

SHENZHEN INVESTMENT HOLDINGS BAY AREA DEVELOPMENT COMPANY LIMITED

(incorporated in the Cayman Islands with limited liability)
Stock Codes: 737 (HKD counter) & 80737 (RMB counter)



INTERIM REPORT
2023

About Us

Shenzhen Investment Holdings Bay Area Development Company Limited (the “Company”, formerly known as Hopewell Highway Infrastructure Limited) was incorporated in the Cayman Islands with limited liability and listed on The Stock Exchange of Hong Kong Limited since 6 August 2003 with stock codes 737 (HKD counter) and 80737 (RMB counter). The Company is principally engaged in expressway business and adopts development strategies focusing on the infrastructure and correlated business as well as land development and utilisation along the GS Superhighway within the Guangdong-Hong Kong-Macao Greater Bay Area. Shenzhen Expressway Corporation Limited, a company listed on The Stock Exchange of Hong Kong Limited (Stock Code: 548) and Shanghai Stock Exchange (Stock code: 600548), became the controlling shareholder of the Company on 11 January 2022.

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Business Review

Overall Business Performance

During the period under review, the total net toll revenue of the GS Superhighway, the GZ West Superhighway and the Coastal Expressway (Shenzhen Section) increased by 26% YoY to approximately RMB2,303 million. The significant increase in toll revenue was mainly due to the social transportation volume in Chinese Mainland experienced restorative growth, the economy of the cities along the expressways, such as Shenzhen, Dongguan, Guangzhou, Zhongshan and Zhuhai resumed stable growth, as well as a low comparison base impacted by the COVID-19 pandemic last year. The average daily toll revenue and average daily mixed traffic of the GS Superhighway increased by 27% and 24% YoY to approximately RMB7.69 million and 627,000 vehicles respectively; the average daily toll revenue and average daily mixed traffic of the GZ West Superhighway increased by 20% and 22% YoY to approximately RMB3.41 million and 262,000 vehicles respectively; the average daily toll revenue and average daily mixed traffic of the Coastal Expressway (Shenzhen Section) increased by 29% and 39% YoY to approximately RMB1.64 million and 182,000 vehicles respectively.

During the period under review, the contracted sales of the Grand Park City amounted to approximately RMB648 million. For those residential units that have been launched for pre-sale, revenue were recognised over time by measuring the progress towards completion.

Year	First half of 2023	First half of 2022	% Change
At Operational Level			
GS Superhighway			
Average daily toll revenue ^{N1} (RMB '000)	7,687	6,033	27%
Average daily mixed traffic ^{N2} (No. of vehicles '000)	627	507	24%
GZ West Superhighway			
Average daily toll revenue ^{N1} (RMB '000)	3,406	2,833	20%
Average daily mixed traffic ^{N2} (No. of vehicles '000)	262	215	22%
Coastal Expressway (Shenzhen Section)			
Average daily toll revenue ^{N1} (RMB '000)	1,637	1,266	29%
Average daily mixed traffic ^{N2} (No. of vehicles '000)	182	131	39%

^{N1}: Excluding tax

^{N2}: Average daily mixed traffic excludes toll free traffic travelled during the period when Holiday Toll-Free Policy was implemented

Operating Environment

Domestic and External Economic Situation

In the first half of 2023, despite the fact that the global economic downturn showed signs of easing and major economies experienced a moderate decline in inflation, the global economy remained fragile, with mixed performances among different economies. The continuing of geopolitical risks and the continuous tightening of monetary policies added uncertainties to overall recovery of the world's economy. Meanwhile, Chinese Mainland's economic operation encountered various challenges such as insufficient domestic demand, difficulties in the operations of certain companies and increased potential risks in key sectors. In the face of a complex international political and economic environment and the arduous tasks of domestic reforms and development, Chinese Mainland accelerated the deployment of its new development layout and focused on promoting high-quality development. Emphasis was placed on ensuring stable economic growth, employment and price levels. As market demand gradually recovered and production and supply further increased, employment and prices remained stable in general while residents' income experienced a steady growth, indicating an overall improvement in economic performance. In the first half of 2023, the GDP of Chinese Mainland increased by 5.5% YoY to approximately RMB59.3 trillion, among which, the GDP of Guangdong Province increased by 5.0% YoY, with a total economic volume of approximately RMB6.3 trillion.

As the economy and society in Chinese Mainland fully return to normal, the transportation industry shows continuous recovery and overall improvement, which have a positive effect on the performance of the Group's toll road business. Recently, several government departments have jointly introduced various policies to stimulate economic recovery and development and to capitalise on policies effectively in the future for the pursuit of high-quality economic development. Meanwhile, Chinese Mainland has stated that it is necessary to implement macroeconomic-control measures precisely and effectively, and strengthen countercyclical adjustments and policies' reserves. Continuous efforts should be made to carry out proactive fiscal policies and prudent monetary policies while tax and fee reduction policies should be extended, optimised, enhanced and implemented in a bid to leverage both quantitative and structural monetary policy tools in support of technological innovation and development of the real economy and small- and medium-sized enterprises. It is believed that following the launch and implementation of relevant measures, Chinese Mainland's economy will demonstrate significant development resilience and potential, with the long-term positive fundamentals remaining unchanged.

Business Review

Development of the Bay Area

In 2022, the total population of the Bay Area exceeded 86 million, and the GDP of approximately RMB13.0 trillion accounted for approximately 11% of the GDP of Chinese Mainland and it is one of the most economically active regions in Chinese Mainland with dominant regional advantages and huge development potential.

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

Business Review

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, relevant national departments and various sectors of society have accelerated the establishment of the Bay Area. In July 2022, the National Development and Reform Commission and the Ministry of Transport issued the “National Highway Network Plan” (《國家公路網規劃》), which specifies the goal of completing a modern, high-quality national highway network by 2035, with extensive coverage, comprehensive functions, integrated and efficient management, green and intelligent features, and safe and reliable operation. The plan aims to establish a multi-center networked road pattern, enabling international and interprovincial transport connectivity, multiple connections among urban clusters, convenient intercity access within urban clusters, smooth transport connectivity for prefecture-level cities, comprehensive coverage of county-level junctions and uninterrupted connectivity along border and coastal highways. On 28 April 2023, the Guangdong Academy of Social Sciences and Social Sciences Academic Press (China) jointly released the “Blue Book of Guangdong-Hong Kong-Macao Greater Bay Area: Annual Report on Guangdong-Hong Kong-Macao Greater Bay Area (2022)” (《粵港澳大灣區藍皮書：粵港澳大灣區建設報告(2022)》) in Guangzhou. The report foresees that from 2023 to 2024, the development of the Bay Area’s international comprehensive transportation hub will reach a new milestone as the Bay Area international innovation and technology hub will progress from a mere “blueprint” to a “splendid scenery”. The Bay Area’s international consumption hub will be the “new dynamic” for further enhancing the high-quality development of the region. The Hengqin Guangdong-Macao Intensive Cooperation Zone is expected to become a “new highland” for the development of the Bay Area, while the Qianhai area, which has been benefited from various favourable policies, is becoming a powerful engine driving the development of the Bay Area in the new era.

The strong support from Chinese Mainland’s competent authorities and Guangdong Province for the highway industry as well as society’s recognition of the importance of the mission and tasks of the development of the Bay Area will benefit the operating environment of the Group’s expressway business in the long run and provide strong support for the sustainable development of its business.

Latest Updates on Industry Policies

Favourable policies for vehicle retail sales in Chinese Mainland

The government of Guangdong Province issued “Certain Opinions on High-quality Development in Guangdong in the New Era” (《新時代廣東高質量發展的若干意見》) in May 2023, proposing to build the Bay Area into an international consumption hub and promote the development of international consumption hub cities. It also proposes to support the consumption of new energy vehicles and step up the construction of supporting facilities such as carparks, charging stations, battery swapping stations and hydrogen refueling stations. In addition, the Guangdong Provincial Development and Reform Commission and the Energy Bureau of Guangdong Province issued a notice on “Certain Measures to Promote the Development of New Energy Storage Stations in Guangdong Province” (《廣東省促進新型儲能電站發展若干措施》) on 5 June 2023. The notice emphasises on accelerating the integration and application of new energy storage stations and new infrastructure such as data centres. In advanced areas of electric vehicle applications like Guangzhou and Shenzhen, intelligent transformation and upgrade of direct-current public fast-charging stations have been promoted. Pilot projects for dual-directional direct-current charging piles have been launched, and the exploration of large-scale vehicle-grid interaction has been carried out. With the frequent implementation of national and Guangdong provincial policies to boost automobile consumption, consumer confidence has been enhanced, unleashing the automobile consumption potential in Guangdong. This has led to increased demand for new energy vehicles and the healthy development of the new energy vehicle industry chain in Guangdong Province as reflected in the automobile sales data released by the China Association of Automobile Manufacturers. In the first half of 2023, the national automobile sales reached approximately 13.24 million units, representing a YoY increase of 9.8%. The robust growth in national automobile sales was conducive to the development of the toll road business of the Company.

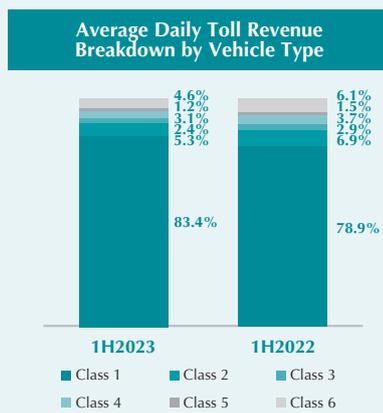
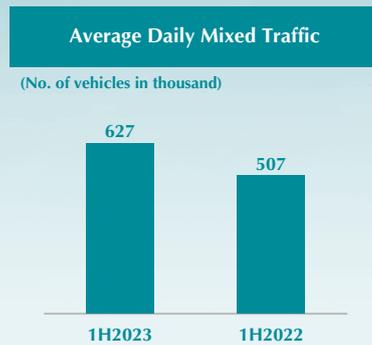
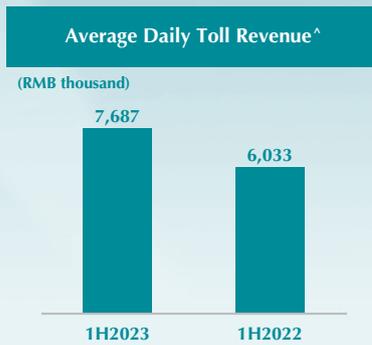
Business Review

GS Superhighway

The GS Superhighway is a main expressway connecting the three major cities — Guangzhou, Dongguan and Shenzhen on the eastern bank of Bay Area to Hong Kong. The GDP of Guangzhou, Dongguan and Shenzhen rose 4.7%, 1.5% and 6.3% YoY respectively in the first half of 2023. Benefiting from the steady economic growth in cities along the route, the operational performance of the GS Superhighway has also improved in line with the economic performance. In the first half of 2023, the total toll revenue of the GS Superhighway was approximately RMB1,391 million. The average daily toll revenue and average daily mixed traffic increased by 27% and 24% YoY to approximately RMB7.69 million and 627,000 vehicles respectively, both exceeding the levels of the same period in 2021. Toll revenue and mixed traffic volume contributed by Class 1 vehicles accounts for 83.4% and 92.2% of the toll revenue and mixed traffic volume of the GS Superhighway respectively. The amount of tolls collected and traffic volume of vehicles using ETC payment cards accounted for approximately 65% and 64% of the toll revenue and traffic volume of the GS Superhighway respectively.

The Dongguan-Panyu Expressway is another major artery running through the central part of Dongguan, connecting the Hehui-Dongguan Expressway in the east and the Nansha Bridge in the west. It links with several north-south oriented expressways, including connecting with the GS Superhighway at the Houjienan Interchange. The project is divided into three phases, with Phase I and Phase II already open to traffic. Phase III will connect the section between the Conghua-Dongguan Expressway and the Dongguan-Shenzhen Expressway and is scheduled to open to traffic by the end of 2023. Currently, the Changhu Expressway, another east-west route, is connected to the GS Superhighway at Xinlian and Wudianmei interchanges. With the completion of the entire Dongguan-Panyu Expressway, vehicles in the central area of Dongguan will have another travel option for east-west journeys, which may result in traffic diversion for vehicles travelling to and from Xinlian and Wudianmei interchanges. The Company will closely monitor the impact of the opening of Phase III of the Dongguan-Panyu Expressway on the GS Superhighway.

Business Review



[^] Excluding tax

Expansion of GS Superhighway

Various works of the expansion of the GS Superhighway continue to advance based on the target to formally commence the expansion work in 2023. Currently, the feasibility study and revision report for the expansion work of the Guangzhou-Dongguan section have been approved for review by the Guangdong Provincial Development and Reform Commission. The report has completed the pre-approval public announcement process and is currently accelerating to obtain approval. As for the expansion work of the Shenzhen section, the planning is in steady progress and is being refined and prepared for approval. 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 over RMB40.0 billion. Besides, according to the feasibility study revision report of the expansion work of Guangzhou-Dongguan section, the expansion of the Guangzhou-Dongguan section involves 71.13km and the project is recommended to mainly adopt the integral section method with 10-lane, and to adopt the separated section method in certain road sections as a supplement, yet the final construction scale and estimated cost are pending to the official approval by relevant government departments and are to be determined.

Business Review

Potential Land Development and Utilisation of GS Superhighway

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

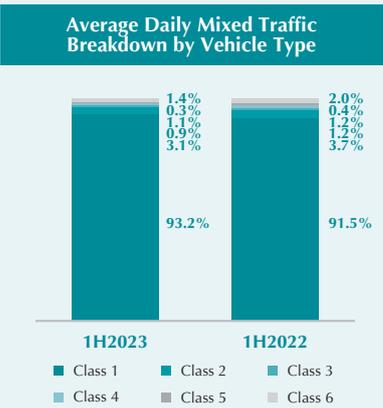
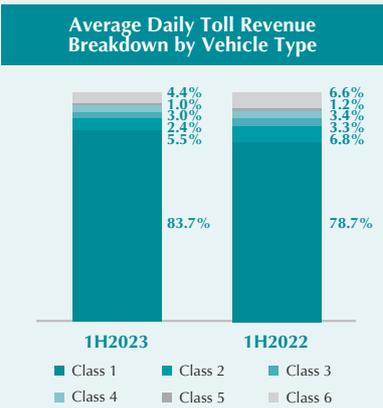
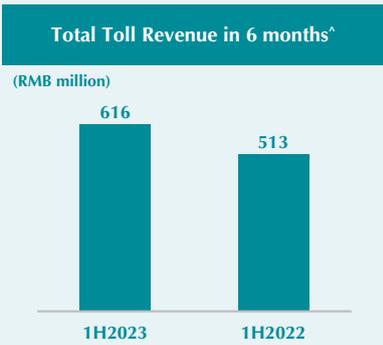
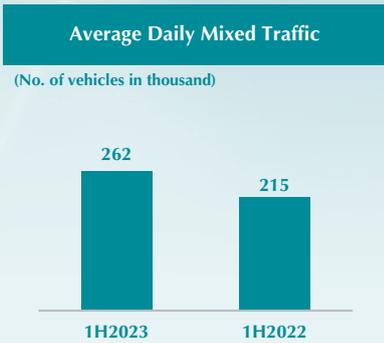
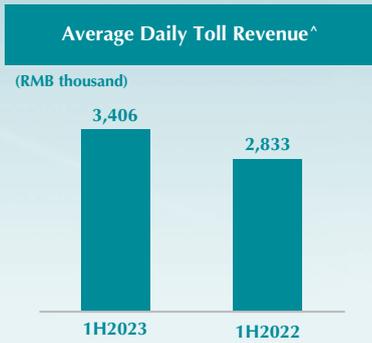
The Company and Guangdong Highway Construction are promoting the studies on the planning that integrates the expansion with land development of Dongguan section and Shenzhen section. In particular, Daojiao Interchange, Changan Interchange and Tongle Interchange will be the key projects for study on feasibility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

GZ West Superhighway

The GZ West Superhighway is the expressway artery between the city centres of Guangzhou and Zhuhai, and offers access to the HZM Bridge. The GDP of Guangzhou, Foshan, Zhongshan and Zhuhai rose 4.7%, 5.2%, 5.5% and 5.1% YoY respectively in the first half of 2023. Benefiting from the steady economic growth in cities along the route, the operational performance of the GZ West Superhighway has also improved in line with the economic performance. In the first half of 2023, the total toll revenue of the GZ West Superhighway was approximately RMB616 million. The average daily toll revenue and average daily mixed traffic increased by 20% and 22% YoY to approximately RMB3.41 million and 262,000 vehicles respectively, both of them were close to levels of the same period in 2021. Toll revenue and mixed traffic volume contributed by Class 1 vehicles accounts for 83.7% and 93.2% of the toll revenue and mixed traffic volume of the GZ West Superhighway respectively. The amount of tolls collected and traffic volume of vehicles using ETC payment cards accounted for approximately 66% and 66% of the toll revenue and traffic volume of the GZ West Superhighway respectively.

The Zhongshan West Ring Expressway was opened to traffic in January 2023. It is located on the west side of the GZ West Superhighway, with a north-south direction and parallel to the section of Dongfu Interchange to Yuehuan Interchange of the GZ West Superhighway. Its southern end connects the Xianghai Bridge in Zhuhai, which was opened to traffic in November 2022, and provides an alternative route for vehicles travelling between the western part of Zhongshan and the urban area of Zhuhai, which has caused diversion impact to the GZ West Superhighway. In addition, due to the full closure of a local bridge in Foshan for renovation, coupled with the implementation of traffic control measures prohibiting trucks on certain sections of Bigui Road located near the GZ West Superhighway, some vehicles that originally used local roads have switched to the GZ West Superhighway. This has had a positive impact on the operational performance of the GZ West Superhighway. However, the combination of positive and negative factors has resulted in a slight negative impact on the toll revenue and traffic volume of the GZ West Superhighway.

Business Review



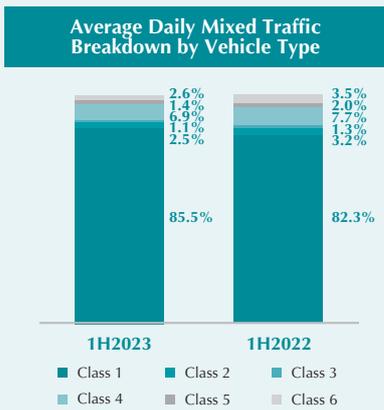
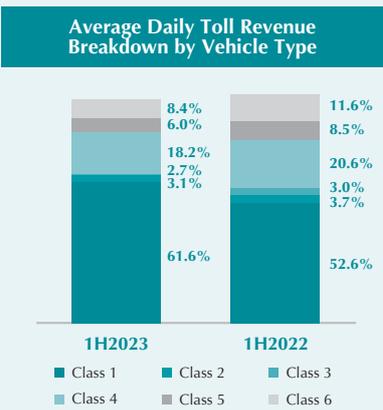
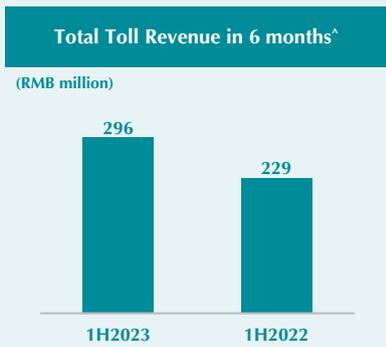
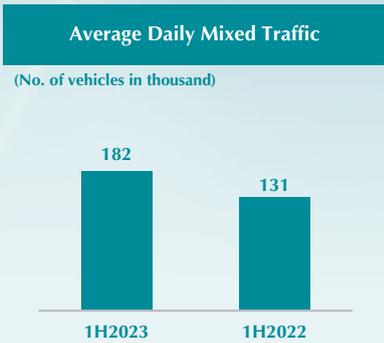
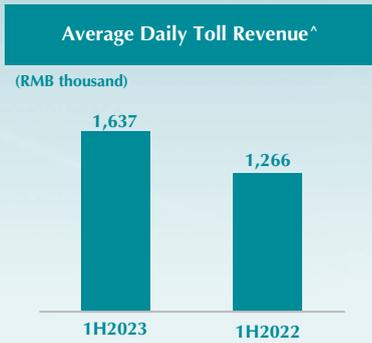
[^] Excluding tax

Coastal Expressway (Shenzhen Section)

Coastal Expressway (Shenzhen Section) is the Shenzhen section of Guangshen Coastal Expressway, extending from Dongbao River, the boundary between Dongguan and Shenzhen, to Nanshan District, Shenzhen and connecting with Hong Kong-Shenzhen Western Corridor in the south. It is the main passageway for the three port areas of Shekou, Chiwan and Dachan Bay in the west of Shenzhen. In the first half of 2023, the total toll revenue of the Coastal Expressway (Shenzhen Section) was approximately RMB296 million. The average daily toll revenue and average daily mixed traffic increased by 29% and 39% YoY to approximately RMB1.64 million and 182,000 vehicles respectively. Toll revenue and mixed traffic volume contributed by Class 1 vehicles accounted for 61.6% and 85.5% of the toll revenue and mixed traffic volume of the Coastal Expressway (Shenzhen Section), respectively.

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

Business Review



[^] Excluding tax

Grand Park City

The Grand Park City Project consists of three phases. All 7 blocks of the first phase and 1 block of the second phase have been launched for pre-sale. During the period under review, contracted sales amounted to approximately RMB648 million, representing the average sales price of RMB24,000 per square metre. Since the beginning of pre-sale, the accumulated contracted sales amounted to approximately RMB2,928 million, representing the average sales price of RMB26,000 per square meter.

The construction of residential units has smoothly proceeded as scheduled. All 7 blocks of the first phase have been topped out and interior decoration is nearly completed. It will be delivered to buyers gradually in the third quarter of 2023 as scheduled. The second phase consists of 12 blocks and the construction has commenced by phase in the second quarter of 2022, of which 3 blocks have been topped out in the first half of 2023 and are planned to be delivered to buyers in 2024.

Location of Grand Park City



Financial Review

The Group's unaudited interim results for the six months ended 30 June 2023 were as follows:

RMB million	Six months ended 30 June					Six months ended 30 June				
	Revenue	EBITDA	2023 Depreciation and amortisation	Interest and tax	Results	Revenue	EBITDA	2022 (Restated) Depreciation and amortisation	Interest and tax	Results
Group's share project contributions:										
Toll expressway projects										
— Coastal Expressway (Shenzhen Section) (100% shared)	296	251	(110)	(38)	103	229	201	(88)	(60)	53
— GS Superhighway ^{Note 1} (45% shared)	626	539	(267)	(116)	156	492	457	(195)	(86)	176
— GZ West Superhighway (50% shared)	308	264	(126)	(67)	71	256	217	(91)	(66)	60
Sub-total	1,230	1,054	(503)	(221)	330	977	875	(374)	(212)	289
Land development and utilisation project										
— Xintang Interchange	30	7	(1)	(5)	1	12	3	0	(7)	(4)
Total	1,260	1,061	(504)	(226)	331	989	878	(374)	(219)	285
YoY change	27%	21%	35%	3%	16%					
Corporate:										
Interest income from bank deposits					4					20
Investment income from bank structured deposits					4					3
Interest income from loans made by the Group to a joint venture					4					9
Other income and other gain					11					1
Administrative expenses and depreciation					(25)					(23)
Finance costs					(76)					(14)
Income tax					-					(6)
Net exchange loss (net of related income tax)					(28)					(42)
Profit for the period					225					233
Profit for the period attributable to non-controlling interests ^{Note 2}					(53)					(29)
Profit for the period attributable to equity shareholders of the Company					172					204
YoY change					-16%					

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

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

Toll Expressway Projects

The Group's share of net toll revenue of the expressway projects namely Coastal Expressway (Shenzhen Section) operated by a non-wholly owned subsidiary and the GS Superhighway and the GZ West Superhighway operated by two joint ventures increased by 26% to approximately RMB1,230 million from approximately RMB977 million for the corresponding period of last year, of which the net toll revenue of the Coastal Expressway (Shenzhen Section) increased by 29% to approximately RMB296 million from approximately RMB229 million for the corresponding period of last year; the net toll revenue of the GS Superhighway increased by 27% to approximately RMB626 million from approximately RMB492 million for the corresponding period of last year; the net toll revenue of the GZ West Superhighway increased by 20% to approximately RMB308 million from approximately RMB256 million for the corresponding period of last year. The increase in toll revenue was mainly due to the social transportation volume in Chinese Mainland experienced restorative growth, the economy of the cities along the expressways, such as Shenzhen, Dongguan, Guangzhou, Zhongshan and Zhuhai resumed stable growth, the operation performance of the toll roads grew at the same pace with economic growth, as well as a low comparison base impacted by the COVID-19 pandemic last year.

As a result of the increase in toll revenue of the Coastal Expressway (Shenzhen Section), the GS Superhighway and the GZ West Superhighway during the period under review, the Group's share of aggregate EBITDA of its three toll expressways (excluding net exchange differences on the GS JV's US Dollar and HK Dollar denominated loans) increased by 20% to approximately RMB1,054 million from approximately RMB875 million for the corresponding period of last year. The Group's EBITDA of the Coastal Expressway (Shenzhen Section) increased by 25% to approximately RMB251 million from approximately RMB201 million; the Group's share of EBITDA of the GS Superhighway increased by 18% to approximately RMB539 million from approximately RMB457 million for the corresponding period of last year; the Group's share of EBITDA of the GZ West Superhighway increased by 22% to approximately RMB264 million from approximately RMB217 million for the corresponding period of last year.

As benefited from the economic growth of cities along the expressways, the actual full-length equivalent traffic (including tolled and toll-free) of the Coastal Expressway (Shenzhen Section), the GS Superhighway and the GZ West Superhighway during the period under review increased as compared to the corresponding period of last year. The Group's depreciation and amortisation charges of the Coastal Expressway (Shenzhen Section) amounted to approximately RMB110 million, representing an increase of 25% from approximately RMB88 million as compared to the corresponding period of last year. The Group's share of depreciation and amortisation charges of the GS Superhighway amounted to approximately RMB267 million, representing an increase of 37% from approximately RMB195 million as compared to the corresponding period of last year. The Group's share of depreciation and amortisation charges of the GZ West Superhighway amounted to approximately RMB126 million, representing an increase of 38% from approximately RMB91 million as compared to the corresponding period of last year. Overall, the Group's share of aggregate depreciation and amortisation charges of the three toll expressways amounted to approximately RMB503 million, representing an increase of 34% from approximately RMB374 million as compared to the corresponding period of last year.

Financial Review

During the period under review, the bank loans of the GS JV was mainly denominated in HK Dollar, as affected by the increase in the interest rate of Hong Kong Dollar loans, the Group's share of interest expenses of the GS JV increased by 88% to approximately RMB32 million from approximately RMB17 million for the corresponding period of last year. The GZ West JV successfully reached an agreement with the banks to reduce the interest rate of some loans and benefited from the decline in the loan prime rate, leading to a reduction of interest expenses of the GZ West JV. The Group's share of interest expenses of the GZ West JV decreased by 12% to approximately RMB37 million from approximately RMB42 million for the corresponding period of last year. The applicable PRC EIT rate for the Coastal Company, the GS JV and the GZ West JV is 25%. With the combined effect brought by the increase in toll revenue and the reversal of deferred tax assets of the Coastal Company for the corresponding period of last year, the tax expenses of the Coastal Company during the period under review decreased by 43% to approximately RMB34 million from approximately RMB60 million for the corresponding period of last year. With the increase in toll revenue, the Group's share of tax expenses of the GS JV increased by 22% to approximately RMB84 million from approximately RMB69 million for the corresponding period of last year, while the Group's share of tax expenses of the GZ West JV increased by 25% to approximately RMB30 million from approximately RMB24 million for the corresponding period of last year. Overall, the Group's share of interest and tax expenses of the Coastal Company and the two joint ventures in aggregate increased by 4% to approximately RMB221 million from approximately RMB212 million for the corresponding period of last year.

During the period under review, the Group's net profit of the Coastal Expressway (Shenzhen Section) was approximately RMB103 million, representing an increase of 94% as compared to a net profit of approximately RMB53 million for the corresponding period of last year; the Group's share of net profit of the GS JV was approximately RMB156 million, representing a decrease of 11% as compared to a net profit of approximately RMB176 million for the corresponding period of last year; while the Group's share of net profit of the GZ West JV was approximately RMB71 million, representing an increase of 18% as compared to a net profit of approximately RMB60 million for the corresponding period of last year. The Group's share of aggregate net profit of the three expressway projects (excluding net exchange differences on the GS JV's US Dollar and HK Dollar denominated loans) was approximately RMB330 million, representing an increase of 14% as compared to a net profit of approximately RMB289 million for the corresponding period of last year.

Land Development and Utilisation Project

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

In order to meet the relevant bank financing requirements in Chinese Mainland, on 30 June 2021, the Xintang JV increased its registered capital from RMB10 million to RMB3.04 billion through a debt-for-equity swap on the existing shareholder's loans, and the shareholder's loans contributed by the Parties accordingly decreased from approximately RMB4,983 million to approximately RMB1,953 million; the registered capital contributed by the Group (through Shenwan Infrastructure) increased from RMB1.50 million to approximately RMB456 million based on its shareholding percentage, and the shareholder's loans decreased from approximately RMB747 million to approximately RMB293 million. As Xintang JV further repaid the shareholder's loans to the Parties based on its shareholding percentage, the Group's shareholder's loans to Xintang JV have been fully repaid as of 30 June 2023. Xintang JV has officially pre-sold certain residential units in May 2021 and revenue were recognised over time by measuring the progress towards completion in the second half of 2021. During the period under review, the Group's share of net profit of the Xintang JV was approximately RMB1.37 million.

Financial Review

Corporate

The aggregate amount of the corporate's interest income from bank deposits and investment income from bank structured deposits decreased to approximately RMB8 million from approximately RMB23 million for the corresponding period of last year, which was mainly due to decreases in the balances of bank deposits and the bank structured deposits. As set out in the paragraph under the "Land Development and Utilisation Project", Xintang JV further repaid shareholder's loans to the Parties based on its shareholding percentage, and the Group's shareholder's loans to Xintang JV have been fully repaid as of 30 June 2023. Besides, the annual interest rate of shareholder's loans was reduced from 8% to 6% from September 2022. As a result, the interest income of loans to a JV decreased from approximately RMB9 million for the corresponding period of last year to approximately RMB4 million.

The interest expense of bank loans during the period under review increased by 443% to approximately RMB76 million from approximately RMB14 million for the corresponding period of last year, which was mainly due to the increase in the interest rate of Hong Kong Dollar loans in rate hike cycle during the period under review and the need of contribution to the Coastal Company to obtain the 51% enlarged equity interest of the Coastal Company last year, leading to an increase in the average bank loan balances.

Income tax expenses mainly represent the provision for the interest income from the contribution of shareholder's loans to the Xintang JV by Shenwan Infrastructure, where the applicable PRC EIT rate is 25%; and the provision on the undistributed earnings of Shenwan Infrastructure, according to the prevailing tax laws in the PRC, the withholding tax shall be imposed at a preferential tax rate of 5% (normally at 10%) when Shenwan Infrastructure distributes its profits. Overall, the loss of the Group (excluding JVs) amounted to approximately RMB78 million during the period under review, as compared to a loss of approximately RMB10 million for the corresponding period of last year.

Affected by the depreciation of RMB during the period under review, the net exchange loss (including the Group's share of exchange loss on the US Dollar and HK Dollar denominated loans of the GS JV) amounted to approximately RMB28 million was recorded, as compared to the net exchange loss of approximately RMB42 million recorded for the corresponding period of last year. The profit for the period attributable to equity shareholders of the Company amounted to approximately RMB172 million, representing a decrease of 16% from approximately RMB204 million as compared to the corresponding period of last year.

Outlook

Fluctuations in the RMB exchange rate and the expected continuous rise in Hong Kong Dollar interest rates have a negative impact on the HK Dollar denominated loans to the Group and the GS JV. Although the global economic prospect remains uncertain, with restorative growth of social transportation volume in Chinese Mainland, the economic growth of the cities along the expressways will have a positive impact on the subsidiaries and joint ventures, and the Group believes that the stable core business of the Coastal Expressway (Shenzhen Section), 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 Coastal Expressway (Shenzhen Section), the GS Superhighway and the GZ West Superhighway will be benefited from favourable policies, especially the high-quality economic development of the Bay Area; (ii) RMB denominated loans of the Group, the GS JV and GZ West JV will be benefited from adopting the lower loan prime rate as the pricing basis; and (iii) the Grand Park City starts to contribute profit in 2023.

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

Financing of the Group

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

Financial Review

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. During the period under review, Xintang JV further repaid shareholder's loans to the Parties based on their respective shareholdings, and paid off the bank financing which was guaranteed by the Group based on its shareholding. On 30 June 2023, the Group contributed approximately RMB456 million to the registered capital of Xintang JV.

Financial Position

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

Corporate

	30 June 2023 RMB million	31 December 2022 RMB million		30 June 2023 RMB million	31 December 2022 RMB million
Cash and cash equivalents	813	317	Bank loans	3,956	3,927
Bank structured deposits	–	451	Tax liabilities	78	134
Time deposit	201	–	Other liabilities	141	52
Shareholder's loan to a JV	–	210			
Dividend receivable	–	181			
Other assets	48	53			
	1,062	1,212		4,175	4,113
			Net liabilities of the corporate	(3,113)	(2,901)

Financial Review

Coastal Company

	30 June 2023 RMB million	31 December 2022 RMB million		30 June 2023 RMB million	31 December 2022 RMB million
Cash and cash equivalents	188	157	Bank loans	30	30
Restricted bank deposits	203	15	Other liabilities	754	691
Concession intangible assets	5,734	5,677			
Property and equipment	276	283			
Other assets	253	356			
	6,654	6,488		784	721
			Net assets of the Coastal Company	5,870	5,767

The Group's share of JVs

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

	30 June 2023 RMB million	31 December 2022 RMB million		30 June 2023 RMB million	31 December 2022 RMB million
Cash and cash equivalents	510	369	Bank loans		
Concession intangible assets	2,467	2,728	— HKD	1,007	1,055
Property and equipment	217	240	— RMB	279	281
Other assets	194	170	Other loan	12	12
			Other liabilities	784	854
	3,388	3,507		2,082	2,202
			Net assets of GS JV	1,306	1,305

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

	30 June 2023 RMB million	31 December 2022 RMB million		30 June 2023 RMB million	31 December 2022 RMB million
Cash and cash equivalents	225	158	Bank loans	2,023	2,056
Concession intangible assets	5,036	5,119	Other liabilities	448	555
Property and equipment	148	158			
Other assets	33	13			
	5,442	5,448		2,471	2,611
			Net assets of GZ West JV	2,971	2,837

Financial Review

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

	30 June 2023 RMB million	31 December 2022 RMB million		30 June 2023 RMB million	31 December 2022 RMB million
Cash and cash equivalents	55	37	Shareholder's loan	–	210
Project Land cost	993	957	Bank loan	296	93
Other assets	31	13	Other liabilities	390	326
	1,079	1,007		686	629
			Net assets of Xintang JV	393	378

	30 June 2023 RMB million	31 December 2022 RMB million		30 June 2023 RMB million	31 December 2022 RMB million
			Total liabilities	10,198	10,276
			Equity attributable to equity shareholders of the Company	4,530	4,536
			Non-controlling interests	2,897	2,850
Total Assets	17,625	17,662	Total Shareholder's Equity and Liabilities	17,625	17,662
			Total net assets	7,427	7,386

	30 June 2023 RMB million	31 December 2022 RMB million
Total liabilities	5,027	4,834
Net debt ^{Note}	2,581	3,016
Total assets	12,454	12,220
Equity attributable to equity shareholders of the Company	4,530	4,536
Debt to asset ratio (Total liabilities/Total assets)	40%	40%
Gearing ratio (Net debt/Equity attributable to equity shareholders of the Company)	57%	66%

Note: Net debt is defined as total bank loans less total cash and cash equivalents, restricted bank deposits, bank structured deposits and time deposit.

Liquidity and Financial Resources

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



In July 2023, the Group has received cash dividends of approximately RMB103 million from the GS JV.

Bank and Other Borrowings

On 30 June 2023, the Group (including the Coastal Company) had HK Dollar bank loan of equivalent to approximately RMB2,207 million and RMB bank loan of equivalent to approximately RMB1,779 million, together with the bank and other borrowings of the JVs shared by the Group amounted to approximately RMB3,617 million (including HK Dollar bank loan of equivalent to RMB1,007 million and RMB bank and other loans of RMB2,610 million, but excluding the shareholder's loans) totalling approximately RMB7,603 million (31 December 2022: approximately RMB7,454 million) with the following profile:

- 99.8% (31 December 2022: 99.8%) consisted of bank loans and 0.2% (31 December 2022: 0.2%) of other loan; and
- 58% (31 December 2022: 57%) was denominated in RMB and 42% (31 December 2022: 43%) was denominated in HK Dollar.

Financial Review

Debt Maturity Profile

As at 30 June 2023, the maturity profile of the bank and other borrowings (excluding shareholder's loans) of the Group (including the corporate and the Coastal Company) and the Group's share of JVs were shown below, together with the corresponding comparatives as at 31 December 2022:

Corporate

	30 June 2023		31 December 2022	
	RMB million	%	RMB million	%
Repayable within 1 year	1,639	41%	1,146	29%
Repayable between 1 and 5 years	1,567	40%	1,781	45%
Repayable beyond 5 years	750	19%	1,000	26%
	3,956	100%	3,927	100%

Coastal Company

	30 June 2023		31 December 2022	
	RMB million	%	RMB million	%
Repayable within 1 year	–	–	–	–
Repayable between 1 and 5 years	7	23%	5	17%
Repayable beyond 5 years	23	77%	25	83%
	30	100%	30	100%

The Group's share of JVs

	30 June 2023		31 December 2022	
	RMB million	%	RMB million	%
Repayable within 1 year	505	14%	558	16%
Repayable between 1 and 5 years	2,374	66%	2,510	72%
Repayable beyond 5 years	738	20%	429	12%
	3,617	100%	3,497	100%

Financial Review

Interest Rate and Exchange Rate Exposure

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

Treasury Policies

The Group continues to adopt proactive but prudent treasury policies in its financial and funding management and closely monitors its liquidity, financial resources, interest rate and exchange rate movements, with a view to minimising its funding costs and enhancing return on its financial assets. The reasonable and efficient use of temporary idle funds will enhance the overall capital gain of the Group, which is consistent with the core objectives of the Group to ensure capital safety and liquidity, for example, the impact of risk factors on the expected rate of return of the bank structured 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 30 June 2023, 99% of the Group's bank balances and cash (including bank structured deposit) were denominated in RMB and the remaining 1% were denominated in HK Dollar. The overall treasury yield on bank deposits (including bank structured deposit) of the Group was 2.44% during the period under review whereas 3.36% during the corresponding period of 2022.

Guarantee

As at 30 June 2023, the obtained banking facilities of the Company's subsidiaries amounting to approximately RMB4,884 million (31 December 2022: approximately RMB5,344 million) were guaranteed by the Company. The Company is able to control the utilisation of the facilities.

Contingent Liability

The Group had no material contingent liability as at 30 June 2023.

Material Acquisition or Disposal

The Company's subsidiaries and joint venture companies did not make any material acquisitions or disposals during the six months ended 30 June 2023.

Interim Dividend and Closure of Register

Interim Dividend

On 23 August 2023, the Board declared an interim dividend of RMB5.55 cents per share (equivalent to HK6.043062 cents per share) in respect of the financial year ending 31 December 2023 to be paid on Friday, 10 November 2023 to the Shareholders registered as at 4:30 p.m. on Monday, 25 September 2023. This represents a payout ratio of 100% of the Group's profit attributable to equity shareholders of the Company for the six months period ended 30 June 2023. The interim dividend will be payable in cash in RMB, HK Dollars, or a combination of these currencies, at the exchange rate of RMB1:HK\$1.08884 as published by The People's Bank of China on 23 August 2023 and Shareholders have been given the option of electing to receive the interim dividend in either RMB, 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 Branch Share Registrar, Computershare Hong Kong Investor Services Limited at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong, not later than 4:30 p.m. on Friday, 13 October 2023. **If no dividend election is made by a Shareholder, such Shareholder will receive the interim dividend in HK Dollars, unless receipt of dividend in RMB has been previously elected.**

Closure of Register

To ascertain the Shareholders' entitlement to the interim dividend, the register of members of the Company will be closed for one day on Monday, 25 September 2023. No transfer of shares of the Company will be effected on the aforementioned book-close date. To qualify for the interim dividend, all transfers of share ownership, accompanied by the relevant share certificates, must be lodged with the Company's Hong Kong Branch 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 Friday, 22 September 2023.

Other Information

Review of Interim 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 six months ended 30 June 2023.

Share Options

- (A) A share option scheme was approved by the shareholders of the Company effective on 22 October 2013 (the "Share Option Scheme"). The Share Option Scheme will expire on 21 October 2023, but any options then outstanding will continue to be exercisable.
- (B) No option under the Share Option Scheme was granted, vested, exercised, lapsed or outstanding since its adoption. As at 1 January 2023 and 30 June 2023, 308,169,028 Shares were available for grant under the Share Option Scheme.
- (C) The number of Shares that may be issued in respect of options granted under the Share Option Scheme during the six months ended 30 June 2023 divided by the weighted average number of the Shares in issue for the six months ended 30 June 2023 is nil as no option was granted during the period.

Other Information

Directors' and Chief Executives' Interests and Short Positions in Shares, Underlying Shares and Debentures

As at 30 June 2023, the interests and short positions of the Directors and chief executives of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporation (within the meaning of Part XV of the SFO) as recorded in the register required to be kept by the Company under section 352 of Part XV of the SFO or as otherwise required to be notified to the Company and the Stock Exchange pursuant to the Model Code contained in the Listing Rules are set out as follows:

Long positions in ordinary shares of the Company:

Director	Number of ordinary shares held	Approximate percentage to the issued share capital of the Company	Nature of interests	Capacity
Siyang CHEN*	5,500	0.00018%	Personal interests	Beneficial owner
	86,500	0.00281%	Family interests	Interests of spouse

Long positions in ordinary shares of Shenzhen International, an associated corporation of the Company:

Director	Number of ordinary shares held	Approximate percentage to the issued share capital of Shenzhen International	Nature of interests	Capacity
Xiangwen LIAO*	20,293	0.00085%	Family interests	Interests of spouse

Save as disclosed above, as at 30 June 2023, none of the Directors or the chief executives of the Company had any other interests or short positions in shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register kept by the Company under Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

* For identification purpose only

Other Information

Substantial Shareholders' Interests and Short Positions in Shares and Underlying Shares

As at 30 June 2023, so far is known to the Directors, the interests or short positions of substantial shareholders of the Company (other than the Directors and the chief executives of the Company disclosed above) in the shares and underlying shares of the Company as recorded in the register required to be kept by the Company under Section 336 of the SFO, were as follows:

Name	Capacity	Number of shares	Approximate % of total number of issued shares
Shenzhen Investment International Capital Holdings Infrastructure Co., Ltd ("SIICHIC") (深圳投控國際資本控股基建有限公司)(i)	Beneficial owner	2,213,449,666 (L)	71.83
Shenzhen Expressway Company Limited (now known as Shenzhen Expressway Corporation Limited) ("Shenzhen Expressway") (深圳高速公路股份有限公司(現稱深圳高速公路集團股份有限公司))(i)	Interests of controlled corporation	2,213,449,666 (L)	71.83
Shenzhen International Holdings Limited ("Shenzhen International") (深圳國際控股有限公司)(i)	Interests of controlled corporation	2,213,449,666 (L)	71.83
Shenzhen Investment Holdings Co., Ltd ("SIHC") (深圳市投資控股有限公司)(i)	Interests of controlled corporation	2,213,449,666 (L)	71.83
Golden Baycrest (BVI) Limited (ii)	Beneficial owner	305,087,338 (L)	9.90
China Vanke Co., Limited (萬科企業股份有限公司)(ii)	Interests of controlled corporation	305,087,338 (L)	9.90
CMF Global Quantitative Multi-Asset SPC — CMF Global Quantitative Stable SP (iii)	Trustee	291,207,411 (L)	9.45
China Taiping Life Insurance (Hong Kong) Company Limited (iii)	Beneficiary of a trust (other than a discretionary interest)	291,207,411 (L)	9.45
China Taiping Insurance Holdings Company Limited (iii)	Interests of controlled corporation	291,207,411 (L)	9.45

L: Long Position

Other Information

Notes:

- (i) The 2,213,449,666 Shares were held by SIICHIC, an indirect wholly-owned subsidiary of Shenzhen Expressway which in turn was a subsidiary of Shenzhen International. Shenzhen International was indirectly owned as to 43.49% by SIHC. The interests of SIICHIC, Shenzhen Expressway, Shenzhen International and SIHC in the 2,213,449,666 Shares represented the same block of Shares and were deemed under the SFO to have same interests with each other.
- (ii) The 305,087,338 Shares were held by Golden Baycrest (BVI) Limited, an indirect wholly-owned subsidiary of China Vanke Co., Limited. The interests of Golden Baycrest (BVI) Limited and China Vanke Co., Limited in the 305,087,338 Shares represented the same block of Shares and were deemed under the SFO to have same interests with each other.
- (iii) China Taiping Life Insurance (Hong Kong) Company Limited is a direct wholly-owned subsidiary of China Taiping Insurance Holdings Company Limited which in turn is directly owned as to 50.71% by China Taiping Insurance Group (HK) Company Limited, 2.41% by Taiping Golden Win Investment Limited, 4.68% by Easiwell Limited and 1.84% by Manhold Limited. Taiping Golden Win Investment Limited, Easiwell Limited and Manhold Limited are wholly-owned by China Taiping Insurance Group (HK) Company Limited which in turn is a direct wholly-owned subsidiary of China Taiping Insurance Group Ltd. The interests of China Taiping Life Insurance (Hong Kong) Company Limited, China Taiping Insurance Holdings Company Limited and CMF Global Quantitative Multi-Asset SPC in the 291,207,411 Shares represented the same block of Shares.

Save as disclosed above, as at 30 June 2023, the Company had not been notified of any other interests or short positions representing 5% or more of the total number of issued shares of the Company as recorded in the register required to be kept by the Company under Section 336 of the SFO.

Employees and Remuneration Policies

The Group provides competitive remuneration packages that are determined with reference to prevailing salary levels in the market and individual performance. In addition, discretionary bonuses are granted to employees based on their individual performance as well as the Group's business performance. It also provides medical insurance coverage to all staff members and personal accident insurance to senior staff members. As at 30 June 2023, the Group (excluding JV companies) had 64 employees.

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

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

Other Information

Purchase, Sale or Redemption of Securities

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the six months ended 30 June 2023.

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 period under review, the Company complied with all the code provisions as set out in the CG Code.

Model Code for Securities Transactions

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

Change in Information of Director

Mr. Yu Lung CHING, an Independent Non-executive Director, resigned as the chief financial officer of a listed company on the Main Board of the Stock Exchange, with effect from 1 July 2023.

As disclosed in the announcement of the Company dated 31 March 2023, Mr. Tianliang ZHANG* resigned as an Executive Director, a member of the Executive Committee, General Manager and authorised representative with effect from 31 March 2023.

As disclosed in the announcements of the Company dated 18 April 2023 and 19 May 2023, Mr. Brian David Man Bun LI retired as an Independent Non-executive Director and ceased to be a member and the chairman of the Remuneration Committee and a member of each of the Audit Committee and the Nomination Committee with effect from 19 May 2023 immediately after the conclusion of the AGM.

Other Information

As disclosed in the announcement of the Company dated 19 May 2023, Mr. Tony Chung Nin KAN has been appointed as the chairman of the Remuneration Committee and Mr. Peng XUE* has been appointed as a member of the Audit Committee and a member of the Remuneration Committee all with effect from 19 May 2023 immediately after the conclusion of the AGM.

As disclosed in the announcement of the Company dated 30 June 2023, Mr. Weiguo ZONG* resigned as a Non-executive Director and Mr. Xuan WANG* has been appointed as a Non-executive Director both with effect from 30 June 2023.

Save as disclosed above, upon specific enquiry made by the Company and following confirmations from Directors, there is no change in the information of the Directors required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules since the Company's last published annual report.

On behalf of the Board

Xiangwen LIAO*

Chairman

Hong Kong, 23 August 2023

* *For identification purpose only*

Review Report of Interim Financial Report



Review report to the board of directors of Shenzhen Investment Holdings Bay Area Development Company Limited

(Incorporated in the Cayman Islands with limited liability)

Introduction

We have reviewed the interim financial report set out on pages 36 to 66 which comprises the consolidated statement of financial position of Shenzhen Investment Holdings Bay Area Development Company Limited (“the Company”) as of 30 June 2023 and the related consolidated statement of profit or loss, statement of profit or loss and other comprehensive income and statement of changes in equity and condensed consolidated cash flow statement for the six-month period then ended and explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of an interim financial report to be in compliance with the relevant provisions thereof and International Accounting Standard 34, *Interim financial reporting*, issued by the International Accounting Standards Board. The directors are responsible for the preparation and presentation of the interim financial report in accordance with International Accounting Standard 34.

Our responsibility is to form a conclusion, based on our review, on the interim financial report and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Scope of review

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410, *Review of Interim Financial information performed by the independent auditor of the entity*, issued by the Hong Kong Institute of Certified Public Accountants. A review of the interim financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly we do not express an audit opinion.

Review Report of Interim Financial Report

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim financial report as at 30 June 2023 is not prepared, in all material respects, in accordance with International Accounting Standard 34, *Interim financial reporting*.

KPMG

Certified Public Accountants

8th Floor, Prince's Building

10 Chater Road

Central, Hong Kong

23 August 2023

Consolidated Statement of Profit or Loss

for the six months ended 30 June 2023 — unaudited
(Expressed in RMB)

	Notes	Six months ended 30 June	
		2023 (Unaudited) RMB'000	2022 (Unaudited and restated) RMB'000
Revenue	4	444,125	352,977
Cost of sales		(304,220)	(252,874)
Gross profit		139,905	100,103
Other income	5	22,990	46,599
Other gain and loss		(5,735)	(6,692)
Administrative expenses		(24,454)	(23,014)
Finance costs	6(a)	(78,895)	(14,219)
Share of results of joint ventures	11	218,917	208,727
Profit before tax	6	272,728	311,504
Income tax	7	(47,589)	(78,907)
Profit for the period		225,139	232,597
Attributable to:			
Equity shareholders of the Company		171,744	204,045
Non-controlling interests		53,395	28,552
Profit for the period		225,139	232,597
Earnings per share	8		
Basic and diluted		RMB5.57 cents	RMB6.62 cents

Consolidated Statement of Profit or Loss and Other Comprehensive Income

for the six months ended 30 June 2023 — unaudited
(Expressed in RMB)

	Notes	Six months ended 30 June	
		2023 (Unaudited) RMB'000	2022 (Unaudited and restated) RMB'000
Profit for the period		225,139	232,597
Other comprehensive income for the period (after tax):			
Item that will not be reclassified to profit or loss:			
Fair value loss on investment in equity instrument at fair value through other comprehensive income, net of tax		–	(540)
Item that may be reclassified subsequently to profit or loss:			
Exchange loss arising on translation of foreign operations		(77,894)	(88,349)
Other comprehensive income for the period		(77,894)	(88,889)
Total comprehensive income for the period		147,245	143,708
Attributable to:			
Equity shareholders of the Company		93,850	115,156
Non-controlling interests		53,395	28,552
Total comprehensive income for the period		147,245	143,708

The notes on pages 43 to 66 form part of these financial statements. Details of dividends payable to equity shareholders of the Company are set out in note 20.

Consolidated Statement of Financial Position

at 30 June 2023 — unaudited
(Expressed in RMB)

	Notes	30 June 2023 (Unaudited) RMB'000	31 December 2022 (Audited) RMB'000
Non-current assets			
Property, plant and equipment	9	282,121	289,976
Right-of-use assets		17,327	21,872
Construction in progress		3,524	6,956
Concession intangible assets	10	5,733,593	5,675,057
Other intangible assets		2,156	1,777
Interests in joint ventures	11	4,738,340	4,519,423
Equity instrument at fair value through other comprehensive income (“FVTOCI”)	12	20,000	20,000
Deposit paid for acquisition of property and equipment		578	578
Deferred tax assets		177,451	210,959
		10,975,090	10,746,598
Current assets			
Inventories		369	427
Trade and other receivables	13	73,265	322,134
Amount due from a joint venture	14	–	210,385
Structured deposits		–	451,440
Time deposit	15	201,173	–
Restricted bank deposits	16	203,403	15,048
Cash and cash equivalents	16	1,000,525	474,015
		1,478,735	1,473,449
Total assets		12,453,825	12,220,047
Non-current liabilities			
Lease liabilities		12,189	13,885
Bank loans	18	2,347,249	2,811,290
Deferred tax liabilities	19	145,625	133,408
		2,505,063	2,958,583

Consolidated Statement of Financial Position

at 30 June 2023 — unaudited
(Expressed in RMB)

	Notes	30 June 2023 (Unaudited) RMB'000	31 December 2022 (Audited) RMB'000
Current liabilities			
Trade and other payables	17	874,238	715,907
Lease liabilities		8,925	8,872
Bank loans	18	1,638,654	1,145,512
Tax payables		169	5,386
		2,521,986	1,875,677
Total liabilities		5,027,049	4,834,260
Capital and reserves			
Share capital	20(a)	270,603	270,603
Reserves		4,259,154	4,265,459
Total equity attributable to equity shareholders of the Company		4,529,757	4,536,062
Non-controlling interests		2,897,019	2,849,725
Total equity		7,426,776	7,385,787
Total equity and liabilities		12,453,825	12,220,047

Approved and authorised for issue by the board of directors on 23 August 2023.

Xiangwen Liao
Chairman

Jianming Wu
Director

The notes on pages 43 to 66 form part of these financial statements.

Consolidated Statement of Changes in Equity

for the six months ended 30 June 2023 — unaudited

(Expressed in RMB)

Note	Attributable to equity shareholders of the Company									
	Share capital RMB'000	Share premium RMB'000	The People's Republic of China ("PRC") statutory reserves RMB'000	Investment revaluation reserve RMB'000	Translation reserve RMB'000	Capital reserve RMB'000	Retained profits RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
Balance at 1 January 2022 (Audited)	270,603	2,337,689	109,090	13,373	(251,224)	4,437,000	1,444,795	8,361,326	3,197,450	11,558,776
Changes in equity for the six months ended 30 June 2022:										
Fair value loss on investment in equity instrument at FVTOCI, net of tax	-	-	-	(540)	-	-	-	(540)	-	(540)
Exchange loss on translation of foreign operations	-	-	-	-	(88,349)	-	-	(88,349)	-	(88,349)
Profit for the period	-	-	-	-	-	-	204,045	204,045	28,552	232,597
Total comprehensive income	-	-	-	(540)	(88,349)	-	204,045	115,156	28,552	143,708
Dividends declared	20(b)	-	-	-	-	-	(332,495)	(332,495)	-	(332,495)
Balance at 30 June 2022 and 1 July 2022 (Unaudited and restated)	270,603	2,337,689	109,090	12,833	(339,573)	4,437,000	1,316,345	8,143,987	3,226,002	11,369,989
Changes in equity for the six months ended 31 December 2022:										
Fair value gain on investment in equity instrument at FVTOCI, net of tax	-	-	-	450	-	-	-	450	-	450
Exchange loss on translation of foreign operations	-	-	-	-	(98,735)	-	-	(98,735)	-	(98,735)
Profit for the period	-	-	-	-	-	-	74,527	74,527	19,617	94,144
Total comprehensive income	-	-	-	450	(98,735)	-	74,527	(23,758)	19,617	(4,141)
Capital reduction of and capital contribution to a subsidiary	-	-	-	-	-	(3,407,020)	-	(3,407,020)	(392,980)	(3,800,000)
Transfer between reserves	-	-	500	-	-	-	(500)	-	-	-
Dividends declared	20(b)	-	-	-	-	-	(177,147)	(177,147)	-	(177,147)
Dividends paid to non-controlling interests	-	-	-	-	-	-	-	-	(2,914)	(2,914)
Balance at 31 December 2022 (Audited)	270,603	2,337,689	109,590	13,283	(438,308)	1,029,980	1,213,225	4,536,062	2,849,725	7,385,787

Consolidated Statement of Changes in Equity

for the six months ended 30 June 2023 — unaudited
(Expressed in RMB)

		Attributable to equity shareholders of the Company									
		The People's Republic of China ("PRC")							Non-controlling interests		Total equity
Note	Share capital	Share premium	statutory reserves	Investment revaluation reserve	Translation reserve	Capital reserve	Retained profits	Total			
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	
	Balance at 1 January 2023 (Audited)	270,603	2,337,689	109,590	13,283	(438,308)	1,029,980	1,213,225	4,536,062	2,849,725	7,385,787
	Changes in equity for the six months ended 30 June 2023:										
	Exchange loss on translation of foreign operations	-	-	-	-	(77,894)	-	-	(77,894)	-	(77,894)
	Profit for the period	-	-	-	-	-	171,744	171,744	171,744	53,395	225,139
	Total comprehensive income	-	-	-	-	(77,894)	-	171,744	93,850	53,395	147,245
	Dividends declared	20(b)	-	-	-	-	-	(100,155)	(100,155)	-	(100,155)
	Dividends paid to non-controlling interests		-	-	-	-	-	-	-	(6,101)	(6,101)
	Balance at 30 June 2023 (Unaudited)	270,603	2,337,689	109,590	13,283	(516,202)	1,029,980	1,284,814	4,529,757	2,897,019	7,426,776

The notes on pages 43 to 66 form part of these financial statements.

Condensed Consolidated Statement of Cash Flow Statement

for the six months ended 30 June 2023 — unaudited
(Expressed in RMB)

	Six months ended 30 June	
	2023 (Unaudited) RMB'000	2022 (Unaudited and restated) RMB'000
Operating activities		
Cash generated from operations	303,961	238,837
Tax paid	(2,259)	(11,759)
Net cash generated from operating activities	301,702	227,078
Investing activities		
Withdrawal of structured deposits	1,020,000	350,000
Payment for purchases of structured deposits	(570,000)	(259,000)
Payment for purchases of time deposit	(200,000)	—
Dividends received (net of PRC withholding tax)	182,205	—
Investment income received from structured deposits	5,540	3,453
Repayment of loan from a joint venture	210,000	52,920
Interest received	4,433	24,603
Payment for construction in progress	(133,587)	(93,843)
Payment for purchases of property, plant and equipment	(1,452)	(1,658)
Payment for purchases of Intangible assets	(80)	—
Net cash generated from investing activities	517,059	76,475
Financing activities		
Proceeds from new bank loans	834,686	534,834
Repayment of bank loans	(884,186)	(496,334)
Interest paid on bank loans	(79,264)	(14,148)
Dividends paid to non-controlling interests of a subsidiary	(6,101)	—
Capital element of lease rentals paid	(1,483)	(690)
Interest element of lease rentals paid	(119)	(76)
Repayment of capital reduction to Shenzhen Expressway Corporation Limited (“Shenzhen Expressway”)	(158,635)	—
Net cash (used in)/generated from financing activities	(295,102)	23,586
Net increase in cash and cash equivalents	523,659	327,139
Cash and cash equivalents at 1 January	474,015	1,694,465
Effect of foreign exchanges rates changes	2,851	580
Cash and cash equivalents at 30 June	1,000,525	2,022,184

The notes on pages 43 to 66 form part of these financial statements.

Notes to the Unaudited Interim Financial Report

(Expressed in RMB unless otherwise indicated)

1 BASIS OF PREPARATION

This interim financial report has been prepared in accordance with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”), including compliance with International Accounting Standard (“IAS”) 34, *Interim financial reporting*, issued by the International Accounting Standards Board (“IASB”). It was authorised for issue on 23 August 2023.

The interim financial report has been prepared in accordance with the same accounting policies adopted in the 2022 annual financial statements, except for the accounting policy changes that are expected to be reflected in the 2023 annual financial statements. Details of any changes in accounting policies are set out in note 2.

The preparation of an interim financial report in conformity with IAS 34 requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses on a year to date basis. Actual results may differ from these estimates.

This interim financial report contains condensed consolidated financial statements and selected explanatory notes. The notes include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the 2022 annual financial statements. The condensed consolidated interim financial statements and notes thereon do not include all of the information required for a full set of financial statements prepared in accordance with International Financial Reporting Standards (“IFRSs”).

The interim financial report is unaudited, but has been reviewed by KPMG in accordance with Hong Kong Standard on Review Engagements 2410, *Review of interim financial information performed by the independent auditor of the entity*, issued by the Hong Kong Institute of Certified Public Accountants. KPMG’s independent review report to the Board of Directors is included on pages 34 to 35.

The financial information relating to the financial year ended 31 December 2022 that is included in the interim financial report as comparative information does not constitute the Company’s statutory annual consolidated financial statements for that financial year but is derived from those financial statements. Further information relating to these statutory financial statements disclosed in accordance with section 436 of the Hong Kong Companies Ordinance (Cap. 622) is as follows:

The Company has delivered the financial statements for the year ended 31 December 2022 to the Registrar of Companies as required by section 662(3) of, and Part 3 of Schedule 6 to, the Companies Ordinance.

Notes to the Unaudited Interim Financial Report

(Expressed in RMB unless otherwise indicated)

1 BASIS OF PREPARATION (Continued)

Going concern assessment

The directors of the Company have, at the time of approving the interim financial report, a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the interim financial report.

Merger accounting for business combination involving an entity under common control

On 18 August 2022, the Company entered into a subscription agreement with Shenzhen Expressway, an intermediate holding company of the Company, pursuant to which the Company has conditionally agreed to inject RMB2,998,000,000 to Shenzhen Guangshen Coastal Expressway Investment Company Limited (the “Coastal Company”) to obtain 51% of the enlarged equity interest in the Coastal Company, and the remaining 49% continue to be held by Shenzhen Expressway upon completion (the “Subscription”).

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

The Subscription is accounted for as a business combination under common control as the Company and its subsidiaries (the “Group”) and the Coastal Company are both controlled by Shenzhen Investment Holdings Co., Ltd (“SIHC”) before and after the Subscription and that control is not transitory.

The consolidated statement of financial position of the Group as at 31 December 2021 has been restated to include the assets and liabilities of the Coastal Company as if the current group structure had been in existence as at 31 December 2021. The effect of restatements on the consolidated statement of financial position were reflected in the 2022 annual financial statements.

The consolidated statement of profit or loss, consolidated statement of other comprehensive income, consolidated statement of changes in equity and condensed consolidated statement of cash flow for the six months ended 30 June 2022 have been restated to include the operating results of Coastal Company as if the acquisition had been completed since the date the respective business came under the common control of the Company.

Notes to the Unaudited Interim Financial Report

(Expressed in RMB unless otherwise indicated)

1 BASIS OF PREPARATION (Continued)

- (i) Effect on the consolidated statement of profit or loss and other comprehensive income for the six months ended 30 June 2022:

	The Group (before business combination under common control) (Unaudited and originally stated)	Effect of merger of the Coastal Company	Consolidated (Unaudited and restated)
	RMB'000	RMB'000	RMB'000
Revenue	–	352,977	352,977
Cost of sales	–	(252,874)	(252,874)
Gross profit	–	100,103	100,103
Other income	33,661	12,938	46,599
Other gain and loss	(6,435)	(257)	(6,692)
Administrative expenses	(23,226)	212	(23,014)
Finance costs	(14,116)	(103)	(14,219)
Share of profits of joint ventures	208,727	–	208,727
Profit before tax	198,611	112,893	311,504
Income tax	(18,750)	(60,157)	(78,907)
Profit for the period	179,861	52,736	232,597
Attributable to:			
Equity shareholders of the Company	177,149	26,896	204,045
Non-controlling interests	2,712	25,840	28,552
Profit for the period	179,861	52,736	232,597
Earnings per share			
Basic and diluted	RMB5.75 cents	–	RMB6.62 cents

Notes to the Unaudited Interim Financial Report

(Expressed in RMB unless otherwise indicated)

1 BASIS OF PREPARATION (Continued)

- (i) Effect on the consolidated statement of profit or loss and other comprehensive income for the six months ended 30 June 2022: (Continued)

	The Group (before business combination under common control) (Unaudited and originally stated) RMB'000	Effect of merger of the Coastal Company RMB'000	Consolidated (Unaudited and restated) RMB'000
Profit for the period	179,861	52,736	232,597
Other comprehensive income for the period (after tax):			
Item that will not be reclassified to profit or loss:			
Fair value loss on investment in equity instrument at FVTOCI, net of tax	(540)	–	(540)
Item that may be reclassified subsequently to profit or loss:			
Exchange loss arising on translation of foreign operations	(88,349)	–	(88,349)
Other comprehensive income for the period	(88,889)	–	(88,889)
Total comprehensive income for the period	90,972	52,736	143,708
Attributable to:			
Equity shareholders of the Company	88,260	26,896	115,156
Non-controlling interests	2,712	25,840	28,552
Total comprehensive income for the period	90,972	52,736	143,708

Notes to the Unaudited Interim Financial Report

(Expressed in RMB unless otherwise indicated)

1 BASIS OF PREPARATION (Continued)

- (ii) Effect on the condensed consolidated statement of cash flow statement for the six months ended 30 June 2022:

	The Group (before business combination under common control) (Unaudited and originally stated) RMB'000	Effect of merger of the Coastal Company RMB'000	Consolidated (Unaudited and restated) RMB'000
Operating activities			
Cash generated from operations	(19,253)	258,090	238,837
Tax paid	(11,759)	–	(11,759)
Net cash (used in)/generated from operating activities	(31,012)	258,090	227,078
Investing activities			
Withdrawal of structured deposits	350,000	–	350,000
Payment for purchases of structured deposits	(259,000)	–	(259,000)
Investment income received from structured deposits	–	3,453	3,453
Repayment from a joint venture	52,920	–	52,920
Interest received	17,456	7,147	24,603
Payment for construction in progress	–	(93,843)	(93,843)
Payment for purchases of property, plant and equipment	(698)	(960)	(1,658)
Net cash generated from investing activities	160,678	(84,203)	76,475
Financing activities			
Proceeds from new bank loans	461,144	73,690	534,834
Repayment of bank loans	(452,605)	(43,729)	(496,334)
Interest paid on bank loans	(14,001)	(147)	(14,148)
Capital element of lease rentals paid	(690)	–	(690)
Interest element of lease rentals paid	(76)	–	(76)
Net cash (used in)/generated from financing activities	(6,228)	29,814	23,586
Net increase in cash and cash equivalents	123,438	203,701	327,139
Cash and cash equivalents at 1 January	1,552,319	142,146	1,694,465
Effect of foreign exchanges rates changes	580	–	580
Cash and cash equivalents at 30 June	1,676,337	345,847	2,022,184

Notes to the Unaudited Interim Financial Report

(Expressed in RMB unless otherwise indicated)

2 CHANGES IN ACCOUNTING POLICIES

New and amended IFRSs

The Group has applied the following amendments to IFRSs issued by the IASB to this interim financial report for the current accounting period:

- IFRS 17, *Insurance contracts*
- Amendments to IAS 8, *Accounting policies, changes in accounting estimates and errors: Definition of accounting estimates*
- Amendments to IAS 12, *Income taxes: Deferred tax related to assets and liabilities arising from a single transaction*
- Amendments to IAS 12, *Income taxes: International tax reform — Pillar Two model rules*

The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period. The new and amended IFRSs has had no material impact on the Group's financial statements for the current and prior periods.

Notes to the Unaudited Interim Financial Report

(Expressed in RMB unless otherwise indicated)

3 SEGMENT INFORMATION

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

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

- Coastal Expressway (Shenzhen Section) ("Coastal Expressway")
- Guangzhou — Shenzhen Superhighway ("GS Superhighway")
- Guangzhou — Zhuhai West Superhighway ("GZ West Superhighway")
- Xintang interchange

Notes to the Unaudited Interim Financial Report

(Expressed in RMB unless otherwise indicated)

3 SEGMENT INFORMATION (Continued)

Information regarding the above segments is reported below.

Segment revenue and results

	Six months ended 30 June									
	2023					2022				
	Segment revenue RMB'000	EBITDA RMB'000	Depreciation and amortisation RMB'000	Interest and tax RMB'000	Segment results RMB'000	Segment revenue RMB'000	EBITDA RMB'000	Depreciation and amortisation RMB'000	Interest and tax RMB'000	Segment results RMB'000
Toll expressway project										
Subsidiary										
Coastal Expressway	296,296	250,729	(110,151)	(37,514)	103,064	229,071	200,580	(87,551)	(60,293)	52,736
Joint ventures										
— GS Superhighway	626,084	538,954	(267,116)	(116,093)	155,745	491,352	457,350	(195,670)	(86,199)	175,481
— GZ West Superhighway	308,222	263,846	(125,517)	(67,113)	71,216	256,392	217,481	(91,446)	(65,850)	60,185
	1,230,602	1,053,529	(502,784)	(220,720)	330,025	976,815	875,411	(374,667)	(212,342)	288,402
Joint venture										
— Land development and utilisation project										
Xintang Interchange	29,529	6,863	(85)	(5,406)	1,372	11,901	2,684	(76)	(6,707)	(4,099)
Total	1,260,131	1,060,392	(502,869)	(226,126)	331,397	988,716	878,095	(374,743)	(219,049)	284,303
Corporate interest income from bank deposits					3,728					19,981
Corporate investment income from structured deposits					4,100					3,598
Corporate interest income from loans made by the Group to a joint venture					3,818					9,209
Other income and other gain					10,893					873
Corporate administrative expenses and depreciation					(24,675)					(23,226)
Corporate finance costs					(75,736)					(14,116)
Corporate income tax					85					(6,060)
Net exchange loss (net of related income tax) (note)					(28,471)					(41,965)
Profit for the period					225,139					232,597
Profit for the period attributable to non-controlling interests					(53,395)					(28,552)
Profit for the period attributable to equity shareholders of the Company					171,744					204,045

Note: Net exchange loss (net of related income tax) is composed of the Group's share of the net exchange loss (net of related income tax) of a joint venture of RMB22,736,000 (six months ended 30 June 2022: net exchange loss (net of related income tax) of RMB35,530,000) and the net exchange loss of the Group of RMB5,735,000 (six months ended 30 June 2022: net exchange loss (net of related income tax) of RMB6,435,000).

Notes to the Unaudited Interim Financial Report

(Expressed in RMB unless otherwise indicated)

3 SEGMENT INFORMATION (Continued)

Segment revenue and results (Continued)

The segment revenue represents the Group's toll revenue received and receivable (net of value-added tax) from the operation of Coastal Expressway and the Group's share of joint ventures' toll revenue received and receivable (net of value-added tax) from the operations of toll expressways and revenue from sales of properties received and receivable (net of value-added tax) from land development and utilisation project in the PRC based on the profit-sharing ratios specified in the relevant joint venture agreements but excludes the Group's construction revenue of RMB147,829,000 (six months ended 30 June 2022: RMB123,906,000). All of the segment revenue reported above is earned from external customers.

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

Information about major customers

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

Notes to the Unaudited Interim Financial Report

(Expressed in RMB unless otherwise indicated)

4 REVENUE

	Six months ended 30 June	
	2023 (Unaudited) RMB'000	2022 (Unaudited and restated) RMB'000
Toll revenue	296,296	229,071
Construction revenue	147,829	123,906
	444,125	352,977

Toll revenue is recognised in accordance with the amount received and receivable when a vehicle is passing through toll roads. During the construction period, the construction service provided by the Group shall be regarded as the performance obligations performed over time and the construction revenue shall be recognised by the completion percentage methods in accordance with the proportion of the incurred costs to estimated total costs.

5 OTHER INCOME

	Six months ended 30 June	
	2023 (Unaudited) RMB'000	2022 (Unaudited and restated) RMB'000
Interest income on:		
— Bank deposits	4,151	20,872
— Amount due from a joint venture	3,818	9,209
— Loan to a related party	—	10,000
Investment income from bank structured deposits	4,100	3,598
Dividend income from equity instrument at FVTOCI	920	—
Other service income	9,392	—
Others	609	2,920
	22,990	46,599

Notes to the Unaudited Interim Financial Report

(Expressed in RMB unless otherwise indicated)

6 PROFIT BEFORE TAXATION

Profit before taxation is arrived at after charging/(crediting):

	Six months ended 30 June	
	2023 (Unaudited) RMB'000	2022 (Unaudited and restated) RMB'000
(a) Finance costs		
Interest on bank loans	75,308	14,089
Interest on lease liabilities	428	130
Interest arising from payables to Shenzhen Expressway	3,159	–
	78,895	14,219
(b) Other items		
Amortisation of intangible assets		
— concession intangible assets	99,440	74,544
— other intangible assets	414	310
Depreciation charge		
— property, plant and equipment	11,259	10,910
— right-of-use assets	4,294	1,165
Net exchange loss	(5,735)	(6,435)

Notes to the Unaudited Interim Financial Report

(Expressed in RMB unless otherwise indicated)

7 INCOME TAX

Taxation in the consolidated statement of profit or loss represents:

	Six months ended 30 June	
	2023 (Unaudited) RMB'000	2022 (Unaudited and restated) RMB'000
Current tax	1,864	5,284
Deferred taxation	45,725	73,623
	47,589	78,907

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 periods.

8 EARNINGS PER SHARE

(a) Basic earnings per share

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

	Six months ended 30 June	
	2023 (Unaudited) RMB'000	2022 (Unaudited and restated) RMB'000
Earnings for the purpose of basic earnings per share	171,744	204,045

	Six months ended 30 June	
	2023	2022
Number of ordinary shares for the purpose of basic earnings per share	3,081,690,283	3,081,690,283

(b) Diluted earnings per share

There was no potential ordinary shares in issue during both periods.

Notes to the Unaudited Interim Financial Report

(Expressed in RMB unless otherwise indicated)

9 PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment represent building, office equipment, motor vehicle, furniture, fixtures and equipment and transportation equipment. During the six months ended 30 June 2023, the Group acquired items of office equipment and transportation equipment with a cost of RMB4,031,000 (six months ended 30 June 2022: RMB1,898,000).

10 CONCESSION INTANGIBLE ASSETS

	RMB'000
Cost	
As at 1 January 2022	9,312,151
Additions	39,308
As at 30 June 2022 (Unaudited and restated)	9,351,459
As at 1 January 2023 (Audited)	9,617,461
Additions	157,976
As at 30 June 2023 (Unaudited)	9,775,437
Accumulated amortisation and impairment losses	
As at 1 January 2022	3,785,185
Charge for the period	74,544
As at 30 June 2022 (Unaudited and restated)	3,859,729
As at 1 January 2023 (Audited)	3,942,404
Charge for the period	99,440
As at 30 June 2023 (Unaudited)	4,041,844
Carrying amounts	
As at 30 June 2022 (Unaudited and restated)	5,491,730
As at 30 June 2023 (Unaudited)	5,733,593

As at 30 June 2023 and 31 December 2022, the concession intangible assets of Coastal Expressway are pledged to a bank to secure the bank facilities granted to Coastal Expressway.

Notes to the Unaudited Interim Financial Report

(Expressed in RMB unless otherwise indicated)

10 CONCESSION INTANGIBLE ASSETS (Continued)

Concession intangible assets represent the rights to operate Coastal Expressway granted by the relevant local government authorities in the PRC to the Coastal Company.

The period of rights to operate the toll is up to year 2038. According to the relevant governments' approval documents and the relevant regulations, the Coastal Company is responsible for the construction of the toll roads and the acquisition of the related facilities and equipment. The Coastal Company is also responsible for the operations and management, maintenance and overhaul of the toll roads during the approved operating period. The toll fees collected and collectible during the operating period are attributable to the Coastal Company. The relevant toll roads assets are required to be returned to the local government authorities when the operating rights periods expire without any consideration payable to the Coastal Company. According to the relevant regulations, the operating right is not renewable and the Coastal Company does not have any termination options.

The Coastal Company has set policies to execute internal review on the total projected traffic volume during the operating period of the concessions annually. The Coastal Company also appoints an independent professional traffic consultant to perform independent professional traffic studies every 3 to 5 years, or when material differences between actual traffic volume and projected traffic volume exist and then adjust the amortisation based on unit usage according to the revised total projected traffic volume, to ensure that the respective concession intangible assets would be fully amortised in the operating period.

Carrying amounts of concession intangible assets as at 30 June 2023 and 31 December 2022 are net of impairment loss of RMB2,638,235,000 recognised in 2017.

11 INTERESTS IN JOINT VENTURES

	2023 (Unaudited) RMB'000	2022 (Unaudited) RMB'000
At 1 January	4,519,423	4,971,183
Share of result of joint ventures	218,917	208,727
At 30 June	4,738,340	5,179,910

Notes to the Unaudited Interim Financial Report

(Expressed in RMB unless otherwise indicated)

12 EQUITY INSTRUMENT AT FVTOCI

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.

13 TRADE AND OTHER RECEIVABLES

	30 June 2023 (Unaudited) RMB'000	31 December 2022 (Audited) RMB'000
Trade receivables	66,514	133,520
Dividend receivable from a joint venture	–	181,377
Deposits and prepayment	4,924	5,184
Others	1,827	2,053
	6,751	188,614
	73,265	322,134

As at 30 June 2023 and 31 December 2022, entire balances of trade receivables are pledged to a bank to secure bank facilities granted by the bank to a subsidiary.

The following is the ageing analysis of trade receivables presented based on the revenue recognition date:

	30 June 2023 (Unaudited) RMB'000	31 December 2022 (Audited) RMB'000
0–60 days	25,700	28,425
61–90 days	11,666	9,291
91–180 days	29,148	34,056
181–365 days	–	61,748
	66,514	133,520

As at 30 June 2023 and 31 December 2022, no trade receivable balance is past due. Included in the balances, RMB63,336,000 and RMB126,911,000 as at 30 June 2023 and 31 December 2022, respectively, are related to subsidies on toll fee from the government. The balances are within 60 days after the end of the fiscal year in which the balances are recognised.

Notes to the Unaudited Interim Financial Report

(Expressed in RMB unless otherwise indicated)

14 AMOUNT DUE FROM A JOINT VENTURE

The balance as at 31 December 2022 represented an amount due from Guangzhou Zhentong Development Company Limited which was unsecured, interest bearing at 6% per annum and was settled during the period.

15 TIME DEPOSIT

Time deposit is a deposit certificate issued by bank in Chinese Mainland and bear fixed interest rate.

16 CASH AND CASH EQUIVALENTS

	30 June 2023 (Unaudited) RMB'000	31 December 2022 (Audited) RMB'000
Cash at bank and in hand	1,203,928	489,063
Less: restricted bank deposits	(203,403)	(15,048)
	1,000,525	474,015

Notes to the Unaudited Interim Financial Report

(Expressed in RMB unless otherwise indicated)

17 TRADE AND OTHER PAYABLES

	30 June 2023 (Unaudited) RMB'000	31 December 2022 (Audited) RMB'000
Trade payables (note i)	178,374	154,212
Amount due to Shenzhen Expressway (note ii)	108,457	236,415
Amounts due to related parties (note ii)	61,319	77,544
Subsidies received from government (note iii)	343,258	152,142
Dividend payable	105,423	–
Deposits and retention payables	5,014	4,863
Accruals on maintenance expenses	44,350	50,474
Payroll payables	10,943	21,192
Others	17,100	19,065
	874,238	715,907

Notes:

- (i) The balance includes an amount of RMB19,117,000 payable to Shenzhen Expressway as at 30 June 2023.
- (ii) The amounts are unsecured and repayable on demand.
- (iii) The amount represents unutilised portion of government subsidies received from Shenzhen Finance Bureau for the purpose of construction of phase two of the Coastal Expressway.

The following is the ageing analysis of trade payables presented based on the recognition dates:

	30 June 2023 (Unaudited) RMB'000	31 December 2022 (Audited) RMB'000
Within 1 year	34,879	153,547
Over 1 year	143,495	665
	178,374	154,212

Notes to the Unaudited Interim Financial Report

(Expressed in RMB unless otherwise indicated)

18 BANK LOANS

	30 June 2023 (Unaudited) RMB'000	31 December 2022 (Audited) RMB'000
Unsecured (Note a)	3,955,903	3,926,802
Secured (Note b)	30,000	30,000
	3,985,903	3,956,802

Notes:

- (a) As at 30 June 2023 and 31 December 2022, the bank loans are guaranteed by the Company.
- (b) As at 30 June 2023 and 31 December 2022, the bank loan is secured by the toll collection rights and the concession intangible assets of the Coastal Expressway of the Coastal Company.

Included in bank loans are following amounts denominated in foreign currency:

	30 June 2023 (Unaudited) RMB'000	31 December 2022 (Audited) RMB'000
HKD	2,207,281	2,128,802

Notes to the Unaudited Interim Financial Report

(Expressed in RMB unless otherwise indicated)

18 BANK LOANS (Continued)

	30 June 2023 (Unaudited) RMB'000	31 December 2022 (Audited) RMB'000
The borrowings are repayable as follows (Note):		
On demand or within one year	1,638,654	1,145,512
Within a period of more than one year but not exceeding two years	223,694	170,556
Within a period of more than two years but not exceeding five years	1,349,855	1,610,734
Over five years	773,700	1,030,000
	3,985,903	3,956,802
Less: Amounts due for settlement within one year (shown under current liabilities)	(1,638,654)	(1,145,512)
Amounts due for settlement after one year	2,347,249	2,811,290

Note: As at 30 June 2023 and 31 December 2022, the bank loans are guaranteed by the Company and based on scheduled repayment dates set out in the respective loan agreements.

As at 30 June 2023, variable rate HKD denominated bank loans carried interests are not higher than Hong Kong Interbank Offered Rate (“HIBOR”) plus 1.30% per annum, and variable rate RMB denominated bank loans carried interests are not higher than Loan Prime Rate minus 0.85% (31 December 2022: not higher than HIBOR plus 1.50% per annum and not higher than Loan Prime Rate minus 0.85% per annum).

19 DEFERRED TAX LIABILITIES

The amounts represent the deferred tax liabilities associated with fair value change on investment in equity instrument at FVTOCI, the undistributed earnings of the joint ventures and a PRC subsidiary and dividends from a joint venture reinvested.

Notes to the Unaudited Interim Financial Report

(Expressed in RMB unless otherwise indicated)

20 CAPITAL, RESERVES AND DIVIDENDS

(a) Share capital

	Number of shares	Nominal amount HKD'000	
Ordinary shares of HKD0.1 each			
Authorised:			
As at 1 January 2022, 31 December 2022 and 30 June 2023	10,000,000,000	1,000,000	
	Number of shares	Nominal amount	
		HKD'000	Equivalent to RMB'000
Issued and fully paid:			
As at 1 January 2022, 31 December 2022 and 30 June 2023	3,081,690,283	308,169	270,603

Notes to the Unaudited Interim Financial Report

(Expressed in RMB unless otherwise indicated)

20 CAPITAL, RESERVES AND DIVIDENDS (Continued)

(b) Dividends

- (i) Dividends payable to equity shareholders attributable to the interim period

	2023 (Unaudited) RMB'000	2022 (Unaudited) RMB'000
Interim dividend declared and paid after the interim period of RMB5.55 cents per share (equivalent to HK6.043062 cents per share) (2022: RMB5.75 cents per share (equivalent to HK6.67299 cents per share))	171,034	177,147

The interim dividend has not been recognised as a liability at the end of the reporting period.

On 23 August 2023, the board of directors of the Company have declared that an interim dividend in respect of the year ending 31 December 2023 of RMB5.55 cents (equivalent to HK6.043062 cents) per share amounting to approximately RMB171,034,000 (approximately HKD186,228,000) shall be paid to the equity shareholders of the Company whose names appear on the register of members on 25 September 2023.

- (ii) Dividends payable to equity shareholders attributable to the previous financial year, approved and paid during the interim period

	Six months ended 30 June	
	2023 (Unaudited) RMB'000	2022 (Unaudited) RMB'000
Final dividend in respect of the previous financial year, approved and paid during the following interim period, of RMB3.25 cents per share (equivalent to HK3.688685 cents per share) (six months ended 30 June 2022: RMB10.45 cents per share (equivalent to HK12.880879 cents per share))	100,155	332,495

Notes to the Unaudited Interim Financial Report

(Expressed in RMB unless otherwise indicated)

21 FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS

Fair value of the Group's financial assets that are measured at fair value on a recurring basis

The following table presents the fair value of the Group's financial instruments measured at the end of the reporting period on a recurring basis, categorised into the three-level fair value hierarchy as defined in IFRS 13, *Fair value measurement*. The level into which a fair value measurement is classified is determined with reference to the observability and significance of the inputs used in the valuation technique as follows:

- Level 1 valuations: Fair value measured using only Level 1 inputs i.e. unadjusted quoted prices in active markets for identical assets or liabilities at the measurement date
- Level 2 valuations: Fair value measured using Level 2 inputs i.e. observable inputs which fail to meet Level 1, and not using significant unobservable inputs. Unobservable inputs are inputs for which market data are not available
- Level 3 valuations: Fair value measured using significant unobservable inputs

Financial assets	30 June 2023 (Unaudited)	31 December 2022 (Audited)	Fair value hierarchy	Valuation technique and key inputs	Significant unobservable inputs	Relationship of unobservable inputs to fair value
Equity instrument at FVTOCI	Unlisted equity investment: RMB20,000,000	Unlisted equity investment: RMB20,000,000	Level 3	Market Approach	Price-to-earnings multiples of several comparable companies with average at 8.10 (31 December 2022: 8.10)	The higher the multiples, the higher the fair value
Enterprise value-to-earnings before interest, taxes, depreciation and amortisation multiples of several comparable companies with average at 6.09 (31 December 2022: 6.09)					The higher the multiples, the higher the fair value	
Risk adjustment for a discount on lack of marketability at 27% (31 December 2022: 27%)					The higher the discount, the lower the fair value	
Structured deposit	RMB0	RMB451,440,000	Level 3	Discounted cash flow	Potential return rate of 0.95% to 3.50% (31 December 2022: 2.90% to 4.42%) per annum	The higher the potential return rate, the lower the fair value

Notes to the Unaudited Interim Financial Report

(Expressed in RMB unless otherwise indicated)

21 FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS (Continued)

Reconciliation of Level 3 fair value measurements

	Equity instrument at FVTOCI RMB'000	Structured deposit RMB'000
At 1 January 2022	20,100	351,381
Total gains/(losses):		
— in profit or loss	—	3,598
— in other comprehensive income	(540)	—
Purchase	—	259,000
Withdrawal	—	(350,000)
Interest received	—	(3,453)
Deferred tax	(60)	—
At 30 June 2022 (Unaudited)	19,500	260,526
At 1 January 2023 (Audited)	20,000	451,440
Total gains/(losses):		
— in profit or loss	—	4,100
Purchase	—	570,000
Withdrawal	—	(1,020,000)
Interest received	—	(5,540)
At 30 June 2023 (Unaudited)	20,000	—

Fair value of the Group's financial assets and financial liabilities that are not measured at fair value on a recurring basis

The directors of the Company consider that the carrying amounts of the financial assets and financial liabilities recognised at amortised cost in the interim financial report approximate their fair values.

Notes to the Unaudited Interim Financial Report

(Expressed in RMB unless otherwise indicated)

22 CAPITAL COMMITMENTS

Commitments outstanding at 30 June 2023 not provided for in the interim financial report:

	30 June 2023 (Unaudited) RMB'000	31 December 2022 (Audited) RMB'000
Construction of expressway	473,910	616,455

23 RELATED PARTY TRANSACTIONS

Other than as disclosed elsewhere in the interim financial report, during the six months ended 30 June 2023, the Group entitled to receive interest income and guarantee income for the loan from a joint venture of RMB3,819,000 and RMB531,000 (six months ended 30 June 2022: RMB9,209,000 and nil) respectively.

The Group also entered into the following transactions with Shenzhen Expressway and its subsidiaries and the Group's joint ventures during the six months ended 30 June 2023 and 2022:

	Six months ended 30 June	
	2023 (Unaudited) RMB'000	2022 (Unaudited and restated) RMB'000
Maintenance expenses	16,284	14,063
Management fee expenses	1,454	1,051
Rental and services income	9,404	336
Interest income	–	10,000
Construction costs	7,898	10,164

5-Year Financial Summary

The financial summary of the Group for the year ended 31 December 2019 to the six months ended 30 June 2023.

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

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

Restatement in respect of the business combination described above has not been made for the year ended 31 December 2019 and 2020.

Consolidated Results Prepared (RMB million)

	2019	2020	2021 (Restated)	2022	1H 2023
Share of results of joint ventures	701	295	656	354	219
Corporate results	(80)	(10)	162	(27)	6
Gain on partial disposal of a joint venture (net of tax)	–	409	–	–	–
Profit for the year/period	621	694	818	327	225
Attributable to:					
Equity shareholders of the Company	612	689	711	279	172
Non-controlling interests	9	5	107	48	53
Profit for the year/period	621	694	818	327	225

5-Year Financial Summary

Segment Revenue and Results (RMB million)

	2019	2020	2021 (Restated)	2022	1H 2023
Revenue	2,144	1,573	2,565	2,050	1,260
Coastal Expressway (Shenzhen Section)	–	–	591	481	296
GS Superhighway	1,409	1,041	1,289	1,016	626
GZ West Superhighway	735	532	666	522	308
Xintang Interchange	–	–	19	31	30
EBITDA	1,875	1,277	2,251	1,748	1,061
Coastal Expressway (Shenzhen Section)	–	–	502	388	251
GS Superhighway ⁽¹⁾	1,248	860	1,194	941	539
GZ West Superhighway	627	418	560	412	264
Xintang Interchange	–	(1)	(5)	7	7
Depreciation and amortisation	(690)	(693)	(926)	(808)	(504)
Coastal Expressway (Shenzhen Section)	–	–	(220)	(181)	(110)
GS Superhighway	(445)	(450)	(469)	(426)	(267)
GZ West Superhighway	(245)	(243)	(237)	(201)	(126)
Xintang Interchange	–	–	–	–	(1)
Interest and tax	(511)	(370)	(526)	(445)	(226)
Coastal Expressway (Shenzhen Section)	–	–	(82)	(118)	(38)
GS Superhighway	(316)	(189)	(259)	(197)	(116)
GZ West Superhighway	(193)	(140)	(160)	(117)	(67)
Xintang Interchange	(2)	(41)	(25)	(13)	(5)
Segment results ⁽²⁾	674	214	799	495	331
Coastal Expressway (Shenzhen Section)	–	–	200	89	103
GS Superhighway	487	221	466	318	156
GZ West Superhighway	189	35	163	94	71
Xintang Interchange	(2)	(42)	(30)	(6)	1
Segment corporate results ⁽³⁾	(31)	(2)	(6)	(79)	(78)
Gain on partial disposal of a joint venture (net of tax)	–	409	–	–	–
Net exchange gain/(loss) (net of related income tax)	(22)	73	25	(89)	(28)
Profit for the year/period	621	694	818	327	225
Attributable to:					
Equity shareholders of the Company	612	689	711	279	172
Non-controlling interests	9	5	107	48	53
Profit for the year/period	621	694	818	327	225

5-Year Financial Summary

Consolidated Statement of Financial Position Prepared (RMB million)

	As at 31 December				As at
	2019	2020	2021 (Restated)	2022	30 June 2023
Property, plant and equipment	2	2	313	290	282
Right-of-use assets	–	–	5	22	17
Concession intangible assets	–	–	5,527	5,675	5,734
Interests in joint ventures	4,858	4,674	4,971	4,519	4,738
Equity instrument at FVTOCI	23	31	20	20	20
Deferred tax assets	–	–	303	211	177
Trade and other receivables	–	–	1,108	322	73
Amount due from a joint venture	311	350	264	210	–
Structured deposits	–	801	351	451	–
Time deposits	–	240	–	–	201
Restricted bank deposits	–	–	13	15	203
Cash and cash equivalents	50	519	1,860	474	1,001
Other assets	1	2	8	11	8
Total assets	5,245	6,619	14,743	12,220	12,454
Lease liabilities	–	–	5	23	21
Bank loans and bank overdrafts	281	1,078	1,936	3,957	3,986
Deferred tax liabilities	81	76	131	133	146
Trade and other payables	–	–	1,101	716	874
Tax payables	–	147	10	5	–
Interim dividend payable	–	306	–	–	–
Other liabilities	13	10	2	–	–
Total liabilities	375	1,617	3,185	4,834	5,027
Non-controlling interests	24	24	3,197	2,850	2,897
Total equity attributable to equity shareholders of the Company	4,846	4,978	8,361	4,536	4,530

5-Year Financial Summary

Consolidated Statement of Cash Flows (RMB million)

	2019	2020	2021 (Restated)	2022	1H 2023
Net cash (used in)/generated from operating activities	(39)	(51)	(633)	(63)	302
Net cash (used in)/generated from investing activities					
– Payment for purchases of structured deposits	–	(800)	(1,045)	(1,468)	(570)
– Payment for purchases of time deposits	–	(240)	–	–	(200)
– Advance to a joint venture	(309)	(559)	(354)	–	–
– Proceeds on partial disposal of a joint venture	–	558	–	–	–
– Cash receipt from the disposal of loans to a joint venture and accrued interests	–	533	–	–	–
– Dividends received (net of PRC withholding tax)	613	495	777	603	182
– Repayment of loan from a joint venture	–	–	–	53	210
– Withdrawal of time deposit	–	–	240	–	–
– Withdrawal of structure deposits	–	–	1,495	1,368	1,020
– Increase in amount due from Shenzhen Expressway	–	–	(500)	–	–
– Payment for purchases of intangible assets	–	–	–	(305)	–
– Others	(2)	(6)	112	59	(125)
Net cash generated from/(used in) financing activities					
– Proceeds from new bank loans	546	3,190	2,466	2,379	835
– Repayment of bank loans	(265)	(2,318)	(1,575)	(542)	(884)
– Dividends paid	(639)	(323)	(879)	(513)	(6)
– Increase in amounts due to related parties	–	–	27	24	–
– Increase in amount due to Shenzhen Expressway	–	–	24	6	–
– Repayment of capital reduction to Shenzhen Expressway	–	–	–	(2,900)	(159)
– Others	(1)	(16)	(20)	(89)	(81)
Net (decrease)/increase in cash and cash equivalents	(96)	463	135	(1,388)	524
Cash and cash equivalents at the beginning of year/period	140	50	1,723	1,860	474
Effect of foreign exchanges rates changes	6	6	2	2	3
Cash and cash equivalents at the end of year/period	50	519	1,860	474	1,001
Total cash and cash equivalents	50	519	1,860	474	1,001

5-Year Financial Summary

Per Share Basis

	2019	2020	2021 (Restated)	2022	1H 2023
Basic earnings per share (RMB cents)	19.86	22.35	23.09	9.04	5.57
Dividend per share (RMB cents)					
– Interim	9.8	–	9.30	5.75	5.55
– Special interim	–	10.00	–	–	–
– Final	10.10	9.10	10.45	3.25	–
Net asset value per share (RMB)	1.57	1.62	2.71	1.47	1.47
Regular dividend payout ratio ⁽⁴⁾	100%	100%	100%	100%	100%

Financial Ratios

	As at 31 December				As at 30 June 2023
	2019	2020	2021 (Restated)	2022	
Return on equity attributable to equity shareholders of the Company	13%	14%	10%	7%	4%
Debt to asset ratio (Total liabilities/Total assets)	7%	24%	22%	40%	40%
Gearing ratio (Net debt ⁽⁵⁾ /Equity attributable to equity shareholders of the Company)	5%	–	–	66%	57%

Notes:

- (1) Excluding exchange differences and related income tax.
- (2) The segment results represent (i) the Group's share of results of joint ventures before exchange differences (net of related income tax) and net of withholding tax attributed to the dividend received from and the undistributed earnings of joint ventures; and (ii) Group's results from the operation of Coastal Expressway.
- (3) The segment corporate results represent the corporate results before corporate exchange differences and withholding tax attributed to the dividend received from and the undistributed earnings of joint ventures.
- (4) Excluding special dividend and impact of restatement.
- (5) Net debt is defined as total bank loans less total cash and cash equivalents, restricted bank deposits, bank structured deposits and time deposits.

Glossary

“2014/15”	the year ended 30 June 2015
“2015/16”	the year ended 30 June 2016
“2016/17”	the year ended 30 June 2017
“2017/18”	the year ended 30 June 2018
“2H 2018”	the six months ended 31 December 2018
“2019”	the year ended 31 December 2019
“2020”	the year ended 31 December 2020
“2021”	the year ended 31 December 2021
“2022”	the year ended 31 December 2022
“1H 2022”	the six months ended 30 June 2022
“1H 2023”	the six months ended 30 June 2023
“AGM”	the annual general meeting convened on 19 May 2023 by the Company
“Audit Committee”	the audit committee of the Company
“Attached Buildings”	buildings constructed on the Resumed Land with an aggregated gross floor area of 13,785.70 sq.m., as disclosed in the Company’s announcement dated 30 September 2022
“Bay Area”	Guangdong-Hong Kong-Macao Greater Bay Area, a national development strategy of the PRC
“Board”	the board of Directors of the Company
“CG Code”	Corporate Governance Code contained in Appendix 14 to the Listing Rules
“Chinese Mainland”	the PRC, excluding Hong Kong and Macao
“Coastal Company”	Shenzhen Guangshen Coastal Expressway Investment Company Limited* (深圳市廣深沿江高速公路投資有限公司), a company incorporated in the PRC with limited liability, the equity interest of which is currently held as to 51% and 49% by the Company and Shenzhen Expressway respectively
“Coastal Expressway (Shenzhen Section)”	the Shenzhen section of Guangshen Coastal Expressway, which comprises of Coastal Phase I and Coastal Phase II
“Coastal Phase I”	Phase I of Coastal Expressway (Shenzhen Section), on the main line of Coastal Expressway (Shenzhen Section), the toll mileage is approximately 30.9 km and was opened to traffic on 28 December 2013
“Coastal Phase II”	Phase II of Coastal Expressway (Shenzhen Section) which includes two parts, being the construction of the interchange of the International Convention and Exhibition Center which was completed and opened to traffic in 2019 and the construction of the connection lane on the Shenzhen side of Shenzhen-Zhongshan Channel which has total length of approximately 5.7 km and is currently under construction

Glossary

“Company”	Shenzhen Investment Holdings Bay Area Development Company Limited (formerly known as Hopewell Highway Infrastructure Limited), a company incorporated in the Cayman Islands with limited liability
“Compensation Agreement”	The Compensation Agreement for Resumption of State owned Land Use Rights* (收回國有土地使用權補償合同) entered into among Land Reserve Centre, GS JV and the Representatives on 30 September 2022 in relation to the Land Resumption, as disclosed in the Company’s announcement dated 30 September 2022
“Completion”	completion of the payment of the Consideration by Shenwan Infrastructure to the Coastal Company and the registration of the change of the registered capital, shareholders and directors of the Coastal Company as a result of the Subscription with the relevant government authority in the PRC, as disclosed in the Company’s circular dated 23 September 2022, which has taken place on 30 November 2022, as disclosed in the Company’s announcement dated 2 December 2022
“Consideration”	RMB2,998,000,000, being the consideration payable by Shenwan Infrastructure to obtain 51% of the enlarged equity interest in the Coastal Company pursuant to the Subscription Agreement, as disclosed in the Company’s circular dated 23 September 2022
“COVID-19 pandemic”	coronavirus disease (COVID-19) pandemic
“Director(s)”	director(s) of the Company
“EBITDA”	earnings before interest, tax, depreciation and amortisation (before net exchange gain/loss)
“EIT”	enterprise income tax
“Executive Committee”	the committee of the Executive Directors of the Company
“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

Glossary

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

Glossary

“Parties”	collectively, Shenwan Infrastructure, Lealu Investment, Leaxin Investment and Shenzhen Run Investment, and each a “Party”
“PRC”	the People’s Republic of China
“PRD”	Pearl River Delta
“Project Land”	the land (plot number: 83101203A19206) located at the Xintang interchange on both sides of the GS Superhighway, as disclosed in the Company’s announcement dated 29 November 2019
“Remuneration Committee”	the remuneration committee of the Company
“Representatives”	Guangzhou Huangpu District People’s Government Yunpu Street Office* (廣州市黃埔區人民政府雲埔街道辦事處) and Guangzhou Dongjin New District Development Co. Ltd.* (廣州東進新區開發有限公司), a limited company established in the PRC, as disclosed in the Company’s announcement dated 30 September 2022
“Resumed Land”	two land parcels located at the Luogang Interchange of Huangpu District of Guangzhou City, the PRC (i.e. in the Guangzhou section of the GS Superhighway) with an aggregated ascertained site area of 294,540.09 sq.m., as disclosed in the Company’s announcement dated 30 September 2022
“RMB”	Renminbi, the lawful currency of the PRC
“SFO”	The Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	ordinary share(s) of HK\$0.10 each in the share capital of the Company
“Shareholder(s)”	shareholder(s) of the Company
“Shenwan Infrastructure”	Shenwan Bay Area Infrastructure (Shenzhen) Company Limited* (深灣基建(深圳)有限公司), a company established in the PRC with limited liability established by the Company for the purpose of investing into the Xintang JV
“Shenzhen Expressway”	Shenzhen Expressway Corporation Limited, a joint stock limited company incorporated in the PRC with limited liability, the H shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 00548) and the A shares of which are listed on the Shanghai Stock Exchange (Security Code: 600548)
“Shenzhen International”	Shenzhen International Holdings Limited, a company incorporated in Bermuda with limited liability, the shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 00152)
“Shenzhen Run Investment”	Shenzhen Run Investment Consulting Co., Ltd.* (深圳市潤投資詢有限公司), a company established in the PRC with limited liability
“SIHC”	Shenzhen Investment Holdings Co., Ltd* (深圳市投資控股有限公司), incorporated in the PRC with limited liability, the ultimate controlling shareholder of the Company

Glossary

“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription”	the capital injection to obtain 51% enlarged equity interest in the Coastal Company upon Completion by Shenwan Infrastructure pursuant to the Subscription Agreement, as disclosed in the Company’s circular dated 23 September 2022
“Subscription Agreement”	a conditional subscription agreement entered into between Shenwan Infrastructure, Shenzhen Expressway and the Coastal Company on 18 August 2022 in respect of the capital injection to the Coastal Company by Shenwan Infrastructure, as disclosed in the Company’s circular dated 23 September 2022
“Target Company”	Shenzhen Investment International Capital Holdings Infrastructure Co., Ltd (深圳投控國際資本控股基建有限公司), incorporated in the British Virgin Islands with limited liability
“toll revenue”	toll revenue including tax
“Total Upper Limit”	The maximum total amount of contribution (whether by way of registered capital, shareholders’ loans, or in any other nature) by the Parties to Xintang JV shall not exceed RMB6.8 billion, as disclosed in the Company’s announcement dated 10 September 2020
“US”	the United States of America
“USD” or “US Dollar(s)”	United States Dollars, the lawful currency of the United States of America
“Xintang JV”	Guangzhou Zhentong Development Company Limited* (廣州臻通實業發展有限公司), a joint venture established in the PRC for the development of the Project Land, the equity interest of which is currently held as to 15%, 20%, 5% and 60% by Shenwan Infrastructure, Lealu Investment, Leaxin Investment and Shenzhen Run Investment respectively
“YoY”	year-on-year

* For identification purpose only

Corporate Information

Board of Directors

Mr. Xiangwen LIAO*
(Executive Director and Chairman)
Mr. Jianming WU*
(Executive Director and Executive General Manager)
Mr. Cheng WU*
(Executive Director and Deputy General Manager)
Mr. Ji LIU*
(Executive Director, Deputy General Manager
and secretary to the Board)
Mr. Siyan CHEN* (Non-executive Director)
Mr. Xuan WANG* (Non-executive Director)
Mr. Yu Lung CHING
(Independent Non-executive Director)
Mr. Tony Chung Nin KAN SBS, JP
(Independent Non-executive Director)
Mr. Peng XUE*
(Independent Non-executive Director)

Audit Committee

Mr. Yu Lung CHING (Chairman)
Mr. Tony Chung Nin KAN SBS, JP
Mr. Peng XUE*

Remuneration Committee

Mr. Tony Chung Nin KAN SBS, JP (Chairman)
Mr. Yu Lung CHING
Mr. Peng XUE*

Nomination Committee

Mr. Xiangwen LIAO* (Chairman)
Mr. Yu Lung CHING
Mr. Tony Chung Nin KAN SBS, JP

Company Secretary

Ms. Ching Fan KOO

Solicitors

Loong & Yeung, Solicitors

Auditor

KPMG
Certified Public Accountants
Public Interest Entity Auditor registered in
accordance with the Accounting and
Financial Reporting Council Ordinance

Registered Office

P.O. Box 309
Ugland House
Grand Cayman
KY1-1104
Cayman Islands

Principal Place of Business

Rooms 4902–4916, 49th Floor
Sun Hung Kai Centre
30 Harbour Road
Wanchai, Hong Kong
Email: info@sihbay.com

Listing Information

The Stock Exchange of Hong Kong Limited
HKD-traded Ordinary Shares (Stock Code: 737)
RMB-traded Ordinary Shares (Stock Code: 80737)

Principal Bankers*

Agricultural Bank of China Limited
Bank of China (Hong Kong) Limited
Chong Hing Bank Limited
CMB Wing Lung Bank Limited
Industrial Bank Co., Ltd. Hong Kong Branch
Ping An Bank Co., Ltd., Hong Kong Branch
Shanghai Pudong Development Bank Co., Ltd.

* names are in alphabetical order

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Maples Fund Services (Cayman) Limited
P.O. Box 1093
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Grand Cayman
KY1-1102
Cayman Islands

Hong Kong Share Registrar and Transfer Office

Computershare Hong Kong Investor Services Limited
Shops 1712–1716, 17th Floor, Hopewell Centre
183 Queen's Road East, Wan Chai, Hong Kong
Tel: (852) 2862 8555
Fax: (852) 2529 6087

American Depositary Receipt

CUSIP No.	823219100
Trading Symbol	SIHBY
ADR to share ratio	1:10
Depositary Bank	Citibank, N.A., U.S.A.

International Securities Identification Number

ISIN code (HKD counter)	KYG8088A1168
ISIN code (RMB counter)	KYG8088A1085

Investor Relations

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Email: ir@sihbay.com

Website

www.sihbay.com

* For identification purpose only

Financial Calendar

Interim dividend announcement	23 August 2023
Exchange rate determined for payment of interim dividend in Hong Kong Dollars	23 August 2023
Closure of register of members	25 September 2023
Deadline for submission of dividend election form	13 October 2023
Interim dividend payable <i>RMB5.55 or HK6.043062 cents per share</i>	10 November 2023

SHENZHEN INVESTMENT HOLDINGS BAY AREA DEVELOPMENT COMPANY LIMITED

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