<u>2,173,692</u>
<b>Total Assets</b>		<u><u>6,618,930</u></u>	<u><u>7,171,742</u></u>
<b>EQUITY AND LIABILITIES</b>			
<b>Capital and Reserves</b>			
Share capital		270,603	270,603
Share premium and reserves		4,707,513	4,785,775
Equity attributable to owners of the Company		4,978,116	5,056,378
Non-controlling interests		23,586	22,107
<b>Total Equity</b>		<u><u>5,001,702</u></u>	<u><u>5,078,485</u></u>

	<u>2020</u> RMB'000	<u>2021</u> RMB'000
<b>Non-current Liabilities</b>		
Lease liability	-	3,335
Bank loans	754,002	1,053,922
Deferred tax liabilities	<u>76,025</u>	<u>130,746</u>
	<u>830,027</u>	<u>1,188,003</u>
<b>Current Liabilities</b>		
Payables and accruals	10,255	10,857
Lease liability	-	1,674
Bank loans	324,347	882,353
Dividend payables	306,030	-
Tax payables	<u>146,569</u>	<u>10,370</u>
	<u>787,201</u>	<u>905,254</u>
<b>Total Liabilities</b>	<u>1,617,228</u>	<u>2,093,257</u>
<b>Total Equity and Liabilities</b>	<u>6,618,930</u>	<u>7,171,742</u>
<b>Cash and cash equivalents</b>	<u>519,042</u>	<u>1,552,319</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2021

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1. GENERAL INFORMATION

Shenzhen Investment Holdings Bay Area Development Company Limited (the "Company") is an exempted company with limited liability incorporated in the Cayman Islands and its shares are listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). As at 31 December 2021, the Company's immediate holding company and ultimate holding company are Shenzhen Investment International Capital Holdings Infrastructure Co., Ltd. (深圳投控國際資本控股基建有限公司) ("SIICHIC"), a company incorporated in the British Virgin Islands with limited liability, and Shenzhen Investment Holdings Co., Ltd (深圳市投資控股有限公司) ("SIHC"), a company established in the People's Republic of China (the "PRC") with limited liability, respectively. During the year, Shenzhen Investment International Capital Holdings Co., Limited (深圳投控國際資本控股有限公司), intermediate holding company of the Company entered into an agreement with Mei Wah Industrial (Hong Kong) Limited ("Mei Wah") to dispose of all of its equity interest in SIICHIC. The transaction was completed on 11 January 2022 and Mei Wah became an intermediate holding company of the Company. Since Mei Wah is controlled by SIHC, SIHC remains the ultimate holding company of the Company upon completion of the transaction.

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 following amendments to IFRSs issued by the International Accounting Standards Board for the first time, which are mandatorily effective for the annual period beginning on or after 1 January 2021 for the preparation of the consolidated financial statements:

Amendments to IFRS 16  
Amendments to IFRS 9,  
IAS 39, IFRS 7, IFRS 4  
and IFRS 16

Covid-19-Related Rent Concessions  
Interest Rate Benchmark Reform - Phase 2



3. APPLICATION OF amendments to INTERNATIONAL FINANCIAL REPORTING STANDARDS - continued

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

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

Impacts on application of Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 "Interest Rate Benchmark Reform - Phase 2"

The Group has applied the amendments for the first time in the current year. The amendments relate to changes in the basis for determining the contractual cash flows of financial assets, financial liabilities and lease liability as a result of interest rate benchmark reform, specific hedge accounting requirements and the related disclosure requirements applying IFRS 7 "Financial Instruments: Disclosures".

As at 1 January 2021 and 31 December 2021, the Group had bank loans with carrying amount of RMB1,078,349,000 and RMB1,936,275,000 respectively, the interests of which were indexed to benchmark rates that will or may be subject to interest rate benchmark reform, i.e. Hong Kong Interbank Offered Rate ("HIBOR").

The amendments have had no impact on the consolidated financial statements as none of the relevant contracts has been transitioned to the relevant replacement rates during the year. The Group will apply the practical expedient in relation to the changes in contractual cash flows resulting from the interest rate benchmark reform for bank loans measured at amortised cost.

*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>3</sup>
Amendments to IFRS 3	Reference to the Conceptual Framework <sup>2</sup>
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture <sup>4</sup>
Amendment to IFRS 16	Covid-19-Related Rent Concessions beyond 30 June 2021 <sup>1</sup>
Amendments to IAS 1	Classification of Liabilities as Current or Non-current <sup>3</sup>
Amendments to IAS 1 and IFRS Practice Statement 2	Disclosure of Accounting Policies <sup>3</sup>
Amendments to IAS 8	Definition of Accounting Estimates <sup>3</sup>
Amendments to IAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction <sup>3</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>

### 3. APPLICATION OF AMENDMENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS - continued

#### *New and amendments to IFRSs in issue but not yet effective* - continued

- <sup>1</sup> Effective for annual periods beginning on or after 1 April 2021.
- <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 1 January 2023.
- <sup>4</sup> Effective for annual periods beginning on or after a date to be determined.

Except for Amendments to IAS 1 "Classification of Liabilities as Current or Non-current" mentioned below, the Directors anticipate that the application of all other new and amendments to IFRSs will have no material impact on the consolidated financial statements in the foreseeable future.

#### **Amendments to IAS 1 "Classification of Liabilities as Current or Non-current"**

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

- specify that the classification of liabilities as current or non-current should be based on rights that are in existence at the end of the reporting period. Specifically, the amendments clarify that:
  - (i) the classification should not be affected by management intentions or expectations to settle the liability within twelve months; and
  - (ii) if the right is conditional on the compliance with covenants, the right exists if the conditions are met at the end of the reporting period, even if the lender does not test compliance until a later date; and
- clarify that if a liability has terms that could, at the option of the counterparty, result in its settlement by the transfer of the entity's own equity instruments, these terms do not affect its classification as current or non-current only if the entity recognises the option separately as an equity instrument applying IAS 32 "Financial Instruments: Presentation".

As at 31 December 2021, the Group's rights to defer settlement for borrowings of RMB1,053,922,000 are subject to compliance with certain financial ratio with twelve months from the reporting date. Such borrowings were classified as non-current as the Group met such ratios at 31 December 2021. The Group will assess the potential impacts of the amendments in relation to the borrowings with financial and other covenants. The impacts on application, if any, will be disclosed in the Group's future consolidated financial statements.

Except for as disclosed above, the application of the amendments will not result in reclassification of the Group's other liabilities as at 31 December 2021.

#### 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, includes 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 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:

- Guangzhou - Shenzhen Superhighway ("GS Superhighway")
- Guangzhou - Zhuhai West Superhighway ("GZ West Superhighway")
- Xintang Interchange

#### 4. SEGMENT INFORMATION - continued

Information regarding the above segments is reported below.

##### Segment revenue and results

	2020				2021					
	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	1,040,756	859,495	(449,886)	(188,433)	221,176	1,289,560	1,193,530	(468,721)	(258,666)	466,143
GZ West Superhighway	531,899	418,468	(243,289)	(140,305)	34,874	665,803	560,385	(237,528)	(159,973)	162,884
	<u>1,572,655</u>	<u>1,277,963</u>	<u>(693,175)</u>	<u>(328,738)</u>	<u>256,050</u>	<u>1,955,363</u>	<u>1,753,915</u>	<u>(706,249)</u>	<u>(418,639)</u>	<u>629,027</u>
<b>Land development and utilisation project</b>										
Xintang Interchange	-	(554)	-	(41,482)	(42,036)	18,632	(5,329)	(90)	(24,706)	(30,125)
Total	<u>1,572,655</u>	<u>1,277,409</u>	<u>(693,175)</u>	<u>(370,220)</u>	<u>214,014</u>	<u>1,973,995</u>	<u>1,748,586</u>	<u>(706,339)</u>	<u>(443,345)</u>	<u>598,902</u>
Corporate interest income from bank deposits					8,939					36,325
Corporate investment income from structured deposit					1,503					6,947
Corporate interest income from loans made by the Group to a joint venture					49,537					38,985
Gain on partial disposal of a joint venture					545,181					-
Other income and other gain					4,199					14,749
Corporate general and administrative expenses and depreciation					(35,774)					(42,158)
Corporate finance costs					(17,266)					(20,651)
Corporate income tax expense					(149,683)					(40,303)
Net exchange gain (net of related income tax) (Note)					73,133					25,290
Profit for the year					693,783					618,086
Profit for the year attributable to non-controlling interests					(5,122)					(8,878)
Profit for the year attributable to owners of the Company					<u>688,661</u>					<u>609,208</u>

Note: Net exchange 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 RMB17,719,000 (2020: RMB59,755,000) and the net exchange gain of the Group of RMB7,571,000 (2020: RMB13,378,000).

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 and revenue from sales of properties received, and receivable (net of value-added tax) from land development and utilisation project in the PRC based on the profit-sharing ratios specified in the relevant joint venture agreements. 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.

#### 4. SEGMENT INFORMATION - continued

##### Segment revenue and results - continued

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

	<u>2020</u> RMB'000	<u>2021</u> RMB'000
Total segment results	214,014	598,902
Add:		
Net exchange gain (net of related income tax)	59,755	17,719
Withholding tax attributed to the dividend received from and the undistributed earnings of the joint ventures	<u>21,321</u>	<u>40,137</u>
Share of results of joint ventures as presented in consolidated statement of profit or loss and other comprehensive income	<u>295,090</u>	<u>656,758</u>

##### 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".

<u>Year</u>	<u>GS</u> <u>Superhighway</u> RMB'000	<u>GZ West</u> <u>Superhighway</u> RMB'000	<u>Xintang</u> <u>Interchange</u> RMB'000	<u>Segment</u> <u>total</u> RMB'000	<u>Elimination</u> RMB'000	<u>Unallocated</u> RMB'000	<u>Consolidated</u> <u>total</u> RMB'000
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>
2021	<u>10,237</u>	<u>1,496</u>	<u>564</u>	<u>12,297</u>	<u>(12,297)</u>	<u>82,257</u>	<u>82,257</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 and equity instrument at fair value through other comprehensive income ("FVTOCI"), property and equipment and right-of-use asset located in the PRC amounting to RMB1,044,000 (2020: RMB1,782,000) 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>2020</u>	<u>2021</u>
	RMB'000	RMB'000
Interest income from:		
Bank deposits	8,939	36,325
Amount due from a joint venture	49,537	38,985
Investment income from structured deposit	1,503	6,947
Government grants (Note)	1,027	-
Dividend income from equity instrument at FVTOCI	1,100	604
Others	2,072	2,089
	<u>64,178</u>	<u>84,950</u>

Note: The Group recognised government grants of RMB1,027,000 in respect of COVID-19-related subsidies, of which RMB1,027,000 related to Employment Support Scheme provided by the Hong Kong Government for the year ended 31 December 2020 (2021: nil).

6. OTHER GAIN AND LOSS

	<u>2020</u>	<u>2021</u>
	RMB'000	RMB'000
Net exchange gain	13,378	7,571
Write back of unrealised loss related to partial disposal of a joint venture in prior year	-	12,056
	<u>13,378</u>	<u>19,627</u>

7. GAIN ON PARTIAL DISPOSAL OF A JOINT VENTURE

On 10 September 2020, the Group entered into an agreement to dispose of 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").

A gain on the Partial Disposal of RMB545,181,000 was recognised during the year ended 31 December 2020, which was based on the consideration received from the Partial Disposal of 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 RMB532,534,000 less related fees of 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>2020</u> RMB'000	<u>2021</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	388,039	752,059
Amortisation of additional cost of investments in joint ventures	(92,949)	(95,301)
Share of imputed interest expenses incurred by a joint venture on interest-free registered capital contributions made by the Group	(55,784)	(59,280)
Imputed interest income recognised by the Group on interest-free registered capital contributions made by the Group	<u>55,784</u>	<u>59,280</u>
	<u>295,090</u>	<u>656,758</u>

9. INCOME TAX EXPENSE

	<u>2020</u> RMB'000	<u>2021</u> RMB'000
The tax charge comprises:		
PRC Enterprise Income Tax ("EIT")		
The Group	176,487	30,412
Refund of EIT of a subsidiary recognised in prior year	-	(5,783)
Deferred tax	<u>(5,483)</u>	<u>55,811</u>
	<u>171,004</u>	<u>80,440</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 2021 included an amount of RMB9,141,000 (2020: RMB26,340,000) 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.

9. INCOME TAX EXPENSE - continued

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>2020</u> RMB'000	<u>2021</u> RMB'000
Profit before tax	<u>864,787</u>	<u>698,526</u>
Tax at normal PRC income tax rate of 25% (2020: 25%)	216,197	174,632
Effect of different tax rates on income tax expense	(469)	(95)
Tax effect of income not taxable for tax purposes	(5,532)	(9,174)
Tax effect of expenses not deductible for tax purposes	13,260	14,314
Tax effect of share of results of joint ventures	(73,773)	(164,189)
Withholding tax	<u>21,321</u>	<u>64,952</u>
Income tax expense	<u>171,004</u>	<u>80,440</u>

10. PROFIT FOR THE YEAR

	<u>2020</u> RMB'000	<u>2021</u> RMB'000
Profit for the year has been arrived at after charging:		
Auditor's remuneration	1,668	1,946
Directors' emoluments	8,037	8,967
Other staff costs	<u>17,530</u>	<u>18,393</u>
Total staff costs	<u>25,567</u>	<u>27,360</u>
Depreciation of property and equipment	575	887
Depreciation of right-of-use asset	-	147
Short-term lease expense	1,791	2,405
Interest on bank loans and finance charges	17,266	20,635
Interest on lease liability	<u>-</u>	<u>16</u>
Total finance costs	<u>17,266</u>	<u>20,651</u>



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>2020</u> RMB'000	<u>2021</u> RMB'000
Earnings for the purpose of basic earnings per share	<u>688,661</u>	<u>609,208</u>
	<u>Number of shares</u>	
	<u>2020</u>	<u>2021</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>2020</u> RMB'000	<u>2021</u> RMB'000
Dividends recognised as a distribution during the year:		
Final dividend for the year ended 31 December 2020 paid of RMB9.1 cents (equivalent to HK10.936835 cents) (2020: for the year ended 31 December 2019 paid of RMB10.1 cents (equivalent to HK11.320989 cents)) per share	320,807	281,511
Special interim dividend for the year ended 31 December 2020 paid of RMB10 cents (equivalent to HK11.787600 cents) per share	307,715	-
Interim dividend for the year ended 31 December 2021 paid of RMB9.3 cents (equivalent to HK11.147631 cents) per share	-	286,495
	<u>628,522</u>	<u>568,006</u>
	<u>2020</u> RMB'000	<u>2021</u> RMB'000
Proposed dividend:		
Final dividend for the year ended 31 December 2021 proposed of RMB10.45 cents (equivalent to HK12.880879 cents) (2020: for the year ended 31 December 2020 proposed of RMB9.1 cents (equivalent to HK10.936835 cents)) per share	<u>280,434</u>	<u>322,037</u>

A final dividend in respect of the year ended 31 December 2021 of RMB10.45 cents (equivalent to HK12.880879 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.

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

### Consolidated Statement of Profit or Loss

For the year ended 31 December 2021

(FOR INFORMATION PURPOSE ONLY)

	<u>2020</u> RMB'000	<u>2021</u> RMB'000	<u>2020</u> HK\$'000	<u>2021</u> HK\$'000
Toll revenue	1,572,655	1,955,363	1,783,753	2,357,700
Revenue from sales of properties	-	18,632	-	22,578
Revenue on construction	34,262	6,860	40,669	8,397
Turnover	1,606,917	1,980,855	1,824,422	2,388,675
Other income and other expense (Note i)	290,893	317,342	332,102	383,118
Gain on partial disposal of a joint venture	545,181	-	618,877	-
Cost of sales of properties	-	(12,749)	-	(15,453)
Construction costs	(34,262)	(6,860)	(40,669)	(8,397)
Provision for resurfacing charges	(20,487)	(19,362)	(23,042)	(23,342)
Toll expressway operation expenses	(302,314)	(266,326)	(346,979)	(322,346)
General and administrative expenses	(113,414)	(127,597)	(128,156)	(154,200)
Depreciation and amortisation charges	(693,751)	(707,371)	(780,589)	(852,928)
Finance costs (Note ii)	(271,953)	(218,361)	(304,758)	(262,952)
Profit before tax	1,006,810	939,571	1,151,208	1,132,175
Income tax expense	(313,027)	(321,485)	(356,315)	(387,415)
Profit for the year	693,783	618,086	794,893	744,760
Profit for the year attributable to:				
Owners of the Company	688,661	609,207	789,031	734,054
Non-controlling interests	5,122	8,879	5,862	10,706
	693,783	618,086	794,893	744,760

Notes:

(i) OTHER INCOME AND OTHER EXPENSE

	<u>2020</u> RMB'000	<u>2021</u> RMB'000	<u>2020</u> HK\$'000	<u>2021</u> HK\$'000
Interest income from:				
Bank deposits	21,721	55,568	24,961	66,980
Loan made by the Group to a joint venture	49,537	38,985	54,991	46,814
Imputed interest income on interest-free registered capital contributions made by the Group to a joint venture	27,892	29,640	31,361	35,742
Net exchange gain	93,051	31,196	107,968	38,034
Rental income	23,458	24,885	26,269	30,026
Others	75,234	137,068	86,552	165,522
	290,893	317,342	332,102	383,118

(ii) FINANCE COSTS

	<u>2020</u> RMB'000	<u>2021</u> RMB'000	<u>2020</u> HK\$'000	<u>2021</u> HK\$'000
Interest on:				
Bank loans	185,752	153,112	208,237	184,478
Loans made by joint venture partners	43,206	33,553	47,986	40,269
Interest on instalment payment of land premium	12,894	1,145	14,705	1,370
Imputed interest on interest-free registered capital contributions made by a joint venture partner	27,892	29,640	31,361	35,742
Others	648	710	729	854
	270,392	218,160	303,018	262,713
Other financial expenses	1,561	201	1,740	239
	271,953	218,361	304,758	262,952

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

### Consolidated Statement of Financial Position

As at 31 December 2021

(FOR INFORMATION PURPOSE ONLY)

	<u>2020</u> RMB'000	<u>2021</u> RMB'000	<u>2020</u> HK\$'000	<u>2021</u> HK\$'000
<b>ASSETS</b>				
<b>Non-current Assets</b>				
Property and equipment	405,760	<b>440,730</b>	481,636	<b>539,453</b>
Concession intangible assets	8,964,620	<b>8,339,889</b>	10,641,005	<b>10,208,024</b>
Right-of-use assets	-	<b>6,063</b>	-	<b>7,421</b>
Balance with a joint venture	484,195	<b>513,835</b>	574,739	<b>628,934</b>
Loans made by the Group to a joint venture	365,214	-	433,509	-
Equity instrument at fair value through other comprehensive income	31,000	<b>20,100</b>	36,797	<b>24,603</b>
	<u>10,250,789</u>	<u><b>9,320,617</b></u>	<u>12,167,686</u>	<u><b>11,408,435</b></u>
<b>Current Assets</b>				
Inventories	619,979	<b>803,725</b>	735,915	<b>983,759</b>
Deposits and prepayments	24,467	<b>16,563</b>	29,042	<b>20,273</b>
Interest and other receivables	57,662	<b>112,538</b>	68,444	<b>137,746</b>
Loans made by the Group to a joint venture	27,041	<b>263,636</b>	32,098	<b>322,690</b>
Structured deposit	801,503	<b>351,381</b>	951,384	<b>430,090</b>
Time deposit with original maturity over three months	240,000	-	284,880	-
Pledged bank balances and deposits of joint ventures	530,634	<b>284,002</b>	629,863	<b>347,619</b>
Bank balances and cash				
- The Group	519,042	<b>1,552,319</b>	616,103	<b>1,900,039</b>
- Joint ventures	12,743	<b>84,556</b>	15,126	<b>103,496</b>
	<u>2,833,071</u>	<u><b>3,468,720</b></u>	<u>3,362,855</u>	<u><b>4,245,712</b></u>
<b>Total Assets</b>	<u>13,083,860</u>	<u><b>12,789,337</b></u>	<u>15,530,541</u>	<u><b>15,654,147</b></u>
<b>EQUITY AND LIABILITIES</b>				
<b>Capital and Reserves</b>				
Share capital	270,603	<b>270,603</b>	308,169	<b>308,169</b>
Share premium and reserves	4,707,513	<b>4,785,775</b>	5,600,854	<b>5,880,837</b>
Equity attributable to owners of the Company	4,978,116	<b>5,056,378</b>	5,909,023	<b>6,189,006</b>
Non-controlling interests	23,586	<b>22,107</b>	27,996	<b>27,059</b>
<b>Total Equity</b>	<u>5,001,702</u>	<u><b>5,078,485</b></u>	<u>5,937,019</u>	<u><b>6,216,065</b></u>
<b>Non-current Liabilities</b>				
Bank and other loans				
- The Group	754,002	<b>1,053,922</b>	895,000	<b>1,290,000</b>
- Joint ventures	3,794,182	<b>3,292,534</b>	4,503,695	<b>4,030,062</b>
Balance with a joint venture partner	484,144	<b>513,785</b>	574,679	<b>628,872</b>
Loans made by joint venture partners	362,965	-	430,840	-
Resurfacing obligations	256,694	<b>276,056</b>	304,696	<b>337,893</b>
Deferred tax liabilities	267,802	<b>295,099</b>	317,880	<b>361,201</b>
Lease liabilities	-	<b>3,796</b>	-	<b>4,647</b>
Other non-current liabilities	192,332	<b>184,954</b>	228,298	<b>226,384</b>
	<u>6,112,121</u>	<u><b>5,620,146</b></u>	<u>7,255,088</u>	<u><b>6,879,059</b></u>
<b>Current Liabilities</b>				
Provision, other payables, accruals and deposits received	750,493	<b>631,650</b>	890,835	<b>773,139</b>
Lease liabilities	-	<b>2,297</b>	-	<b>2,812</b>
Dividend payable	306,030	-	363,257	-
Bank loans				
- The Group	324,347	<b>882,353</b>	385,000	<b>1,080,000</b>
- Joint ventures	351,694	<b>220,491</b>	417,461	<b>269,882</b>
Loans made by joint venture partners	27,041	<b>262,920</b>	32,098	<b>321,814</b>
Other interest payable	4,934	<b>4,878</b>	5,857	<b>5,970</b>
Tax liabilities	205,498	<b>86,117</b>	243,926	<b>105,406</b>
	<u>1,970,037</u>	<u><b>2,090,706</b></u>	<u>2,338,434</u>	<u><b>2,559,023</b></u>
<b>Total Liabilities</b>	<u>8,082,158</u>	<u><b>7,710,852</b></u>	<u>9,593,522</u>	<u><b>9,438,082</b></u>
<b>Total Equity and Liabilities</b>	<u>13,083,860</u>	<u><b>12,789,337</b></u>	<u>15,530,541</u>	<u><b>15,654,147</b></u>

## GLOSSARY

“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
“2019”	the year ended 31 December 2019
“2020”	the year ended 31 December 2020
“2021”	the year ended 31 December 2021
“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
“Audit Committee”	the audit committee of the Company
“Bay Area”	Guangdong-Hong Kong-Macao Greater Bay Area, a national development strategy of the PRC
“Board”	the board of Directors of the Company
“CG Code”	Corporate Governance Code contained in Appendix 14 to the Listing Rules
“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 tendering, 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
“Hengqin Plan”	“Overall Plan for the Construction of the Hengqin Guangdong-Macao Intensive Cooperation Zone”
“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)
“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 Guangdong Leatop Real Estate Investment Co., Ltd.* (廣東利通置業投資有限公司)
“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
“Nomination Committee”	the nomination committee of the Company
“Outline Plan”	the Outline Development Plan for Guangdong-Hong Kong-Macao Greater Bay Area

“Parties”	collectively, Shenwan Infrastructure, Lealu Investment, Leaxin Investment and Shenzhen Run Investment, and each a “Party”
“PRC”	the People’s Republic of China
“PRD”	Pearl River Delta
“Project Land”	the land (plot number: 83101203A19206) located at the Xintang interchange on both sides of the GS Superhighway, as disclosed in the Company’s announcement dated 29 November 2019
“Qianhai Plan”	“Comprehensive Deepening of the Reform and Opening-up Plan for Qianhai Shenzhen-Hong Kong Modern Service Industry Cooperation Zone”
“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
“SIHC”	Shenzhen Investment Holdings Co., Ltd* (深圳市投資控股有限公司), incorporated in the PRC with limited liability, the ultimate holding company of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“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 five Executive Directors namely, Mr. Wei HU\* (Chairman), Mr. Tianliang ZHANG\* (General Manager), Mr. Jianming WU\* (Executive General Manager), Mr. Cheng WU\* (Deputy General Manager) and Mr. Ji LIU\* (Deputy General Manager and secretary to the Board); two Non-executive Directors namely, Mr. Junye CAI \* and Mr. Weiguo ZONG\*; and four Independent Non-executive Directors namely, Mr. Brian David Man Bun LI, Mr. Yu Lung CHING, Mr. Tony Chung Nin KAN and Mr. Peng XUE\*.*

*\* For identification purpose only*