Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.

Shenzhen International Holdings Limited
深圳國際控股有限公司
(incorporated in Bermuda with limited liability)
(Stock Code: 00152)

2023 ANNUAL RESULTS ANNOUNCEMENT

The Board of Directors (the "Board") of Shenzhen International Holdings Limited (the "Company") is pleased to announce the audited consolidated results of the Company and its subsidiaries (the "Group"), and its joint ventures and associates for the year ended 31 December 2023 (the "Year") together with comparative figures for the year ended 31 December 2022 as follows:

Consolidated Income Statement:

	Notes	Year ended 31 December 2023 HK$'000	2022 HK$'000
Revenue	(3), (4)	**20,523,798**	15,529,301
Cost of sales and services		**(12,978,497)**	(11,382,613)
Gross profit		**7,545,301**	4,146,688
Other income		**187,527**	154,309
Other gains - net	(5)	**283,047**	3,998,746
Distribution costs		**(155,244)**	(147,573)
Administrative expenses		**(1,269,717)**	(1,124,196)
(Impairment loss) net reversal of impairment loss on trade receivables and contract assets		**(116,996)**	55,693
Operating profit		**6,473,918**	7,083,667
Share of profit of joint ventures		**418,457**	62,877
Share of profit (loss) of associates		**678,271**	(1,647,025)
Profit before finance costs and income tax		**7,570,646**	5,499,519
Finance income	(6)	**241,296**	304,211
Finance cost	(6)	**(2,617,813)**	(2,872,804)
Finance costs - net	(6)	**(2,376,517)**	(2,568,593)
Profit before income tax		**5,194,129**	2,930,926
Income tax expense	(7)	**(2,289,221)**	(994,769)
Profit for the year	(8)	**2,904,908**	1,936,157

Consolidated Income Statement (continued):

	Notes	Year ended 31 December **2023** **HK$'000**	2022 HK$'000
Attributable to:			
Ordinary shareholders of the Company		**1,901,643**	1,253,919
Perpetual securities holders of Company		**-**	92,999
Non-controlling interests		**1,003,265**	589,239
		2,904,908	1,936,157
Earnings per share attributable to ordinary shareholders of the Company (expressed in HK dollars per share)			
- Basic	(9(a))	**0.80**	0.54
- Diluted	(9(b))	**0.79**	0.54

Consolidated Statement of Comprehensive Income:

	Year ended 31 December **2023** **HK$'000**	2022 HK$'000
Profit for the year	**2,904,908**	1,936,157
Other comprehensive income (expense):		
Items that may be reclassified to profit or loss:		
Share of other comprehensive income (expense) of associates and joint ventures	**31,933**	(26,744)
Exchange differences arising on translation of foreign operations	**(149,181)**	(959,343)
Sub-total	**(117,248)**	(986,087)
Items that will not be reclassified to profit or loss:		
Exchange difference arising from translation of functional currency to presentation currency	**(1,328,862)**	(5,825,921)
Gain on revaluation of properties previously occupied by the Group	**-**	12,918
Deferred taxation relating to revaluation of properties	**-**	(3,230)
Fair value loss on equity security designated at fair value through other comprehensive income	**(417)**	(690)
Deferred taxation relating to revaluation of equity security	**(139)**	-
Sub-total	**(1,329,418)**	(5,816,923)
Other comprehensive expense for the year	**(1,446,666)**	(6,803,010)
Total comprehensive income (expense) for the year	**1,458,242**	(4,866,853)

Consolidated Statement of Comprehensive Income (continued):

	Year ended 31 December	
	2023	2022
	HK$'000	HK$'000
Total comprehensive income (expense) attributable to:		
Ordinary shareholders of the Company	**902,706**	(4,622,009)
Perpetual securities holders of the Company	**-**	92,999
Non-controlling interests	**555,536**	(337,843)
Total comprehensive income (expense) for the year	**1,458,242**	(4,866,853)

Consolidated Balance Sheet:

		As at 31 December	
		2023	2022
	Notes	**HK$'000**	HK$'000
ASSETS			
Non-current assets			
Investment properties		**15,080,718**	10,226,082
Property, plant and equipment		**19,780,766**	17,874,497
Land use rights		**4,231,866**	3,181,633
Construction in progress		**3,104,279**	3,436,227
Intangible assets	(11)	**29,280,325**	29,941,138
Goodwill		**543,515**	551,995
Interests in associates		**17,493,560**	17,542,041
Interests in joint ventures		**10,870,097**	10,947,559
Other financial assets		**1,155,711**	1,021,738
Deferred tax assets		**638,506**	755,954
Other non-current assets		**7,871,665**	7,539,064
		110,051,008	103,017,928
Current assets			
Inventories and other contract costs		**4,815,542**	6,295,136
Contract assets		**434,637**	424,599
Other financial assets		**1,065,663**	2,833,562
Trade and other receivables	(12)	**4,159,636**	6,661,838
Derivative financial instruments		**163,350**	237,205
Restricted bank deposits		**1,088,617**	2,804,834
Deposits in banks with original maturities over three months		**1,118,292**	389,950
Cash and cash equivalents		**7,597,796**	10,829,873
		20,443,533	30,476,997
Total assets		**130,494,541**	133,494,925

Consolidated Balance Sheet (continued):

		As at 31 December	
		2023	2022
	Note	**HK$'000**	HK$'000
EQUITY AND LIABILITIES			
Equity attributable to ordinary shareholders of the Company			
Share capital and share premium		**13,257,983**	13,218,304
Other reserves and retained earnings		**18,324,223**	18,029,560
Equity attributable to ordinary shareholders of the Company		**31,582,206**	31,247,864
Non-controlling interests		**23,393,455**	23,951,310
Total equity		**54,975,661**	55,199,174
Liabilities			
Non-current liabilities			
Borrowings		**28,360,733**	24,426,242
Lease liabilities		**947,532**	990,268
Deferred tax liabilities		**2,647,398**	2,809,738
Other non-current liabilities		**1,554,144**	1,485,084
		33,509,807	29,711,332
Current liabilities			
Trade and other payables	(13)	**12,722,051**	12,771,467
Contract liabilities		**165,640**	5,609,785
Income tax payable		**2,078,714**	779,251
Borrowings		**26,977,953**	29,340,767
Lease liabilities		**64,715**	83,149
		42,009,073	48,584,419
Total liabilities		**75,518,880**	78,295,751
Total equity and liabilities		**130,494,541**	133,494,925

Notes:

(1) General information

The principal activities of the Group include the following businesses:

- Toll roads and general-environmental protection business; and
- Logistics business.

The Group's operations are mainly in the People's Republic of China ("PRC").

The Company is a limited liability company incorporated in Bermuda and is an investment holding company. The address of its registered office is Clarendon House, 2 Church Street, Hamilton HM11, Bermuda.

(1) General information (continued)

The Company is listed on The Stock Exchange of Hong Kong Limited (the "Hong Kong Stock Exchange"). One of the major subsidiaries of the Company, Shenzhen Expressway Corporation Limited ("Shenzhen Expressway"), is dual listed on the Hong Kong Stock Exchange and Shanghai Stock Exchange.

As at 31 December 2023, Ultrarich International Limited ("Ultrarich") directly owned 1,058,717,983 ordinary shares of the Company, representing approximately 44.24% of the issued share capital of the Company. As Shenzhen Investment Holdings Company Limited ("SIHCL") held the 100% equity interest in Ultrarich, it had an indirect interest in 44.24% of the Company's equity held by Ultrarich. SIHCL directly owned 364,500 ordinary shares of the Company, representing approximately 0.015% of the issued share capital of the Company. SIHCL effectively held 44.255% of the issued share capital of the Company and is the largest shareholder of the Company. SIHCL is supervised and managed by Shenzhen Municipal People’s Government State-owned Assets Supervision and Administration Commission ("Shenzhen SASAC"). The directors of the Company regard Shenzhen SASAC as having control of the Company's relevant activities and is the de facto controller of the Company due to the voting power it held in the Company.

In preparing the consolidated financial statements, the directors of the Company have given careful consideration to the future liquidity of the Group in light of the fact that the Company's current liabilities exceeded its current assets by approximately HKD21,565,540,000 as at 31 December 2023.

In order to improve the Group’s financial position, to provide liquidity and cash flows and to sustain the Group as a going concern, the Group has been implementing a number of measures. These measures include but not limited to considering usage of existing banking facilities, in which unutilised banking facilities amounted to HKD91,707,277,000 (2022: HKD79,347,520,000) as at 31 December 2023.

The directors of the Company have, at the time of approving the consolidated financial statements, 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 consolidated financial statements.

(2) Changes in accounting policies and disclosures

The accounting policies applied are consistent with those of the 2022 Financial Statements as described therein, except for the accounting policy that is first effective for the current accounting period of the Group.

New and amended standards adopted by the Group

The Group has applied the following new and amendments to HKFRSs issued by the HKICPA to these financial statements for the current accounting period:

• HKFRS 17 (including the October 2020 and February 2022 Amendments to HKFRS 17)	Insurance Contracts
• Amendment to HKFRS 8	Definition of Accounting Estimates
• Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction
• Amendments to HKAS 12	International Tax Reform-Pillar Two model Rules
• Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies

The application of the new and amendments to HKFRSs in the current year has had no material impact on the Group's financial positions and performance for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

(3) Segment information

The Group’s operations are organised in two main business segments:

- Toll roads and general-environmental protection business; and
- Logistics business.

Head office functions include corporate management functions and investment and financial activities of the Group. It also includes one-off and non-recurring activities of the Group.

The chief operating decision-maker has been identified as the board of directors of the Company. The board of directors reviews the Group’s internal reporting in order to assess performance and allocate resources. Management has determined the operating segments based on these reports.

Toll roads and general-environmental protection business includes: (i) development, operation and management of toll highway; and (ii) sales of wind turbine equipment, kitchen waste disposal projects construction, operation and equipment sales, and operation of wind power stations.

Logistics business includes: (i) logistics parks which mainly include the construction, operation and management of logistics centres and integrated logistics hubs; (ii) logistics services which include the provision of third party logistics services, logistics information services and financial services to customers; (iii) port and related services (including sales of material); and (iv) logistics park transformation and upgrading business (including sales of properties).

The Board assesses the performance of the operating segments based on a measure of profit for the year.

(3) Segment information (continued)

Disaggregation of revenue from contracts with customers by timing of revenue recognition, as well as information regarding the Group's reportable segments as provided to the board of directors, the chief operating decision-maker for the purposes of resource allocation and assessment of segment performance for the years ended 31 December 2023 and 2022 are set out below:

For the year ended 31 December 2023

	Toll roads and general-environmental protection business HK$'000	*Logistics parks* HK$'000	*Logistics services* HK$'000	*Port and related services* HK$'000	*Logistics park transformation and upgrading business* HK$'000	*Sub-total* HK$'000	*Head Office functions and others* HK$'000	*Total* HK$'000
Revenue from contracts with customers within the scope of HKFRS 15								
- Point in time	**8,043,071**	**561,708**	**319,109**	**2,804,772**	**5,502,349**	**9,187,938**	**-**	**17,231,009**
- Over time	**2,281,910**	**-**	**-**	**-**	**-**	**-**	**-**	**2,281,910**
Subtotal	**10,324,981**	**561,708**	**319,109**	**2,804,772**	**5,502,349**	**9,187,938**	**-**	**19,512,919**
Revenue from other sources								
- Leases from logistics parks	**-**	**956,902**	**-**	**-**	**53,977**	**1,010,879**	**-**	**1,010,879**
Revenue	**10,324,981**	**1,518,610**	**319,109**	**2,804,772**	**5,556,326**	**10,198,817**	**-**	**20,523,798**
Operating profit (loss)	**2,932,324**	**629,258**	**22,749**	**167,284**	**3,276,831**	**4,096,122**	**(554,528)**	**6,473,918**
Share of profit (loss) of joint ventures	**401,719**	**23,902**	**-**	**-**	**-**	**23,902**	**(7,164)**	**418,457**
Share of profit of associates	**406,732**	**667**	**8,024**	**-**	**61,173**	**69,864**	**201,675**	**678,271**
Finance income	**78,495**	**8,224**	**853**	**3,019**	**15,371**	**27,467**	**135,334**	**241,296**
Finance costs	**(1,426,489)**	**(52,346)**	**(670)**	**(11,557)**	**(213,815)**	**(278,388)**	**(912,936)**	**(2,617,813)**
Profit (loss) before income tax	**2,392,781**	**609,705**	**30,956**	**158,746**	**3,139,560**	**3,938,967**	**(1,137,619)**	**5,194,129**
Income tax expense	**(378,564)**	**(130,206)**	**(5,184)**	**(40,090)**	**(1,402,804)**	**(1,578,284)**	**(332,373)**	**(2,289,221)**
Profit (loss) for the year	**2,014,217**	**479,499**	**25,772**	**118,656**	**1,736,756**	**2,360,683**	**(1,469,992)**	**2,904,908**
(Profit) loss attributable to non-controlling interests	**(1,009,658)**	**44,125**	**(17,155)**	**(30,905)**	**9,008**	**5,073**	**1,320**	**(1,003,265)**
Profit (loss) attributable to ordinary shareholders of the Company	**1,004,559**	**523,624**	**8,617**	**87,751**	**1,745,764**	**2,365,756**	**(1,468,672)**	**1,901,643**
Depreciation and amortisation	**2,524,180**	**473,810**	**26,615**	**43,943**	**24,761**	**569,129**	**164,697**	**3,258,006**
Capital expenditure								
- Additions in investment properties, property, plant and equipment, construction in progress, land use rights and intangible assets	**2,666,262**	**3,854,671**	**271,910**	**972,288**	**417,552**	**5,516,421**	**2,669,746**	**10,852,429**
- Additions in investment properties, property, plant and equipment and land use rights arising from acquisition of subsidiaries	**229,315**	**-**	**-**	**161,414**	**860,572**	**1,021,986**	**-**	**1,251,301**

(3) Segment information (continued)

For the year ended 31 December 2022

	Toll roads and general-environmental protection business	*Logistics parks*	*Logistics services*	*Port and related services*	*Logistics park transformation and upgrading business*	*Sub-total*	*Head Office functions and others*	*Total*
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Revenue from contracts with customers within the scope of HKFRS 15								
- Point in time	8,090,059	576,113	389,619	2,761,767	30,202	3,757,701	-	11,847,760
- Over time	2,684,263	-	-	-	-	-	-	2,684,263
Subtotal	10,774,322	576,113	389,619	2,761,767	30,202	3,757,701	-	14,532,023
Revenue from other sources								
- Leases from logistics parks	-	997,278	-	-	-	997,278	-	997,278
Revenue	10,774,322	1,573,391	389,619	2,761,767	30,202	4,754,979	-	15,529,301
Operating profit (loss)	2,697,295	1,596,740	29,334	190,287	2,838,168	4,654,529	(268,157)	7,083,667
Share of profit (loss) of joint ventures	47,604	15,281	4,767	-	-	20,048	(4,775)	62,877
Share of profit (loss) of associates	622,229	(204)	-	-	38,237	38,033	(2,307,287)	(1,647,025)
Finance income	149,084	88,684	1,451	2,240	197	92,572	62,555	304,211
Finance costs	(1,707,858)	(64,639)	(829)	(1,829)	(40,458)	(107,755)	(1,057,191)	(2,872,804)
Profit (loss) before income tax	1,808,354	1,635,862	34,723	190,698	2,836,144	4,697,427	(3,574,855)	2,930,926
Income tax expense	(616,939)	(225,634)	(5,716)	(48,407)	(1,236)	(280,993)	(96,837)	(994,769)
Profit (loss) for the year	1,191,415	1,410,228	29,007	142,291	2,834,908	4,416,434	(3,671,692)	1,936,157
(Profit) loss attributable to non-controlling interests	(540,801)	6,854	(19,486)	(39,582)	4,444	(47,770)	(668)	(589,239)
Subtotal	650,614	1,417,082	9,521	102,709	2,839,352	4,368,664	(3,672,360)	1,346,918
Profit attributable to perpetual securities holders	-	-	-	-	-	-	(92,999)	(92,999)
Profit (loss) attributable to ordinary shareholders of the Company	650,614	1,417,082	9,521	102,709	2,839,352	4,368,664	(3,765,359)	1,253,919
Depreciation and amortisation	1,999,580	561,690	26,420	37,504	570	626,184	82,125	2,707,889
Capital expenditure								
- Additions in investment properties, property, plant and equipment, construction in progress, land use rights and intangible assets	1,599,897	2,287,865	171,865	23,855	(115)	2,483,470	1,920,373	6,003,740
- Additions in investment properties, property, plant and equipment and land use rights arising from acquisition of subsidiaries	311,514	1,878,597	-	-	-	1,878,597	-	2,190,111
- Additions in interests in associates	186,734	-	-	-	2,846,141	2,846,141	30,348	3,063,223

(a) The revenue from toll roads included construction service revenue under service concession arrangements in the amount of HKD1,496,173,000 for the Year (2022: HKD1,444,105,000).

(b) The Group has a large number of customers, none of whom contributed 10% or more of the Group's revenue.

(c) All revenues are derived from external customers located in the PRC. The Group's non-current assets, other than financial instruments and deferred tax assets are mainly located in the PRC. Revenues derived from and value of non-current assets located in other countries and regions are not material.

(4) Revenue

Disaggregation of revenue from contracts with customers by major products or service lines is as follows:

	2023	*2022*
	HK$'000	HK$'000
Revenue from contracts with customers within the scope of HKFRS 15		
Toll roads and general-environmental protection business		
- Toll revenue	**5,970,786**	5,722,889
- Entrusted construction management service and construction consulting service revenue	**565,558**	1,020,572
- Construction service revenue under service concession arrangements	**1,496,173**	1,444,105
- General-environmental protection services	**1,797,661**	2,020,025
- Others	**494,803**	566,731
	10,324,981	10,774,322
Logistics business		
- Logistics parks	**561,708**	576,113
- Logistics services	**319,109**	389,619
- Port and related services	**2,804,772**	2,761,767
- Logistics park transformation and upgrading business (including sale of properties)	**5,502,349**	30,202
	9,187,938	3,757,701
	19,512,919	14,532,023
Revenue from other sources		
Logistics business		
- Leases from logistics parks	**1,010,879**	997,278
	20,523,798	15,529,301

(5) Other gains - net

	2023	*2022*
	HK$'000	HK$'000
Gain on losing control on Qianhai Business	**-**	2,988,327
Gain on disposal of subsidiaries	**19,243**	740,023
Change in fair value of derivative financial instruments	**40,101**	81,340
Change in fair value of other financial assets	**68,835**	32,595
Change in fair value of investment properties	**304,803**	276,617
Gain on disposal of other non-current assets	**154,450**	8,850
Impairment loss recognised on goodwill	**-**	(52,925)
Impairment loss recognised on other non-current assets	**(209,731)**	-
Others	**(94,654)**	(76,081)
	283,047	3,998,746

(6) Finance income and costs

	2023	*2022*
	HK$'000	HK$'000
Finance income		
Interest income from bank deposits	**(207,728)**	(274,119)
Other interest income	**(33,568)**	(30,092)
Total finance income	**(241,296)**	(304,211)
Finance costs		
Interest expense		
- Bank borrowings	**1,393,351**	1,159,858
- Medium-term notes	**285**	15,077
- Senior notes	**7,032**	29,268
- Corporate bonds	**333,482**	340,653
- Panda bonds	**242,372**	184,265
- Borrowings from finance leasing companies	**-**	52,088
- Interest on contract liabilities	**168,031**	2,930
- Interest on lease liabilities	**47,356**	64,694
- Other interest costs	**149,241**	97,797
Net foreign exchange losses	**553,203**	1,160,804
Less: finance costs capitalised on qualified assets	**(276,540)**	(234,630)
Total finance costs	**2,617,813**	2,872,804
Net finance costs	**2,376,517**	2,568,593

(7) Income tax expense

Hong Kong Profits Tax has not been provided as the Group did not generate any assessable profits in Hong Kong during the Year.

The PRC Corporate Income Tax charged to the consolidated income statement was calculated based on the assessable profits of the Company's subsidiaries located in the PRC of the Year at a rate of 25% (2022: 25%) applicable to the respective companies.

PRC Land Appreciation Tax ("LAT") is levied at progressive rates ranging from 30% to 60% on the appreciation of land value, being the proceeds from sales of properties less deductible expenditures including amortization of land use rights, borrowing costs and all property development expenditures.

	2023	*2022*
	HK$'000	HK$'000
Current income tax		
- PRC Corporate Income Tax	**1,418,204**	661,922
- PRC Land Appreciation Tax	**813,331**	1,755
Withholding income tax	**57,456**	-
Deferred tax	**230**	331,092
	2,289,221	994,769

(8) Expenses by nature

Profit for the year has been arrived at after charging:

	2023	*2022*
	HK$'000	HK$'000
Construction services cost under service concession arrangements	**1,496,173**	1,444,105
Kitchen waste disposal project costs	**788,093**	613,595
Depreciation and amortisation	**3,258,006**	2,680,503
Employee benefit expenses	**1,723,742**	1,762,231
Cost of inventories sold	**4,703,080**	2,414,138
Other tax expenses	**236,631**	181,191
Commission, management fee and maintenance expenses for toll roads	**362,182**	390,490
Entrusted construction management service costs	**415,403**	793,563
Auditors' remuneration : audit services	**8,130**	8,257
Legal and consultancy fees	**66,592**	77,753

(9) Earnings per share

(a) Basic

Basic earnings per share is calculated by dividing the profit attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares in issue during the year.

	2023	*2022*
	HK$'000	HK$'000
Profit attributable to ordinary shareholders of the Company	**1,901,643**	1,253,919
Weighted average number of ordinary shares in issue (thousands)	**2,390,647**	2,330,745
Basic earnings per share (HKD per share)	**0.80**	0.54

(b) Diluted

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. The Company has one category of dilutive potential ordinary shares: share options. A calculation is done to determine the number of shares that could have been acquired at fair value (determined as the average annual market share price of the Company's shares) based on the monetary value of the subscription rights attached to outstanding share options. The number of shares calculated as above is compared with the number of shares that would have been issued assuming the exercise of the share options.

(9) Earnings per share (continued)

(b) Diluted (continued)

	2023	*2022*
	HK$'000	HK$'000
Profit attributable to ordinary shareholders of the Company	**1,901,643**	1,253,919
Weighted average number of ordinary shares in issue (thousands)	**2,390,647**	2,330,745
Adjustments - share options (thousands)	**1,372**	-
Weighted average number of ordinary shares for diluted earnings per share (thousands)	**2,392,019**	2,330,745
Diluted earnings per share (HKD per share)	**0.79**	0.54

(10) Dividends

At the Board meeting on 28 March 2024, the Board recommended the payment of final dividend for the year of 2023 of HKD0.40 per ordinary share. Such dividends are to be approved by the shareholders at the forthcoming annual general meeting of the Company in 2024 ("Annual General Meeting"). These consolidated financial statements do not reflect this as dividend payable.

	2023	*2022*
	HK$'000	HK$'000
Proposed final and total dividend of HKD0.40 (2022: HKD0.257 per ordinary share)	**957,260**	613,667

The Board recommended that the final dividend be satisfied wholly in the form of an allotment of scrip shares. Shareholders will be given the option of receiving the final dividend wholly in cash in lieu of such allotment, or partly in cash and partly in the form of scrip shares. The arrangement is subject to: (1) the approval of proposed final dividend at the forthcoming Annual General Meeting; and (2) the Hong Kong Stock Exchange' granting the listing of and permission to deal in the scrip shares to be issued pursuant thereto.

(11) Intangible assets

Concession intangible assets

	2023	*2022*
	HK$'000	HK$'000
Cost	**49,078,415**	50,026,372
Accumulated amortisation and impairment	**(19,798,090)**	(20,085,234)
Net book value as at 31 December	**29,280,325**	29,941,138

Net book value as at 1 January	**29,941,138**	32,922,243
Additions	**1,983,292**	1,445,272
Disposals	**(21,960)**	-
Amortisation	**(1,966,426)**	(1,967,892)
Acquisition of a subsidiary	**-**	311,514
Others	**-**	(56,733)
Impairment	**-**	(21,899)
Exchange difference	**(655,719)**	(2,691,367)
Net book value as at 31 December	**29,280,325**	29,941,138

Toll roads

Concession intangible assets represent the rights to operate the respective toll roads granted by the relevant local governmental authorities in the PRC to the Group. The remaining periods of rights to operate the respective toll roads are from 1 to 25 years. According to the relevant governments' approval documents and the relevant regulations, the Group is responsible for the construction of the toll roads and the acquisition of the related facilities and equipment. It is also responsible for the operations and management, maintenance and overhaul of the toll roads during the approved operating periods. The toll fees collected and collectable during the operating periods are attributable to the Group. The relevant toll roads assets are required to be returned to the local government authorities when the operating rights periods expire without any considerations payable to the Group.

(12) Trade and other receivables

The settlement period of the toll revenue from toll road operations is normally within a month due to the implementation of unified toll collection policy on expressways of the Group in the PRC. Trade receivables other than toll revenue are generally due within 120 days from the date of billing. As at 31 December 2023 and 2022, the ageing analysis of the trade receivables of the Group based on revenue recognition date was as follows:

	2023	*2022*
	HK$'000	HK$'000
0 - 90 days	**763,381**	1,323,344
91 - 180 days	**154,753**	334,552
181 - 365 days	**213,531**	332,598
Over 365 days	**880,646**	408,771
	2,012,311	2,399,265

(13) Trade and other payables

The ageing analysis of the trade payables based on the date of invoices was as follows:

	2023	*2022*
	HK$'000	HK$'000
0 - 90 days	**1,945,145**	1,907,078
91 - 180 days	**237,290**	445,216
181 - 365 days	**499,354**	440,223
Over 365 days	**1,656,148**	1,415,980
	4,337,937	4,208,497

MANAGEMENT DISCUSSION AND ANALYSIS

OVERALL REVIEW

Operating Results	***2023*** *HK$'000*	*2022* *HK$'000*	Increase/ (Decrease)
Revenue (excluding construction service revenue from toll roads)	**19,027,625**	14,085,196	35%
Construction service revenue from toll roads	**1,496,173**	1,444,105	4%
Total revenue	**20,523,798**	15,529,301	32%
Operating profit	**6,473, 918**	7,083,667	(9%)
Profit before tax and finance costs	**7,570, 646**	5,499,519	38%
Profit attributable to shareholders	**1,901,643**	1,253,919	52%
Basic earnings per share (HK dollars)	**0.80**	0.54	48%
Final Dividend per share (HK dollar)	**0.40**	0.257	56%

In 2023, global economic growth slowed further amid geopolitical turbulence. Although the Chinese economy showed signs of recovery, the foundations for economic recovery remained weak. While it will take time for market demand to fully recover, various segments in which the Group operates are under pressure. Nevertheless, the Group's overall results remained resilient, supported by its solid foundations and diversified business portfolio.

In face of significant market pressure and challenges, the Group, on the one hand, remained steadfast in its strategic determination and continued to focus on its core logistics business strictly in accordance with its "14th Five-Year development strategy", seeking progress while maintaining stability in building its comprehensive logistics ecosystem of "Inland Port Networking, Logistics Parks, Air Cargo and Railway Freight Logistics Infrastructure + Intelligent and Cold Chain Logistics". On the other hand, the Group proactively responded to such challenges by making agile adjustments to its investment and development strategies based on the prevailing circumstances, consistently strengthening its risk management, and enhancing operational efficiency, thereby promoting the Group's high-quality and sustainable development.

For the year ended 31 December 2023 (the "Year"), the Group recorded total revenue of approximately HK$20,524 million, representing an increase of 32% as compared to the previous year. The increase was mainly attributable to the completion and delivery of "Yicheng Qiwanli", a residential project located in Qianhai ("Yicheng Qiwanli Project"), which falls under the Group's logistics park transformation and upgrading business, and contributed revenue of approximately HK$5,500 million during the Year. Profit attributable to shareholders of the Group increased by 52% year-on-year to approximately HK$1,902 million. This was mainly due to the completion and delivery of the Yicheng Qiwanli Project which contributed profit of HK$1,563 million, and the absence of further recognition of losses attributable to the Company's associate, namely Shenzhen Airlines Company Limited ("Shenzhen Airlines") during the Year, in accordance with the applicable accounting standards.

During the Year, the Group recorded operating profit of approximately HK$6,474 million, representing a decrease of 9% as compared to the previous year. Such decrease was mainly due to the profits of approximately HK$657 million contributed from the injection of certain logistics park projects into private equity funds under the Group's "Investment, Construction, Financing and Operation" short closed-loop business model in the previous year, which was not repeated during the Year.

In respect of the logistics business, revenue for the Year decreased by 6% to approximately HK$1,838 million as compared to the previous year, mainly due to factors such as sustained sluggishness in market demand and intense competition within the industry. Profit attributable to shareholders amounted to approximately HK$532 million, representing a decrease of 63% as compared to the previous year, mainly due to the absence of gains attributable to the injection of logistics park projects into the private funds under the "Investment, Construction, Financing and Operation" business model during the Year.

As at 31 December 2023, the Group established its footprint in nearly 40 key logistics gateway cities nationwide, managing and operating 37 logistics hub projects with a total operating area of more than 4.76 million square meters. In recent years, focusing on the Guangdong-Hong Kong-Macao Greater Bay Area (the "Greater Bay Area"), the Group has strategically positioned itself in Shenzhen and Foshan, the two logistics hub cities with close connectivity and synergies. In June 2023, the Group successfully obtained the land use right for an area of approximately 334,000 square meters of overhead space in Shenzhen International Integrated Logistics Hub Center (the "Pinghunan Project"), with a planned gross floor area of approximately 850,000 square meters. In addition, the Group has acquired a total of approximately 930,000 square meters of land in 2023, including land parcels of approximately 75,000 square meters for the SZI Highway Freight Logistics Hub (SZ Bao'an), and approximately 267,000 square meters for the SZI Intelligent Logistics Hub (SZ Pingshan East) in Shenzhen. Further, the Group secured two land parcels for its logistics operations in other areas of the Greater Bay Area – one in Foshan City's Gaoming District and the other in Zhaoqing City's Gaoyao District.

As at the end of 2023, the Group had obtained operation rights to approximately 9.08 million square meters of land, of which over 2.6 million square meters were in the Greater Bay Area, an increase of 600,000 square meters compared to the end of the previous year. This represents a further consolidation and strengthening of the Group's leading position in the Greater Bay Area.

During the Year, the Group steadily advanced its long closed-loop business model of "Investment, Construction, Operation and Transformation", the revenue from the logistics park transformation and upgrading business increased significantly as compared to the previous year, reaching approximately HK$5,556 million. This was primarily driven by the completion and delivery of the Yicheng Qiwanli Project which resulted in recognition of approximately HK$5,500 million in revenue. However, due to the gain from the capital increase of Shenzhen International Qianhai Business Development (Shenzhen) Co., Ltd ("Qianhai Business") in the previous year which was not repeated during the Year, the profit attributable to shareholders for the Year saw a year-on-year decline of 39% to approximately HK$1,746 million. In 2023, the Group achieved a breakthrough in the transformation and upgrading of SZI South China Logistics Park. In October 2023, the Group entered into a "Land Consolidation and Preparation Supervision Agreement" with relevant government departments regarding development of first phase of the SZI South China Logistics Park, which covers an area of approximately 530,000 square meters. The transformation and upgrading works of the project have now progressed to the implementation stage, and in the future, the Group will gradually realize its profits through obtaining strata titles and developing reserved land pursuant to the new development plan.

In respect of its "Investment, Construction, Financing and Operation" short closed-loop business model, the Group sped up the application and issuance of publicly traded infrastructure REITs ("public REITs") with mature logistics hub projects in Hangzhou and Guizhou as its underlying assets during the Year. The application and issuance of the public REITs progressed smoothly, and the Group is currently actively pursuing the issuance of public REITs and will proceed with listing(s) based on market conditions and regulatory approval progress.

The port and related services business recorded revenue of approximately HK$2,805 million for the Year, representing an increase of 2% as compared to the previous year. Profit attributable to shareholders decreased by 15% to approximately HK$87.75 million, primarily due to the decrease in business volume in Nanjing Xiba Port as a result of a decline in market demand. The effectiveness of the Group's "Port Connection Action" strategy was demonstrated by the successive commencement of operation of Jingjiang Port, Shenqiu Port and Fengcheng Port during the Year. The Group will proactively develop the recently commenced projects to establish strong business synergies with Nanjing Xiba Port, further enhance transportation efficiency and improve customer service capabilities, thereby increasing market share and reducing operational risks in the port sector.

The Group's toll road business and general-environmental protection business are managed and operated through a listed subsidiary of the Company, namely Shenzhen Expressway Corporation Limited ("Shenzhen Expressway"). During the Year, Shenzhen Expressway recorded a total revenue of approximately HK$10,325 million, representing a decrease of 4% as compared to the previous year. Benefitting from the rebound of traffic volume on toll roads operated or invested in by the Group, coupled with stringent cost control, Shenzhen Expressway recorded a net profit of approximately HK$2,650 million, representing a 18% increase as compared to the previous year. Due to the completion and delivery of partial commercial apartments by Shenzhen International United Land Co., Ltd. ("United Land Company"), an associate company of Shenzhen Expressway, Shenzhen Expressway recognized a share of profit of associates. Meanwhile, due to the profit recognized by the Group on the disposal of its investment in United Land Company in 2021, an offset of approximately HK$750 million was required in 2023 on a consolidated basis of the Group. The profit of Shenzhen Expressway attributable to the Group for the Year increased by 54% to approximately HK$1,005 million as compared to the previous year.

To minimize the impact of exchange rates, the Group has taken measures and achieved positive outcome. During the Year, the Group recorded a net foreign exchange loss of approximately HK$553 million, representing a decrease of 52% as compared to the previous year. To mitigate the impact of exchange rate fluctuations, the Group closely monitored the trends of exchange rate changes and persistently pursued the optimization of its domestic and foreign currency structure, while at the same time, improved its overall debt structure by issuing onshore bonds in China to replace offshore debts in Hong Kong dollar. In July and September 2023, the Company issued corporate bonds to professional investors in China. The bonds, listed on the

Shenzhen Stock Exchange, were in the principal amount of RMB1,500 million with a coupon rate of 2.88%, RMB1,600 million with a coupon rate of 2.99%, and RMB1,900 million with a coupon rate of 2.95%, respectively. Meanwhile, the Company has used its internal funds and proceeds from such onshore bond issuance to repay and replace offshore foreign currency loans, optimize debt maturity and currency structure, continuously reduce the amount of foreign currency loans and secure long-term low-cost funding to further reduce its financial cost.

Dividend

The board of directors of the Company (the "Board") is committed to maintaining a stable dividend policy and brings sustainable returns to the shareholders of the Company. Having considered the composition of the profit and cash flows of the Group, the Board recommended a final dividend of HK$0.40 per share for the Year (2022: final dividend of HK$0.257). Dividend per share increased 56% as compared to the previous year. Total dividend amounts to HK$957 million (2022: HK$614 million), representing an increase of 56%, as compared to the previous year.

The Board recommended that the final dividend be satisfied wholly in the form of an allotment of scrip shares. Shareholders will be given the option of receiving the final dividend wholly in cash in lieu of such allotment, or partly in cash and partly in the form of scrip shares (the "Scrip Dividend Scheme"). The Scrip Dividend Scheme is subject to: (1) the approval of the proposed final dividend at the forthcoming annual general meeting of the Group ("2024 Annual General Meeting"); and (2) The Stock Exchange of Hong Kong Limited (the "Stock Exchange") granting the listing of and permission to deal in the scrip shares to be issued pursuant thereto.

LOGISTICS BUSINESS

Analysis of Operating Environment

In 2023, the global economic recovery remained slow as hampered by the combined impact of soaring inflation, escalating interest rates, intensifying geopolitical conflict, and deepening adjustments in global industry and supply chains, putting heavy downward pressure on China's import and export trades, and leading to weakened demand. In the logistics and warehousing sector in which the Group's core business operates, rapid growth in customer demand from sectors such as emerging e-commerce, cross-border e-commerce, and upstream and downstream of the new-energy vehicle industries brought fresh structural opportunities to the logistics and warehousing market, despite lower customer demand in the traditional e-commerce and express delivery industries. To adapt to the new wave of changes in consumer demand, the Chinese government has successively implemented a series of policies and measures to facilitate the logistics industry's high-quality development, and logistics enterprises are ushering in new development opportunities.

To better adapt to emerging trends, the Group actively responded to the changes in the external environment and industry development trends, firmly seizing opportunities arising from the policy of "Shenzhen speeding up the construction of a logistics center with significant global influence", and aiming to build itself into a distinctive first-class industrial conglomerate in the transportation and logistics sector. On the one hand, the Group will continue to focus on expanding high-quality projects in the core areas of first-tier cities and prominent second-tier cities with exceptional operational efficiency and strong resilience, so as to drive the continuous expansion of its market share and the ongoing enhancement of its industry influence. On the other hand, the Group will continue to enhance its dual closed-loop business models of "Investment, Construction, Financing and Operation" and "Investment, Construction, Operation and Transformation", proactively seek opportunities to tap into ancillary businesses in logistics parks, while building momentum for its long-term development.

Analysis of Operating Performance

Logistics Park Business

I. Logistics Parks in the Greater Bay Area

Guided by the strategy of "establishing a foothold in Shenzhen and focusing on the Greater Bay Area", the Group has continued to establish its stronghold in Shenzhen while establishing its presence in cities such as Foshan, Zhongshan and Zhaoqing, gradually expanding its business network in the Greater Bay Area. While continuously expanding its investment setting in the Greater Bay Area, the Group has proactively pursued opportunities arising from the development of "Multi-storey Warehouses" and created a new series of offerings, such as the "SZI Intelligent Logistics Hub", in line with the industry's trend towards smart and intelligent development.

As at 31 December 2023, the Group has established 14 logistics projects across the Greater Bay Area, among which six projects (including five projects in Shenzhen) are in operation/under management. Currently, five projects (including three projects in Shenzhen) are under construction. The Group has obtained the operation rights of over 2.6 million square meters of land in the Greater Bay Area, of which approximately 790,000 square meters have been put into operation.

<u>Projects in Operation</u>

SZI Intelligent Logistics Hub (SZ Liguang) is located in Longhua District of Shenzhen and has a site area of approximately 45,000 square meters and a gross floor area of approximately 217,000 square meters. It will be built as a logistics park with a high plot ratio, comprising six above-ground floors and two underground floors. With intelligent hardware as its foundation and digital platform as its carrier, the project will leverage cutting-edge information technology such as 5G to become an "ecological, intelligent and innovative" modern benchmark logistics park that integrates multiple industries. It serves as a benchmark project as part of the Group's "Multi-storey Warehouses" strategy. The project is designed to comprise various facilities, including cold storage warehouses, temperature-controlled warehouses, automated stereoscopic warehouses, along with e-commerce incubation and operation centers and ancillary service centers providing comprehensive logistics services encompassing warehousing and storage, transaction demonstration, distribution and consolidation, urban distribution and circulation processing. Shenzhen Liguang Project has been put into operation in phases since July 2023.

SZI Intelligent Logistics Hub (SZ Pingshan East) is a quality logistics park project acquired by the Group in July 2023 for a total consideration of approximately RMB749 million. The project is located in Pingshan District of Shenzhen and has a total site area of approximately 267,000 square meters and a gross floor area of approximately 94,000 square meters. It currently accommodates prime customers such as Walmart and Xuefeng Cold Chain. The Group intends to develop it as one of the first pilot projects for “Multi-storey Warehouses + Multi-storey Factories” in Shenzhen, demonstrating high-quality logistics warehousing and industrial production space for Shenzhen. In addition, the project is adjacent to a number of the Group’s other logistics projects, providing an opportunity for coordinated development in the area and is conducive to further expansion of the Group’s market influence in Shenzhen and the Greater Bay Area. As at 31 December 2023, the overall occupancy rate of the park reached 100%.

SZI South China Logistics Park is located in Longhua District of Shenzhen and has a site area of approximately 580,000 square meters. The project is developed in two phases. The first phase is a comprehensive industrial park focusing on bonded logistics and commercial functions. It has been transforming into a digital economic park under the overall planning of the Shenzhen Municipal Government during the Year and the demolition work is being carried out in stages. It has received a demolition compensation fee of approximately RMB302 million.

SZI Western Logistics Park is located in Nanshan District of Shenzhen, which is a project leased and operated by the Group from the government with an operating area of approximately 91,000 square meters. It provides mainly bonded logistics, warehousing and storage, loading, unloading, distribution and on-site value adding services. The project was listed by the Ministry of Commerce of the PRC in the second batch of Exemplary E-Commerce Bases, designated as a pilot project in the Shenzhen Cross-border E-commerce Center and recognized as an advanced certified enterprise under the Authorized Economic Operator (AEO) Program. As at 31 December 2023, the overall occupancy rate of the park reached 100%.

SZI Kanghuai E-commerce Center is located in Longhua District of Shenzhen and has an operating area of approximately 143,000 square meters. It is the first asset-light management project operated by the Group. The SZI Kanghuai E-commerce Center actively explores the development model of green freight distribution, and has built an “intensive, efficient, green and intelligent” urban freight distribution service system. This project is one of Shenzhen’s demonstration projects for the Green Freight Distribution City. Currently, the center provides a range of services, including warehouse logistics, large-scale data centers, office buildings, dormitories and restaurants, etc. This project also supports interactive sharing and intelligent interchange of data across the park with an intelligent park information management system. The center has achieved stable operations and has successfully attracted a number of branded logistics enterprises, resulting in satisfactory leasing progress. As at 31 December 2023, the project achieved an overall occupancy rate of 95%.

SZI Intelligent Logistics Hub (Zhongshan Torch) is located in Zhongshan Torch Hi-tech Industrial Development Zone with an operating area of approximately 66,000 square meters. Subsequent to its acquisition in 2019, the project has undergone years of refined management, leading to significant improvement in service quality. As at 31 December 2023, the overall occupancy rate reached almost 100%.

Projects in Construction

SZI Intelligent Logistics Hub (SZ Pingshan) is located in Pingshan District of Shenzhen and has a site area of approximately 120,000 square meters and a planned gross floor area of approximately 286,000 square meters. The Group completed the acquisition of 70% equity interest in this project in April 2022. Benefiting from its unique locational advantage, the project is surrounded by enterprises in sectors with huge demand for logistics services, such as information technology, biopharmaceutical and new energy vehicle industries. The project is positioned as a "demonstration base for deep integration of manufacturing and logistics industries" within Shenzhen's "20+8" strategic emerging industry clusters, while it also acts as an "shared intelligent logistics service center" for "9+2" strategic emerging industries in Pingshan District. Its primary objective is to provide advanced manufacturing industries with efficient and comprehensive intelligent logistics services. Upon completion, it will help address the shortage of high-standard logistics facilities in Pingshan District, significantly lower the logistics costs of manufacturing enterprises, and effectively promote the deep integration of manufacturing and logistics industries in Pingshan District. The project has been selected as one of "Shenzhen's key projects for 2023". The project has commenced construction in May 2023 and it is scheduled to be completed and commence operation by 2025.

SZI Intelligent Logistics Hub (SZ Yantian) is located in Yantian District of Shenzhen and has a site area of approximately 32,000 square meters and a planned gross floor area of approximately 91,000 square meters. The hub is a six-storey stereoscopic warehouse that will serve as one of the Group's demonstration projects for modern and premium-standard "Multi-storey Warehouses" and as a demonstration project for "Bonded Logistics+". Leveraging the policy advantages of Yantian Port, an international hub port, and Yantian Comprehensive Bonded Zone, the project will focus on the development of new forms of bonded business, and offer comprehensive logistics services with high added value such as international distribution, cross-border e-commerce, cold chain logistics and bonded showcase services. The aim is to build it up as a world's leading intelligent bonded logistics complex, featuring digitalization, intelligence and greenization. The project has been selected as one of "Shenzhen's key projects for 2023" and was awarded the honor of "Guangdong Province Green Demonstration Project". The project was completed and passed acceptance procedures at the end of 2023 and is expected to commence operation in the first half of 2024.

SZI Intelligent Logistics Hub (Foshan Nanhai) and **SZI Intelligent Logistics Hub (Foshan Shunde)** are located in Nanhai District and Shunde District of Foshan respectively. Foshan Nanhai Project has a planned gross floor area of approximately 93,000 square meters, while Foshan Shunde Project has a planned gross floor area of approximately 337,000 square meters. With an emphasis on "intensification" and "intelligence" in the overall planning, the Group aims to develop these two warehouse projects into modern high-standard logistics parks that integrate warehousing, distribution, freight forwarding, trading, aftersales services, and e-commerce seamlessly. Foshan Nanhai Project and Foshan Shunde Project are currently undergoing full-scale construction and are expected to commence operations in 2024 and 2025, respectively.

Projects under Planning

SZI Highway Freight Logistics Hub (SZ Bao'an), located in Bao'an District of Shenzhen with a site area of approximately 75,000 square meters, is one of the seven first-class highway freight hubs planned by the Shenzhen Municipal Government. The project aims at establishing a cluster of comprehensive, environmentally friendly and intelligent high-standard logistics facilities in an intensive and stereoscopic manner, leveraging Bao'an's well-established advanced manufacturing industry and its prime location on domestic and international transportation routes. With a view to facilitating the integration of high-end manufacturing and logistics industries, the project centers on the construction of core areas such as automated international logistics cloud warehouses, intelligent commercial logistics centers and cold chain centers, in order to establish a comprehensive industry-leading cluster of modern intelligent logistics facilities. The Group successfully acquired the project site in December 2023. The project is the first launched highway logistics hub project under Shenzhen's three-tier "7+30+N" logistics hub plan and has been successfully listed in "Production and Service-oriented National Logistics Hub in Shenzhen".

SZI Intelligent Logistics Hub (Foshan Gaoming), located in Gaoming District of Foshan, is a warehouse site successfully acquired by the Group in early 2023 and has a site area of approximately 157,000 square meters. It is the third logistics park invested in by the Group in Foshan, thereby marking another significant breakthrough of the "Second Home Base" and "One City, Multiple Logistics Parks" strategy in the region. The project intends to create a high standard, information-based, modern smart logistics industrial base that integrates functions such as e-commerce cloud warehousing, urban distribution, intelligent cold chains and aviation supply chains. The project commenced construction in February 2024 and is expected to commence operation within 2025.

SZI Intelligent Logistics Hub (Zhaoqing Gaoyao) is located in Gaoyao District of Zhaoqing. The Group successfully tendered for a logistics land plot of approximately 100,000 square meters in October 2023. The successful land acquisition for the Zhaoqing Gaoyao project marks "another triumph" for the Group's development in the Greater Bay Area, further strengthening its strategic configuration in the region. The Group intends to develop the site into a multi-functional supply chain industrial park, integrating a supply chain financial center and a trading and clearing center into one entity, thereby fostering closer connectivity and synergies with other projects in the Greater Bay Area such as Foshan and Zhongshan, etc. The construction is expected to commence in the second half of 2024.

II. Logistics Parks in Other Regions of the PRC

While focusing on the Greater Bay Area, the Group has optimized the strategic configuration of its nationwide network through its "Prioritizing Excellence" strategy. It also stepped up its investment in key cities of economically affluent regions such as the Yangtze River Delta and the Beijing-Tianjin-Hebei Region, in order to increase its market share, enhance penetration rate and project density in key cities, consolidate the foundation of its high-standard warehouse network, and create synergies at the national level.

As at 31 December 2023, the Group has extended its network of logistics hubs to 35 logistics gateway cities in other regions across China (excluding the Greater Bay Area), among which a total of 31 logistics hub projects with an aggregate operating area of approximately 4 million square meters were in operation. The overall occupancy rate reached 88% within mature logistics parks, demonstrating satisfactory level of occupancy.

While continuing to expand its new logistics hub projects, the Group has also been steadily advancing its ongoing and planned projects to ensure that the construction progress aligns with its expectations. In 2023, Jinhua Yiwu Project (E-commerce Industrial Park), stage A under the second phase of Changsha Project and Wuxi Jiangyin Project were successively completed and commenced operations, contributing over 334,000 square meters of operating area. In 2023, the Group has commenced a total of seven new construction projects in other regions of China (excluding the Greater Bay Area), including Wenzhou Project, Chengdu Wenjiang Project and Xiangtan Project, etc.

SZI Logistics Hub (Shijiazhuang Zhengding), invested in and constructed by the Group, is the first industrial-city complex in China that integrates the two major industries of logistics and commerce. It has a site area of approximately 310,000 square meters and a planned gross floor area of more than 500,000 square meters, among which the logistics park has a site area of approximately 200,000 square meters and is dedicated to becoming an intelligent pharmaceutical cold chain logistics base. Through the integration of storage and logistics, it is intended to establish a logistics operation system of "Channel + Hub + Grid", creating a new "Pharmaceutical Industrial Park + Backbone Cold Chain Base" business model and contributing to the high-quality development and industrial upgrading of the "Northern China Pharmaceutical Capital".

Meanwhile, the park is currently promoting the construction of a high-standard backbone cold chain logistics base with a gross floor area of more than 100,000 square meters, continuously building an intelligent pharmaceutical industrial park + e-commerce cold chain industrial park. As at 31 December 2023, the operating area of the park reached approximately 70,000 square meters, among which the pharmaceutical industrial park has a site area of approximately 40,000 square meters. The pharmaceutical industrial park has become the key regional warehouse in Hebei serving Shanghai Pharmaceuticals and China Resources Pharmaceuticals, both of which are The Fortune Global 500 enterprises. Meanwhile, the park has joined forces with the China Good Agri-Products Development & Service Association to promote the branding of products stationed in the park, actively supporting "Internet + Agricultural Products" movement from rural areas to urban markets. The inspection and acceptance procedures of A6 and A8 warehouses in the park were completed during the Year, while the A5 and A7 warehouses have been recognized as "Green Warehouses" by the China Warehousing and Distribution Association and have obtained first-level certification of Green Warehouses. In addition, the park has successfully deployed a new generation of intelligent technology and supporting automated equipment, achieving fully intelligent and visualized management throughout processes, which has significantly improved logistics efficiency.

SZI Logistics Hub (Zhengzhou Xinzheng) and **SZI Logistics Hub (Hefei Feixi)** are high-quality logistics warehouse projects acquired by the Group in the first half of 2022, at a total consideration of approximately RMB1,710 million. With an aggregate site area of approximately 919,000 square meters and an operating area of approximately 406,000 square meters, the projects mainly provide services to local industries with customers including those in the express delivery industry, third-party logistics industry and customized logistics industry. The Group intends to construct high-standard warehouses on the vacant land of these two projects. The total operating area will exceed 700,000 square meters upon completion, and these projects are expected to become significant logistics hubs in Zhengzhou and Hefei. Construction on the vacant land at Hefei Feixi Project commenced in the first half of 2023. The site has a gross floor area of over 134,000 square meters and is expected to commence operation in 2024. The vacant land for Zhengzhou Xinzheng Project is planned to be developed in phases and the first phase is expected to commence construction in 2024.

In 2023, the Group secured the warehouse land parcels for **Chengdu Wenjiang Project**, **Taiyuan Project** and **Nanning Jingkai Project**, with a cumulative site area of approximately 294,000 square meters, further strengthening the configuration of the Group's nationwide network of logistics hubs.

In addition, leveraging its strong brand influence and capability in mature parks operation, the Group has undertaken a number of management projects across the PRC. **Yueyang Project** is the Group's first management project outside Shenzhen. With warehouse facilities spanning an area of approximately 52,000 square meters, the project has been operating well since it commenced operations. Furthermore, the Group has been actively advancing the development of various management projects, including: **Hainan Yangpu Project**, with a gross floor area of approximately 94,000 square meters, has completed the inspection and acceptance procedures in 2023 and commenced operation in early 2024; **Guangdong Huiyang Project**, with a planned gross floor area of approximately 50,000 square meters, commenced construction in December 2023 and is expected to be put into operation in 2024; **Guangdong Chaozhou Project**, with a gross floor area of approximately 42,000 square meters, is expected to commence construction officially in 2024 and be put into operation in 2025; and the first phase of **Hubei Macheng Project**, with a gross floor area of 58,000 square meters, is expected to be put into operation in May 2024.

Expanding the Closed-loop "Investment, Construction, Financing and Operation" Logistics Hubs Business Model

With the development of the logistics and warehousing industry, the value of logistics hubs is expected to increase steadily. The Group is actively exploring possible channels to securitize the assets of its logistics hubs and implement the closed-loop "Investment, Construction, Financing and Operation" business development model. The offering of logistics real estate investment funds will not only accelerate the Group's capital recovery, shorten its project turnover time and lower its gearing ratio, but also enable the Group to realize asset appreciation returns from the development, construction, incubation and operation of the logistics hubs in advance, thereby enabling rapid expansion of the Group's urban logistics hubs operation and management scale as well as adding new impetus to its long-term stable development.

The Group will continue to optimize its short closed-loop "Investment, Construction, Financing and Operation" business model through various means of logistics asset securitization. On the one hand, the Group will endeavor to facilitate the application and issuance of publicly traded infrastructure REITs with mature logistics hub projects as their underlying assets. On the other hand, the Group will proactively conduct research and seek to establish new logistics real estate private equity funds to revitalize its quality logistics assets and further unleash their value while retaining the operating rights to the parks as a prerequisite. In addition, the Group will consider investing in premium benchmark projects at both upstream and downstream of the industry chain through the establishment of acquisition funds and development funds, etc. Driven by the dual engines of industry and capital, the Group will continuously promote the expansion of its core logistics business, thereby accelerating its capital recovery to attain the Group's high-quality growth.

2023 marks the second anniversary of the listing of the first batch of publicly traded infrastructure REITs in China. Amid the comprehensive implementation of the expanded fundraising mechanism of publicly traded infrastructure REITs, the launch of pilot projects for consumer-oriented infrastructure, and the optimization of regulations, China's publicly traded REITs market is maturing towards normalized issuance. To establish its first platform of publicly traded REITs and realize asset securitization, the Group is actively planning for the declaration and issuance of public REITs, with the first batch intended to include mature logistics hub projects in Hangzhou and Guizhou as underlying assets. The issuance of public REITs is aimed at revitalizing the Group's premium logistics assets, further accelerating capital recovery and optimizing its investment portfolio, thus creating a positive cycle with the prerequisite of retaining the rights to operate the parks. The Group has achieved a major breakthrough in its issuance of public REITs that the application materials related to the registration and listing of the publicly traded fund were submitted to the China Securities Regulatory Commission ("CSRC") and the Shenzhen Stock Exchange. The Group will schedule the listing and issuance based on market conditions and regulatory approval progress.

As regards the private equity funds, the Group established Shenshi (Shenzhen) Smart Logistics Infrastructure Private Fund Partnership (Limited Partnership) ("Shenshi Fund") with Goldstone Investment Limited, a subsidiary of CITIC Securities Co., Ltd. in 2021. Shenshi Fund, as the main entity, has acquired the Group's logistics hub projects located in Nanchang, Hefei and Hangzhou through public tenders. The Group has completed the injection of these three projects into Shenshi Fund in 2021 and 2022, and the projects have been running smoothly, delivering a stable operational performance. Given that the Group continues to provide professional services such as operational and maintenance functions to the abovementioned logistics hubs injected into the fund and receives service fees accordingly, the injection of the assets into the fund enables the Group to accelerate capital recovery and facilitate effective investment under the prerequisite that it retains its rights to operate the parks, demonstrating the effective implementation of its "Investment, Construction, Financing and Operation" business model. The Group is actively preparing to establish a new batch of private equity funds and will engage in research on development-focused funds and acquisition funds to promote fund investments. It will also strengthen its collaboration with peers and financial institutions in order to facilitate the integration of industry and capital, and further drive the development of its "Investment, Construction, Financing and Operation" business model.

Logistics Service Business

I. Intelligent and Cold Chain Business

As technologies relating to artificial intelligence, big data and 5G gradually mature, alongside the combined implementation of new applications including automatic sorting, precise delivery and contactless distribution, the logistics industry has been transforming from a traditional, labor-intensive model into a new stage emphasizing on technological equipment and smart upgrades. Emerging sectors such as intelligent logistics and cold chain logistics have become important trends for the future development of the industry. The Group's intelligent and cold storage warehouses are located at multiple logistics hub projects in cities such as Shenzhen, Shijiazhuang and Chengdu, serving customers such as pharmaceuticals, computer, communication and consumer (3C) electronics, footwear and apparel. To create a new growth engine for its logistics business, the Group continues to explore development trends relating to the intelligent warehouse and cold chain industries, seeking premium benchmark projects of the industry to facilitate the expansion of new business and foster quality development of the industry chain and supply chain.

As at 31 December 2023, the Group had a total of 120,000 square meters of intelligent and cold storage warehouse space in operation, and approximately 292,000 square meters are currently under construction, proposed for construction or in the planning process.

In respect of the cold chain business, the Group has continued to make encouraging progress in the planning and construction of cold storage warehouses at its logistics hubs in recent years. In 2023, guided by the "Self-exploration of asset-heavy project + Joint operation of asset-light project" business model, the Group jointly established a cold chain operation company with "VX Logistics", a leading company in cold chain logistics industry, to accelerate the development of its cold chain business. As at the end of 2023, cold storage warehouses located at SZ Liguang Project, Shijiazhuang Zhengding Project, Chengdu Qingbaijiang Project and Tianjin Xiqing Project respectively, covering an area of approximately 120,000 square meters, were put into operation. In its development of intelligent warehouses, the Group continued to carry out intelligent transformations of existing logistics hub projects. A total area of 26,000 square meters has undergone intelligent transformation and commenced operations, enhancing customers' storage space utilization rates and inventory turnover efficiency while significantly reducing labor costs.

The cold storage warehouse of **SZ Liguang Project**, currently with an operating area of approximately 51,000 square meters, has commenced operations gradually since the second half of 2023. The project is intended to be developed into an ecological, intelligent, innovative benchmark demonstration project.

Besides, the transformation from a dry warehouse into a cold storage warehouse of **Shanghai Minhang Project** was completed and passed inspection and acceptance procedures and commenced operation in December 2023. The cold storage warehouse has an area of approximately 52,000 square meters after the transformation.

In June 2023, the Group successfully acquired the land parcel for the **cold chain project at the airport of Nanjing**. Construction has been commenced on the planned cold storage warehouse area of approximately 33,000 square meters, and is expected to put into operation by the end of 2024.

In 2020, the Group completed the strategic investment in Hubei Prolog Technology Co., Ltd. ("Prolog"), a leading enterprise specializing in intelligent warehouse system integration. Subsequently, the Group has been proactively enhancing post-investment synergies by collaborating with Prolog to explore the upgraded application of intelligent logistics technology within the park ecosystem, and jointly seeking the newfound value that technology brings to warehousing and logistics parks. The Group collaborated with Prolog to complete the intelligent transformation of certain warehouses in Shijiazhuang Zhengding Project, among which, the intelligent pharmaceutical warehouse has achieved real-time visualized control of temperature and humidity, and is being developed as a leading shared intelligent warehouse for the pharmaceutical industry.

In 2021, the Group became the third-largest shareholder of China Comservice Supply Chain Management Company Ltd. ("China Comservice"), a subsidiary of China Communications Services Corporation Limited, which ranks first in the domestic telecommunication logistics industry by market share. China Comservice is the only integrated logistics enterprise with a "5A" qualification in China's telecommunications industry. The parties have conducted preliminary studies and researched the feasibility of cooperating on projects in different cities. Looking forward, the companies will complement one another in various respects to achieve win-win results by jointly developing high-end logistics value-added services in emerging industries such as information technology, communications and data centers. In 2023, the Group signed a comprehensive cooperation agreement with China Telecom Corporation Limited, the parent company of China Comservice. With the aim of working towards developing complementary advantages and win-win cooperation, the companies will leverage their respective core competitive advantages and actively seek collaboration in areas such as telecommunications, logistics supply chains, dual-carbon goal and new energy.

To implement its intelligent logistics development strategy, the Group joined hands with Shenzhen Airport Co., Ltd. and Shenzhen Capital Holdings Co., Ltd. to establish the Intelligent Airport Logistics Industry Fund in 2021. As one of the founders of the investment fund, the Group actively promotes its operation and seeks potential high-quality targets in sectors such as cold chain logistics and new energy vehicle logistics and will continuously keep abreast of their relevant developments. As at the end of 2023, the Group has received an accumulated dividend income of approximately RMB12.02 million from the fund.

II. Marine Container Logistics Integrated Information Service

EDI Co.

Shenzhen EDI Co., Ltd. ("EDI Co."), a subsidiary of the Company, focuses on empowering the container transportation industry with digital technologies, has become a cross-border logistics supply chain digital service platform with the functions of "cargo operation platform + logistics transaction platform + container operation platform". EDI Co. has created the largest container transport SAAS public service platform in Southern China, and has also developed and is operating EDI's network information exchange platform for Shenzhen Port. During the Year, EDI Co. accelerated the incubation of its cargo owner strategic products, not only completing the launch of an export tax refund collaborative service product named "Customs Ticket Tax Financing (version 1.0)", but also expediting the preliminary establishment of its cross-border trade logistics digitalization and fulfillment platform, "Kunpeng Intelligent Transportation". "Pengyao Project", jointly developed by the Group and Shanghai Flying Fish Supply Chain Technology Co., Ltd., an investor under Cainiao AI （菜鳥）, representing a business breakthrough. Meanwhile, EDI Co. continues to undertake the operation and maintenance of the China (Shenzhen) International Trade Single Window to provide foreign trade enterprises in Shenzhen with convenient, efficient online import and export customs clearance services. During the Year, EDI Co. was selected as one of the "Top 10 Intelligent Port Forces" in the "Annual Top 100 in China Shipping Industry" by the China Shipping Gazette, and also garnered the "National Second-class Award" in the first State-Owned Enterprises Digital Scene ChangXin Professional Competition, organized by the State-owned Assets Supervision and Administration Commission of the State Council.

III. Railway Integrated Logistics Hub

<u>Shenzhen International Integrated Logistics Hub Center (Formerly known as "SZI Railway Freight Logistics Hub (SZ Pinghunan) ("Pinghunan Project")</u>

In August 2021, a joint venture company, Shenzhen Municipal Shenzhen International Railway Logistics Development Company Limited, was established by the Group and China Railway Guangzhou Group Co., Ltd. to invest in and develop the Pinghunan Project. The Pinghunan Project is located in Longgang District of Shenzhen, and has a total site area of approximately 900,000 square meters. In September 2019, the project was selected by the National Development and Reform Commission of the PRC and the Ministry of Transport of the PRC as one of the first batch of 23 national logistics hub projects.

The Group pioneered the model of "obtaining strata titles in multi-level logistics and warehousing development to be constructed over a railway" in Pinghunan Project, optimizing the utilization of railway yard space by vertically expanding and developing modern logistics facilities, thereby achieving an integrated "Rail Transportation + Modern Logistics" development. The Group intends to develop it as a benchmark and showcase it as a "Road, Railway and Water" multimodal transportation center and national-level integrated logistics hub. It aims to meet market demand by integrating urban logistics, commercial and trade services, international and domestic railway freight services and emergency logistics support. This integration will facilitate the transformation of the single-function railway yard into a "Railway Yard + Urban Integrated Logistics Hub".

The Group has acquired operation rights of land with a site area of 900,000 square meters in the Pinghunan Project. In June 2023, it successfully secured the land use rights of approximately 334,000 square meters for the space above the overhead floor of the Pinghunan Project for the consideration of RMB1,187 million. On the premise of retaining all the planning functions of the railway yard, an 11-meter overhead floor will be built. The logistics land above the overhead floor will be used to build 850,000 square meters of logistics storage facilities. It represents the first industrial space development built on a railway yard within China and is a relatively rare land resources in Shenzhen for the construction of large-scale logistics facilities. Upon completion, the project will facilitate the expansion of the operating scale of the Group's business and its market share, effectively enhancing the Group's influence in the Greater Bay Area. The Group is currently fully committed to advancing the construction of this project and has commenced the construction work at the first half of 2024, aiming for completion in 2025. The construction fee will be funded by a combination of the Group's internal and external financing.

Currently, the Group has successfully rolled out a number of freight express lines leveraging the use of the railway yard of Pinghunan Project, including the "Shenzhen – Shanghai", "Shenzhen – Hunan", "Shenzhen – Ningbo" and "Shenzhen – Kashi" multimodal transportation projects, and successfully launched self-operated railway lines connecting Shenzhen to Shanghai, Changsha, Zhuzhou, Ningbo, and Kashi, covering major economic regions including Eastern China, Central China, southwestern area and northwestern area of China, thereby materializing a breakthrough in terms of multimodal transportation business, as well as forming a new pattern of simultaneous growth of international and domestic railway freight businesses. As at 31 December 2023, the annual dispatch volume of domestic trade train routes reached 16,878 standard containers.

In addition, the Group provides various services including warehousing, port container yard and railway transportation within the Pinghunan Project, and the operational railway yard/freight yard covers an area of approximately 170,000 square meters. As at 31 December 2023, the occupancy rate of the leasable space at the railway yards/ freight yard reached 100%.

Shenzhen China-Europe/China-Laos Train Route

The Group has established a joint venture with Sinotrans Limited to operate the Shenzhen China-Europe / China-Laos train routes. Principally engaged in the international cargo agency and international train operation businesses, the joint venture protects the stability of international industry chains and supply chains and contributes to the high-quality development of the "Belt and Road Initiative".

Shenzhen China-Europe Train Route is a vital link connecting Shenzhen with the international economic development. Starting from Shenzhen, it is currently one of PRC's longest train routes running between China and Europe. With 18 routes serving 42 countries, it provides stable, reliable international logistics services to more than 5,000 enterprises in Shenzhen and neighboring cities. 188 trips were made in 2023, and it has made a total of 576 trips since its launch with a trading amount of approximately USD1,870 million. In addition, international train routes running between China and Laos, among China, Laos and Thailand, and premium train routes between China and Europe were opened afterwards. As all routes originate from the Pinghunan Project site, they help boost the cargo volume of the Pinghunan Project and the efficiency of warehouse usage, strengthening the synergies between the Group's logistics hubs and creating opportunities for the development of value-added services in its logistics business.

Financial Analysis

Revenue and Profit attributable to shareholders of each business unit of the logistics business

For the year ended 31 December

	Revenue		**Profit attributable to shareholders**	
	2023 *HK$'000*	Change over Year 2022 (decrease)	**2023** *HK$'000*	Change over Year 2022 (decrease)
Logistics Parks in Greater Bay Area	**561,708**	(3%)	**218,724**	(20%)
Logistics Parks in Other Region of China	**956,902**	(4%)	**304,900**	(73%)
Sub-total of Logistics Parks Business	**1,518,610**	(3%)	**523,624**	(63%)
Logistics Service Business	**319,109**	(18%)	**8,617**	(9%)
Total	**1,837,719**	(6%)	**532,241**	(63%)

During the Year, total revenue from the logistics business amounted to approximately HK$1,838 million, representing a decrease of 6% as compared to the previous year. Profit attributable to shareholders decreased by 63% to approximately HK$532 million as compared to the previous year.

During the Year, revenue from the logistics park business decreased by 3% to approximately HK$1,519 million as compared to the previous year, mainly due to factors such as prolonged weakness in market demand and fierce competition within the industry. Profit attributable to shareholders decreased by 63% to approximately HK$524 million as compared to the previous year, principally due to the absence of gains attributable to the injection of logistics park projects into the fund under the Group's "Investment, Construction, Financing and Operation" business model during the Year.

During the Year, revenue and profit attributable to shareholders from the logistics service business decreased by 18% to approximately HK$319 million and by 9% to approximately HK$8.62 million respectively as compared to the previous year. The decrease was mainly attributable to the business restructuring of the Group in response to the evolving economic environment and to mitigate risks.

LOGISTICS PARK TRANSFORMATION AND UPGRADING BUSINESS

Analysis of Operating Performance

SZI Qianhai Project ("Qianhai Project")

Qianhai Project is the first project in which the Group has successfully implemented its long closed-loop "Investment, Construction, Operation and Transformation" development model. By the land consolidation and preparation in Qianhai, the Group was compensated through a land swap by which it received land parcel with a total site area of approximately 120,000 square meters and a total gross floor area of approximately 390,000 square meters (comprising residential area of approximately 190,000 square meters and apartment area of approximately 25,000 square meters), which is valued at RMB8,373 million under new land use arrangement. The appreciation of the land value represents the initial benefit derived from the land consolidation and preparation in Qianhai. With the gradual development of the swapped land parcels and completed properties are being released into the market, the Qianhai Project has generated a profit before tax of approximately RMB14,219 million in six separate instances over the past few years, supporting the Group's financial performance growth steadily. It will also furnish the Group with valuable experience, laying a solid foundation for the seamless execution of its forthcoming transformation and upgrading initiatives.

Qianhai Project will continue to be developed into the Shenzhen International Qianhai Industrial-City Complex, integrating an industrial digital economy town with modern commercial and complementary residential amenities that will facilitate the development of Qianhai through the promotion of industrial upgrading, resource aggregation and functional integration, ultimately fostering resource integration in industrial and urban areas.

Residential Project

The Yicheng Qiwanli Project developed and operated solely by the Group, has a plot ratio-based gross floor area of approximately 65,000 square meters, comprising a residential gross floor area of approximately 51,000 square meters and a commercial gross floor area of approximately 6,000 square meters. In 2023, the Yicheng Qiwanli Project has garnered numerous international awards such as "MUSE Design Awards", "International Property Award 2023" and "IDA International Design Award". The pre-sale of the project commenced on 28 September 2022 and was completed and delivered in December 2023, recognizing revenue of approximately RMB4,952 million and profit before tax of approximately RMB2,635 million.

Yicheng Zhenwanyue is a residential project jointly developed by the Group and a renowned property developer, with the Group holding a 50% equity interest. The first phase of the project, encompassing residential area of approximately 40,000 square meters and commercial area of approximately 3,400 square meters, was launched for pre-sale in 2022 and sold out as of 31 December 2023. The second phase of the project has a plot ratio-based gross floor area of approximately 80,000 square meters, comprising residential area of approximately 50,000 square meters, apartment area of approximately 25,000 square meters and commercial area of approximately 5,000 square meters. The pre-sale of the project began in April 2023. As at 31 December 2023, the project reached a sale rate of 96% with aggregate sales proceeds of approximately RMB3,700 million. The construction of the main structure is currently in steady progress.

Commercial and Office Project

As for the commercial part, the Group and SCPG（印力集團）have harnessed their respective strengths to jointly create a unique boutique commercial project known as "Qianhai Yinli" in Mawan area of Qianhai. "Qianhai Yinli" has a total gross floor area of approximately 25,000 square meters. As a slow-paced, courtyard-style neighborhood of a type rarely found in Qianhai and Shenzhen, the project integrates a digitalized lifestyle with a superior quality of life, culture and arts, and social interactions. The project officially commenced operation in September 2022 and won the "Business Innovation Award" and the "Marketing Innovation Award" at the China Shopping Center & Chain Brand Development Summit in June 2023. In October 2023, the project was also awarded "Excellent Featured Consumer Attraction" and "Excellent Community Shopping Center" in the 2023 Professional Competitiveness List by the Golden Mall China Shopping Centre Industry. As of 31 December 2023, the project had attained an overall occupancy rate of approximately 80%.

As for the office part, the Group jointly managed and operated "SZI Properties (Shenzhen Yidu Building)" with China Center for Information Industry Development ("CCID"), an enterprise directly controlled by the Ministry of Industry and Information Technology. In May 2022, Yidu Building obtained the LEED-CS Platinum certification from the U.S. Green Building Council, signifying the project's status as one of the world's top green office buildings. The total gross floor area of Yidu Building is approximately 35,000 square meters. Capitalizing on the unique geographical location and policy advantages of Qianhai in the Greater Bay Area, the project fully leverages on the Group's wealth of expertise in supply chain management and the CCID'S extensive information technology service capabilities. It focuses on the development of supply chain services and intelligent manufacturing services, with the goal of fostering in-depth integration of the digital and real economies in the Greater Bay Area and countries/regions that are part of the “Belt and Road Initiative”. Since its launch in July 2021, Yidu Building has positioned itself as an artificial intelligence of things+ (AIoT+) ecological courtyard with industrial operation services, successfully attracting a variety of digital economy enterprises as tenants. As at 31 December 2023, the project had an occupancy rate of 90% with all contracted customers being high-potential digital economy enterprises. This resulted in the creation of an industry cluster with a 100% concentration rate, ranking first in Qianhai in terms of industry concentration for the digital economy and recognized by the Qianhai Administrative Bureau of Shenzhen Municipality as an industrial carrier for fostering industry aggregation for two consecutive years. The self-operated premium shared office space “Qianhai Tuding Camp”, which is also located in Yidu Building, served as the Group’s first industrial incubator product, focusing on fostering the development of an “AIoT+” deep-tech innovation ecosystem in the Shenzhen-Hong Kong region and the filing for the Shenzhen Nanshan District Public Creative Space and Torch Program were completed. As at 31 December 2023, Qianhai Tuding Camp achieved an incubation rate of 55%. Among them, Hong Kong entrepreneurial teams accounted for about one-third, and the project has also attracted outstanding entrepreneurial teams with overseas returnees from prestigious international institutions, such as the University of Edinburgh in the United Kingdom, the University of California, Los Angeles in the United States and the University of Hong Kong, etc. A prototype industrial innovation ecosystem platform has been developed to facilitate the seamless promotion of diverse industrial activities and industry-supporting services.

In addition, the Group owns two separate land parcels in Qianhai, which are designated for office and commercial uses. These land parcels have an aggregate plot ratio-based gross floor area of approximately 92,000 square meters, comprising office gross floor area of approximately 79,000 square meters, commercial gross floor area of approximately 12,000 square meters and community service center with a gross floor area of approximately 1,000 square meters. Given that the two sites are situated within the bonded area, the Group is currently in discussions with government departments regarding related land swap and development issues.

SZI South China Logistics Park Transformation Project

With the increased implementation of national “Two-region Engines” strategy, the Greater Bay Area is set to become one of the most open and economically vibrant regions in China. However, the supply of new land in the Greater Bay Area is limited, particularly in core areas, where land resources are especially precious. The Group’s SZI South China Logistics Park is located in the central axis and core node of Shenzhen. With a site area of approximately 580,000 square meters. It is the largest traditional warehousing and logistics park the Group owns in Shenzhen. Promoting the transformation of SZI South China Logistics Park into a south China digital economy super headquarters base is a crucial task for the Group in exploring the long closed-loop “Investment, Construction, Operation and Transformation” development model, following the Qianhai Project.

In 2023, the Group achieved significant advancement in the transformation and upgrading of the first phase of SZI South China Logistics Park Project. According to the public paper entitled “Longhua District National Land and Space Plan (2021-2035) (draft)” released by the Longhua District government, SZI South China Logistics Park is included in the spatial scope of the “North Railway Station Hub Urban Function Node”. It has been written into the spatial blueprint for the medium- to long-term development of Longhua District for the next 15 years. According to the Notice of Shenzhen Urban Renewal and Land Consolidation and Preparation Plan 2023 issued by Longhua Administration of Planning and Natural Resources Bureau of

Shenzhen Municipality, SZI South China Logistics Park Land Consolidation and Preparation Benefit Coordination Project has been incorporated into the plan as a new project in Longhua District. Meanwhile, the Group officially entered into the "Land Consolidation and Preparation Supervision Agreement" in October 2023 with Shenzhen Longhua City Renewal and Land Development Bureau, Longhua Administration of Planning and Natural Resources Bureau of Shenzhen Municipality, and Shenzhen Longhua Minzhi Subdistrict Office to implement the project via a comprehensive approach which involves reservation of land and monetary compensation. Looking ahead, the first phase of SZI South China Logistics Park will be transformed and developed from logistics and warehouse purposes into a piece of comprehensive land focusing on the digital economy industry and supporting high-end commercial and residential functions. By reclaiming the reserved land in phases, the Group aims to gradually develop and operate the park according to the new planned functions for revenue recognition.

"SZI South China Digital Valley" is the second phase of SZI South China Logistics Park, which covers a site area of approximately 62,000 square meters and a gross floor area of approximately 200,000 square meters, to be developed and constructed in two stages. Among which, the first stage was put into operation in December 2021, with an occupancy rate of approximately 70% as at 31 December 2023. Meanwhile, the inspection and acceptance procedure of the second stage has been completed by the end of 2023 and is scheduled to be put into operation in the first half of 2024. Aligning with Longhua District's "Digital Longhua" development strategy, the project focuses on the digital economy and targets enterprises in four key areas including artificial intelligence, 5G technology, industrial internet and software and information. The project aims at attracting leading industries to the park, promoting the integration of regional industries and the city, empowering regional development with the digital industry and injecting new momentum into regional economic development.

SZI Intelligent Logistics Hub (SZ Pingshan East)

SZ Pingshan East Project covers a site area of approximately 267,000 square meters and is primarily used as Walmart's Shenzhen logistics and distribution center. In response to the strategy of "developing real economy, strengthening manufacturing industry, striving for new quality productive forces" advocated by the Shenzhen Municipal Government, the Group will actively promote the transformation and upgrading of SZ Pingshan East Project, taking into account of factors such as the project's surroundings, comprehensive land development, and transportation capacity, so as to promote in-depth integration into the "Multi-storey Logistics" and manufacturing industry. The Group intends to establish an industrial park that integrates "production, living and ecology", to meet world-class standards, emphasizing high quality, low costs, excellent service with comprehensive facilities fully furnished equipment. The Group endeavors to position the project as a pioneering benchmark initiative for "Multi-storey Warehouses + Multi-storey Factories" in Shenzhen.

Financial Analysis

During the Year, revenue from the logistics park transformation and upgrading business increased to approximately HK$5,556 million as compared to the previous year. The increase was primarily due to the completion and delivery of the Yicheng Qiwanli Project during the Year, which contributed revenue of approximately HK$5,500 million. Profit attributable to shareholders was approximately HK$1,746 million, mainly contributed by the Yicheng Qiwanli Project. However, due to the gain from the capital increase of Qianhai Business in the previous year which was not repeated during the Year, the profit attributable to shareholders for the Year saw a year-on-year decline of 39%.

PORT AND RELATED SERVICES BUSINESS

Analysis of Operating Performance

In 2023, Jingjiang Port, Shenqiu Port, and Fengcheng Port all commenced operation, thereby strengthening the impact of the Group's "Port Connection Action" strategy. Capitalizing on its port resources, the Group continued to extend the industry chain of its port operation and bolster the core competitive strengths and sustainability of the port segment.

SZI Port (Nanjing Xiba)

Nanjing Xiba Port Project, in which the Group holds a 70% equity interest, is located in the New Materials Industrial Park in Jiangbei New District in Nanjing. Nanjing Xiba Port commenced operation in 2010 and is a key port in Nanjing designed and built for sea-river inter-modal transportation and rail-water multi-modal transportation. It is also the only general bulk cargo terminal in the northern Yangtze River at Nanjing Port for vessels with a tonnage capacity over 10,000 tonnes. With the capability of providing various services such as unloading, loading, lightering, train loading and unloading, and warehousing, the Nanjing Xiba Port comprises a general bulk cargo terminal with a tonnage capacity of 50,000 tonnes, two general bulk cargo terminals each with a tonnage capacity of 70,000 tonnes, and two general bulk cargo terminals each with a tonnage capacity of 100,000 tonnes. It also has depots with an area of approximately 400,000 square meters that are connected to the port area by a rail link, and possesses unique regional advantages and suitability for integrated river-sea, rail-water and road-water transportation.

In 2023, amidst a sluggish market environment with low end demand as well as intensified competition from its peers, Nanjing Xiba Port faced significant challenges. However, thanks to its constantly improving on-site management capabilities, the port catered to the demand of its key customers and enlarged its foreign trade business to increase its volume and efficiency. In 2023, the business volume of the Nanjing Xiba Port continued to rank first among 11 comparable ports along the Yangtze River. A total of 461 seagoing vessels berthed at Nanjing Xiba Port, with a total throughput of approximately 35.78 million tonnes, of which approximately 4.27 million tonnes were transported onwards by train.

SZI Port (Jiangsu Jingjiang)

The Group holds 70% equity interest in the Jingjiang Port Project, which is located in the Economic Development Zone of Jingjiang City. With 693 meters of shoreline, two main berths along the Yangtze River for vessels with a tonnage of 100,000 tonnes each and five lakeside inland berths for vessels with a tonnage of 1,000 tonnes each, the Jingjiang Port Project has a designed annual throughput of 45 million tonnes. The project is positioned to become a top-notch green, smart, efficient and safe sea-river intermodal hub port and to serve as an energy storage and distribution center and a comprehensive trading center in the PRC, supporting the realization of the functions of the Jingjiang National Coal Reserve Base.

Being included in the List of Key Foreign-Invested National Projects, designated as a "key project in the service industry of Jiangsu Province" for three consecutive times since 2021 and named a "major project of Jiangsu Province" twice in a row in both 2022 and 2023, the construction of Jingjiang Port Project is being progressed with a focus on quality. Its construction is pivotal to increasing the Group's market share in the port segment and developing its "Port Connection Action" strategy in high quality. The project officially commenced operation in December 2023.

Furthermore, starting from the Jingjiang Port Project, the Group has sped up the construction of "Smart Green Ports". Through the construction of fully enclosed greenhouse yards, rooftop photovoltaic systems and shore power systems, the Group is striving to create a nearly "zero-carbon" port area. The construction of a Smart Green Port will not only significantly increase the per capita capacity of the Jingjiang Port Project but also enhance the port's competitiveness in attracting customers. Furthermore, it will optimize port service level, achieve "zero-distance" data exchange with customers, attract high-quality major clients and enhance customer loyalty, laying the foundation for sustainable development. As a benchmark for the digital transformation of ports in a professional manner, this project's experience and model will also be replicated and promoted, thereby driving the digital transformation of the entire port sector and achieving progressive development.

SZI Port (Henan Shenqiu)

In 2023, the Group completed a capital injection to the project company of Shenqiu Port and increased its interest in the Shenqiu Port Project from 40% to 52%. By increasing its interest in this project, the Group will enhance the promotion of its leading port management philosophy and consolidate industry chain resources more effectively, fostering better economies of scale with other light and heavy assets in the sector.

Located along the Shaying River in Shenqiu County, it enjoys significant advantages in terms of waterways and serves as an important water transportation hub on the new sea route from the central plains of China. It is also a supporting project for Henan Angang Zhoukou Iron and Steel Co., Ltd., a steel company with annual production capacity of tens of millions of tons. The Shenqiu Port Project is expected to become a new hub for comprehensive water-to-land exchange between the western coal-producing areas and the middle and lower reaches of the Yangtze River region. It is planned to construct 26 berths for vessels with a tonnage of 1,000 tonnes each along approximately 1,600 meters of shoreline and will be built in three phases. The port is expected to increase the Group's annual port capacity by 30 million tonnes after all berths are put into full operation.

Four general-purpose berths with a designed annual throughput of 4.4 million tonnes in the first phase of the Shenqiu Port Project have recorded a total throughput of 1.96 million tonnes in 2023 after commencing operation in March 2023, representing a major milestone in the advancement of the Group's "Port Connection Action" strategy. The Group is actively procuring the approval and construction of phases two and three of the project. The aim of this project is to create an efficient, environmentally friendly and advanced bulk cargo terminal that serves as a demonstration project for "Port-industry-city Integration" that radiates regions of Henan and Anhui provinces.

SZI Port (Jiangxi Fengcheng)

The Fengcheng Port Project, in which the Group holds 20% equity interest, is designed to have 10 berths for bulk carriers with a tonnage of 1,000 tonnes each (with hydraulic structure for bulk carriers with a tonnage of 3,000 tonnes), among which six berths with a designed annual throughput of 6 million tonnes occupying 580 meters of the shoreline in the first phase of the project officially commenced operation in July 2023. The Fengcheng Port Project is an important distribution node along the Gan River, primarily serving sizeable power plants in the region.

Port Supply Chain Business

As for the port supply chain business, the Group capitalized on the resources of several major ports, continued to diversify the business and successfully secured stable business growth notwithstanding challenges such as the weak macro-economic recovery, the continuous implementation of the policy to turn all coal supply agreements into long-term agreements as well as the falling coal prices. Through attracting new customers and exploring new types of cargos, the Group has broadened the types of transportation in its logistics business and effectively coped with market changes. At the same time, it has further strengthened its risk management and ensured the healthy development of its business by establishing a solid and standardized risk prevention and control system. Furthermore, it has opened up rail links, thereby fostering the business of its northern ports, extending the coverage of its supply chain service strategy, providing customers with one-stop bulk cargo logistics and supply services, and strengthening its competitive edge in the market. As a result, the port supply chain business maintained healthy growth momentum, defied the sluggish market with growing business volume, and recorded outstanding growth in terms of both revenue and profit.

Financial Analysis

During the Year, the revenue from the port and related services business increased by 2% to approximately HK$2,805 million as compared to the previous year, primarily due to a steady growth in the port supply chain business. Profit attributable to shareholders decreased by 15% to approximately HK$87.75 million as compared to the previous year, mainly attributable to production load reduction by end-users such as power and cement corporations to varying degrees, resulting in a weak market demand.

TOLL ROAD BUSINESS

The Group's toll road business is managed and operated by Shenzhen Expressway, a subsidiary in which the Group holds approximately 52% equity interest and whose H shares and A shares are listed on the Stock Exchange and the Shanghai Stock Exchange, respectively.

Analysis of Operating Performance

During the Year, as the domestic economy and society of the PRC returned to normal, the road traffic demand rebounded rapidly. However, affected by the global economic downturn and weakening of external demand, the overall domestic economic and production activities were put under pressure, leading to relatively sluggish growth in road freight traffic demand. On the other hand, the full resumption of social order encouraged members of the public to take road trips, leading to a steady rebound in the number of passenger vehicle journeys. In addition, the expiration of the concession period for Wuhuang Expressway in December 2022 had a discernible impact on the toll revenue of Shenzhen Expressway during the Year. Due to the low comparison base of the previous year, both the traffic volume and toll revenue of the toll roads invested in and operated by Shenzhen Expressway increased substantially during the Year as compared to the previous year.

In 2023, the economic development of Shenzhen experienced rebound with steady increase in the total volume of imports and exports of goods. There was also a notable rebound in logistics transportation and public travel demand. During the Year, the total toll revenue from the Group's toll roads in the Shenzhen region increased by over 18% as compared to the previous year.

The operating performance of toll road projects may have been influenced by factors such as changes in peripheral competitive or coordinated road networks, and by construction on or maintenance of the toll roads themselves during that year, in particular:

- Phase II of Shenzhen Outer Ring Project was officially open to traffic on 1 January 2022, creating synergies with Phase I of the project and has become the most convenient west-to-east highway artery in Shenzhen. During the Year, the average daily traffic volume and average daily toll revenue of Shenzhen Outer Ring Project recorded growth as compared to the previous year. In addition, the Group was granted approval for the development of Phase III of Shenzhen Outer Ring Project as it aims to further amplify the project's cumulative benefits.

- Guanglian Expressway (Guangzhou to Lianzhou), which is parallel to Qinglian Expressway, commenced operations at the end of 2021, diverting a certain volume of traffic from Qinglian Expressway. To actively attract traffic to and increase the traffic volume of Qinglian Expressway, the Group launched a marketing and promotion campaign through various channels and reinforced its service offerings. Furthermore, the gradual restoration of production and living order along the route led to a resilient recovery in the operating performance of Qinglian Expressway during the Year.

- Guangshen Expressway is an important express route between Guangzhou and Shenzhen, while GZ West Expressway is an integral part of the ring road within the Pearl River Delta, linking Guangzhou and Zhuhai. During the Year, notable growth was seen in both traffic volume and toll revenue of the corresponding road segments due to the restoration of production and operation activities in neighboring cities.

- Since the completion of the reconstruction and expansion of Yangmao Expressway at the end of 2021, the two-way and eightlane expressway has been in full operation, significantly enhancing its capacity to accommodate traffic. Benefiting from the synergistic interconnection effect of neighboring highways that have commenced operations and the effectiveness of policies implemented by the governments along the route to boost tourism and the economy, Yangmao Expressway recorded robust operating performance during the Year.

- The operating performances of Yichang Expressway, Changsha Ring Road and Nanjing Third Bridge for the Year showed rebounding growth. In addition, the completion of the reconstruction and expansion of Ningluo Expressway (Nanjing to Luoyang) and Ninghe

Expressway (Nanjing to Hexian) significantly improved the traffic capacity of the road networks to the north of Nanjing Third Bridge and contributed positively to the traffic growth of Nanjing Third Bridge.

Key Construction Projects

Shenzhen Outer Ring Project, constructed in three phases, is an integral component of transportation infrastructure in the Greater Bay Area. Shenzhen Outer Ring Project will establish vital connectivity with ten expressways and eight first-class highways in the Shenzhen region, serving as a crucial conduit for east-west interconnectivity in the northern region of Shenzhen. Phase I of Shenzhen Outer Ring Project was completed and commenced operations on 29 December 2020, followed by Phase II on 1 January 2022, achieving a commendable operating performance with notable growth in both traffic volume and toll revenue. As at the end of 2023, the construction, supervision and bidding processes for several contract sections of Phase III of the Shenzhen Outer Ring Project have been completed, and construction work on certain contract sections have also commenced. Upon its completion, it is expected to enhance the Group's core highway assets and maximize the economic and social benefits of the Shenzhen Outer Ring Project as a whole. It can also bring traffic flows to other toll roads operated or invested in by Shenzhen Expressway by optimizing the configuration of the road network.

Phase II of Shenzhen Coastal Project mainly includes the construction of the International Convention and Exhibition Center interchange and the connecting line on the Shenzhen side of the Shenzhen-Zhongshan Bridge, of which the interchange of the International Convention and Exhibition Center commenced operations in 2019. Furthermore, the connecting line on the Shenzhen side of Shenzhen-Zhongshan Bridge comprises two connections at the airport and Hezhou. Upon completion, the connecting line will be linked to the Phase I of Shenzhen Coastal Project, Jihe Expressway, Guangshen Expressway, Shenzhen-Zhongshan Bridge and Bao'an International Airport. During the Year, approximately 91% of the overall construction of Phase II of Shenzhen Coastal Project had been completed. It is planned to be fully completed and opened to traffic with the Shenzhen-Zhongshan Bridge in 2024. Upon the full completion of the project, it will not only improve the traffic conditions of Shenzhen's airport but also enhance the connectivity between the west bank of the Pearl River and the main highway network of Shenzhen, which will make significant contribution to the economic development of the Greater Bay Area.

On 30 September 2022, Shenzhen Expressway entered into a contract with the Transport Bureau of Shenzhen Municipality relating to a public-private-partnership (PPP) reconstruction and expansion project of Jihe Expressway ("Jihe Expressway R&E Project"). Due to the subsequent intention of the Shenzhen City to adjust the construction plan for Jihe Expressway R&E Project and a corresponding adjustment to the investment and financing proposal, the aforementioned project is now advancing the relevant franchise procedures. The Group will proceed with the corresponding approval procedures after the finalization of the proposal.

Shenzhen Investment Holdings Bay Area Development Company Limited ("Bay Area Development"), in which Shenzhen Expressway holds approximately 71.83% equity interest, is directly entitled to the rights to share 45% of the profits of Guangshen Expressway. Given that the traffic flow of Guangshen Expressway continues to approach saturation, the Guangdong Development and Reform Committee has approved the reconstruction and expansion project of the Huocun, Guangzhou to Chang'an, Dongguan section of the Beijing-Hong Kong-Macao

Expressway and the Huangcun-Huocun section in Guangzhou of Guangfo Expressway (the "Reconstruction and Expansion Project"), and the project will be invested and constructed by Guangshenzhu Expressway Co., Ltd ("Guangshenzhu Company"). During the Year, the Reconstruction and Expansion Project of the Guangshen Expressway has commenced. Furthermore, Bay Area Development has worked with partnering shareholders to conduct an in-depth study of the land adjacent to Guangshen Expressway, with the aim of exploring feasible business models for its revitalization, development and utilization so as to boost the overall rate of return from the expressway.

Based on the financial position and investment plan of Shenzhen Expressway, Shenzhen Expressway proposed to issue no more than 654,231,097 A Shares (the "Issuance") to no more than 35 (inclusive) specific targets, which meet the criteria required by the CSRC including Xin Tong Chan Development (Shenzhen) Co., Ltd., a wholly-owned subsidiary of the Company. The expected proceeds to be raised from the Issuance will be no more than RMB4.9 billion. After deducting relevant issuance expenses, all net proceeds to be raised are intended to be used in investment and construction of Shenzhen Outer Ring Project and repayment of Shenzhen Expressway's interest-bearing liabilities. The Issuance is subject to the consent of and registration by the Shanghai Stock Exchange and CSRC. For details, please refer to the joint announcements of the Company and Shenzhen Expressway dated 14 July 2023 and 25 January 2024, the circular of the Company dated 25 August 2023 and the announcement of the Company dated 14 September 2023.

During the Year, the Group carried out the pilot application for the REITs in the infrastructure field with its wholly-owned Yichang Expressway ("Yichang Expressway REITs") as the underlying asset. The offering of the Yichang Expressway REITs was completed on 7 March 2024. The final offering amount of the Yichang Expressway REITs was 300 million units, and the offer price was RMB6.825 per unit. The total offering proceeds were RMB2,047.5 million. In particular, Shenzhen Expressway, as the original right holder, participated in the strategic allotment and subscribed for 120 million units, accounting for 40% of the total issued units. Yichang Expressway REITs are expected to be listed on the Shanghai Stock Exchange by the end of March 2024 (transaction code "508033", on-exchange abbreviation "SGS REIT"). For details, please refer to the joint announcements of the Company and Shenzhen Expressway dated 18 August 2023, 17 November 2023, 2 January 2024 and 13 March 2024.

Financial Analysis

During the Year, with the domestic economy and society of the PRC returning to normal, the traffic volume on toll roads continued to grow. However, the expiration of the concession period of Wuhuang Expressway in December 2022 partially offset the growth of toll revenue. During the Year, the toll road business recorded the total revenue of HK$5,971 million, representing an increase of 4% as compared to the previous year. Net profit from the toll road business increased by 23% as compared to the previous year to HK$2,380 million.

GENERAL-ENVIRONMENTAL PROTECTION BUSINESS

Analysis of Operating Performance

Clean Energy

After explorations and practices in recent years, the Group has set the clean energy power generation as a key development area. As at the end of 2023, wind power generation projects invested in and operated by the Group had an accumulated installed capacity of 648 megawatt (MW), all of which were completed and grid-connected wind farms located in areas with relatively abundant wind resources and stable electricity demands.

In 2023, the Group actively promoted the expansion of clean energy power generation projects. The Shenzhen Expressway New Energy Holdings Co., Ltd (the "New Energy Company") has obtained the independent development indicators for the 60MW and 70MW photovoltaic projects in Pingshan County, Hebei Province. These projects have been designated by the local authority as local guaranteed projects and reserve projects respectively, marking a significant breakthrough of the Company in the field of photovoltaic power generation.

During the Year, the Group established a joint venture with a subsidiary of State Power Investment Corporation Limited, and the Group holds 65% equity interest in the joint venture. The joint venture engages in the investment and development of wind power and photovoltaic projects in the field of new energy, and complements the Group in terms of project resource development, as well as operation and management of construction, in order to achieve sustainable business development. In addition, the Group established Shenzhen Expressway Shengneng Technology Company Limited during the Year to develop and construct the integrated photovoltaic, storage and charging project in Shenzhen Expressway's Qiantai Industrial Park. This project has obtained a registration certificate in April 2023 and is expected to be completed and grid-connected in 2024.

Shenzhen Expressway Environmental Co. Ltd (the "Environmental Company") entered into a merger agreement (the "Merger Agreement") with the other shareholders of Nanjing Wind Power Technology Co., Ltd. ("Nanjing Wind Power Company") on 15 March 2019, regarding the acquisition and capital increase of Nanjing Wind Power Company. Due to Nanjing Wind Power Company's failure to achieve the target performance for the financial year ended 31 December 2021 and 31 December 2022, the Environmental Company and all but one of the other shareholders of Nanjing Wind Power Company entered into compensation agreements, pursuant to which the such other shareholders agreed to transfer all of their respective equity interests in Nanjing Wind Power Company (being approximately 47% in aggregate) to Environmental Company at no cost. As at the end of 2023, Shenzhen Expressway indirectly held approximately 98% of the equity interests in Nanjing Wind Power Company. For details, please refer to the announcements of Shenzhen Expressway dated 15 March 2019, 11 September and 9 November 2023.

During the Year, Nanjing Wind Power Company mainly provided subsequent operation and maintenance services to the wind farms invested in by the Group. At the same time, it cooperated with the New Energy Company to expand into the markets of wind power and photovoltaic projects. The operating results of Nanjing Wind Power Company for the Year was sub-optimal mainly due to a number of factors, including the cessation of the original wind turbine manufacturing and sale business, the provision of asset impairment and accrued liabilities. As such, the Group will step up its efforts to carry out business transformation of Nanjing Wind Power Company in order to accelerate the revitalization of its assets and capital recovery, and in turn, improve its operating performance.

Solid Waste Treatment

In view of the support of the national environmental protection policy for the organic waste treatment industry, the Group recognizes organic waste treatment as a significant segment of the general-environmental protection industry, and endeavours to turn itself into a leader with industry-leading technology and scale advantages.

As at the date of this announcement, the designed organic waste treatment capacity of the Group's projects is over 6,900 tonnes per day. These projects were mostly concession projects under Build-Operate-Transfer (BOT) and other models that provide government customers with decontaminated organic solid waste and domestic waste (including restaurant waste, kitchen waste and garden waste) and sell the recycled products from the treatment process to downstream customers.

Shenzhen Expressway Bioland Environmental Technologies Corp., Ltd. ("Bioland Environmental Company"), a subsidiary of the Group, is one of the key providers of comprehensive organic waste treatment, construction and operation services in the PRC with comprehensive capability to provide full industry chain services of organic waste treatment. As at the date of this announcement, Bioland Environmental Company has a total of 20 organic waste treatment investment and operation projects with a designed kitchen waste treatment capacities of over 4,800 tonnes per day, amongst which 13 projects have commenced commercial operations. In 2023, owing to the rebound of the food and beverage consumption market, the amount of food waste recorded a year-on-year increase, contributing to the growth in the operating revenue of Bioland Environmental Company. However, the overall operating performance of Bioland Environmental Company was not satisfactory during the Year, as it was negatively affected by factors such as significant decline in the selling price of grease, as well as a productivity slump from insufficient amount of garbage collected and transported in certain projects. As a result, the Group adjusted the business structure of Bioland Environmental Company, defined the business strategy of focusing on operations, diminished and closed down EPC engineering and equipment manufacturing operations with heavy losses, further optimized its organization structure and strengthened the control over its costs and expenses. To enhance its profitability, Bioland Environmental Company will also focus on improving the quality and efficiency of its projects, promoting technological process upgrades and strengthening management standards.

Guangming Environmental Park Project, in which the Group holds 100% equity interest, is located in Guangming District of Shenzhen. It will be developed into the first integrated modern treatment plant for the decontamination and resource recovery of restaurant waste and kitchen waste with a processing capacity of 1,000 tonnes per day for organic waste, 100 tonnes per day for bulky waste (discarded furniture) and 100 tonnes per day for garden waste in Shenzhen, with the proposed concession period of 10 years. The construction of the Guangming Environmental Park Project has been basically completed and it is expected to commence trial operation in 2024.

Shenzhen Lisai Environmental Technology Limited ("Lisai Environmental"), a subsidiary in which Shenzhen Expressway indirectly holds 70% equity interest, has the franchise rights of a biomass waste disposal BOT project in certain urban areas of Shenzhen City. During the Year, Lisai Environmental has basically completed the technical renovation of its production line, after which full-capacity operation has been basically achieved, with processing capacity of kitchen waste and additional processing capacity of grease increasing to 650 tonnes and 30 tonnes per day, respectively, while the amount of kitchen waste collected and transported increased to over 600 tonnes per day.

The Shaoyang Project, in which Shenzhen Expressway indirectly holds 100% equity interest, possesses the franchise rights of kitchen waste collection and treatment in Shaoyang City, Hunan Province. With a designed kitchen waste treatment capacity of 200 tonnes per day, the Shaoyang Project, which commenced trial operation in February 2023, will be operated under the Transfer-Operate-Transfer (TOT) model during the concession period of 30 years.

Shenzhen Shenshan Special Cooperation Zone Qiantai Technology Co., Ltd. ("Qiantai Company"), a subsidiary in which Shenzhen Expressway indirectly holds 63.33% equity interest, qualifies for scrapping retired new energy vehicles and providing "integrated" comprehensive utilization of retired new energy vehicles and their power batteries while also scrapping and recycling petrol-powered vehicles. During the Year, Qiantai Company was recognized as a specialized small and medium enterprise" and became the first pilot regional service center for power batteries of new energy vehicles in Shenzhen. During the Year, the business development of Qiantai Company did not meet expectations, primarily due to the continuous decline in lithium battery material price, as well as the slowdown in the demand of the power battery market. Moreover, the profitability of scrap car dismantling decreased, and the overall volume of recycling and processing in the recycling business was affected. As a result of these factors, the performance of Qiantai Company fell short of expectations.

Other Environmental Protection Businesses

Chongqing Derun Environment Co., Ltd., in which Shenzhen Expressway holds 20% equity interest, holds two subsidiaries listed on the Shanghai Stock Exchange, namely Chongqing Water Group Co., Ltd (stock code: 601158) and Chongqing San Feng Environmental Industrial Group Co. Ltd (stock code: 601827), which are principally engaged in, among other things, water supply and sewage treatment, waste incineration power generation projects and environmental restoration.

Shenzhen Water Planning & Design Institute Co., Ltd., in which Shenzhen Expressway holds 11.25% equity interest, was officially listed on the ChiNext of the Shenzhen Stock Exchange (stock code: 301038) in August 2021.

FINANCIAL ANALYSIS

During the Year, revenue from the general-environmental protection business decreased by 11% as compared to the previous year to HK$1,798 million, mainly due to a decrease in sales of wind turbines and a decline in revenue from wind power generation caused by lower wind resource during the Year. Meanwhile, due to the increase in depreciation and amortization expenses of the Bioland Environmental Company and asset impairment of Nanjing Wind Power Company, the general-environmental protection business recorded a net loss of approximately HK$130 million (2022: net profit of HK$248 million).

AIR TRANSPORTATION SERVICES

Shenzhen Airlines

In 2023, the global civil aviation market witnessed a rebound in traffic demand. In particular, passenger traffic demand in the PRC civil aviation market rebounded significantly and the overall recovery momentum remained stable. During the Year, Shenzhen Airlines carried 33.22 million passenger trips and recorded a passenger traffic of 51,939 million passenger-km, representing increases of 127% and 132%, respectively, as compared to the previous year.

Shenzhen Airlines' total revenue for the Year increased by 139% to RMB29,988 million (equivalent to HK$33,313 million) as compared to the previous year (2022: RMB12,541 million (equivalent to HK$14,416 million)). Passenger revenue increased by 153% to RMB28,159 million (equivalent to HK$31,281 million) (2022: RMB11,117 million (equivalent to HK$12,840 million)). However, Shenzhen Airlines also faced multiple operational pressures, including uncertainties in the capacity of its fleet and the supply of aircraft materials, persistently high aviation fuel costs, rising airport fees as well as fluctuations in exchange rates and interest rates. In addition, changes in the willingness and mode of passenger travels resulted in shifting market dynamics and intensified competition. During the Year, Shenzhen Airlines recorded a net loss of RMB1,735 million (equivalent to HK$1,928 million) (2022: net loss of RMB11,129 million (equivalent to HK$12,793 million)), representing a year-on-year decrease of RMB9,394 million (equivalent to HK$10,865 million). Based on the equity method of accounting, as the Group's share of accumulated losses in an associate (Shenzhen Airlines) exceeded its interest in that associate, the Group did not recognize any further losses relating to Shenzhen Airlines during the Year (2022: loss of HK$2,666 million).

Air China Cargo

In 2021, the Group became a strategic shareholder of Air China Cargo Co., Ltd. ("Air China Cargo") by way of a capital injection and a share subscription with an investment of approximately RMB1,565 million, holding a 10% equity interest. So far, the Group has continuously recorded satisfactory returns from this investment. In 2023, Air China Cargo was approved by the listing review committee of the Shenzhen Stock Exchange to conduct an initial public offering, and is now carrying out the subsequent listing and issuance procedures. Meanwhile, the Group is strengthening its strategic cooperation with Air China Cargo to proactively drive the deployment of projects in cities including Shenzhen and Beijing with the aims of jointly obtaining scarce resources and building up a comprehensive logistics system integrating air logistics, high-standard warehouses, cold chain logistics and other services.

OUTLOOK FOR 2024

Looking ahead to 2024, the macro environment will continue to present challenges in terms of complexity, severity, and uncertainty. The path to recovery for the global economy will be arduous and full of twists and turns. However, benefiting from steady, robust policy guidance, China's external economic cycle is expected to undergo a gradual recovery, while the internal economic cycle will see efforts to achieve a balance between "establishment" and "breakthrough". The headwinds stemming from reduced exports and real estate industry challenges are expected to diminish, while consumption is poised to emerge as a new catalyst for economic expansion. Meanwhile, the country is progressively developing its modern "Route + Hub + Network" logistics system, with continuous advancement in the development of its "National Unified Market". This will enable the Group to integrate its nationwide logistics-heavy asset resources more efficiently into the domestic economic cycle and enhance the value creation capabilities of its logistics park assets. Furthermore, diverse patterns of consumption and the expansion of the high-end manufacturing sector will create promising prospects in the fields of emerging e-commerce, cross-border e-commerce, new-energy vehicle upstream and downstream industries, upstream and downstream photovoltaics, pharmaceuticals, 3C electronics, and more. A strong impetus for growth will also be created in intelligent logistics advancements and eco-friendly warehousing.

In 2024, the Group will continue to align itself with China's national development strategy, seizing opportunities for industry growth while upholding its core principles of "seeking progress while maintaining stability, enhancing quality, and augmenting efficiency". The Group will persist in pursuing "stability" in times of uncertainty and seeking "progress" in times of certainty, aiming to accomplish the goals of the "Three Stabilities and Ten Progresses". Its strategy encompasses ensuring "stability" in the pace of investment, capital level and safety circumstances while seeking "progress" in terms of construction of comprehensive reform, management improvement, attracting and deploying investment, project construction, team building, market value management, cost reduction and efficiency improvement and closed-loop development, etc. The Group is dedicated to enhancing its operational efficiency and the profitability of its core businesses of logistics, ports, toll roads, and general-environmental protection, leveraging its longstanding core competence in constructing and managing municipal ancillaries, progressing towards the goal of transforming itself into a niche industrial conglomerate in the transportation and logistics fields.

Stabilizing and Strengthening the Quality of Core Logistics Business, Advancing Growth through Scientific Precision

In 2024, the Group will remain responsive to the underlying dynamics of industry development and flexibly adapt its strategies to align with the prevailing circumstances. The Group will also continue to optimize the layout of its facilities network, centered on strategic panoramic logistics and warehousing hubs through a full "Inland Port Networking, Logistics Parks, Air Cargo and Railway Freight Logistics Infrastructure + Intelligent and Cold Chain Logistics" ecosystem, by focusing on first-tier cities such as Beijing, Shanghai, Guangzhou, and Shenzhen, as well as the Greater Bay Area and the core gateway cities in the Yangtze River Delta region. The Group will work on improving the quality and efficiency of its existing projects while actively pursuing opportunities to explore and expand other high-quality projects.

For the logistics park business, the Group will scientifically and dynamically adjust investment strategies based on internal and external circumstances, taking into account the Group's gearing ratio, financing needs and other factors, in line with the goal of operating an aggregate 8 million square metres of logistics park by the end of 2025. The Group will prudently oversee the pace of its investments, ensuring seamless coordination throughout all phases of project execution and encompassing aspects including investment, construction, management, and transformation of projects. The Group will uphold its "Prioritizing Excellence" strategy for specific projects, placing a greater emphasis on prominent core cities and quality assets, particularly core districts in first-tier and leading second-tier cities that exhibit exceptional operational efficiency and strong resilience. The Group will continue to explore more projects in Foshan and promote to achieve substantial progress for Zhongshan Minzhong Project. The Group will accelerate the implementation of its projects in Beijing, aiming to complete land acquisition for the Fangshan and Shunyi Districts. In Shenzhen, the Fumin parcel and "Public Transportation + Logistics" pilot project will serve as an entry point for the creation of exemplary benchmarking projects to promote the comprehensive development of Shenzhen Three-tiered Logistics Stations. To effectively improve the operating profit margin of its heavy assets and the average net operating profit margin of its mature parks, the Group will spearhead the execution of its distributed photovoltaic business and push into more integrated asset-light and -heavy businesses, alongside value-added services, on the premise of ensuring risk management.

For the port business, the Group will focus on its long-term objective of spinning off the segment, taking into account the significance of new projects in refining its business model, enhancing synergies across the segment, and enhancing core competitiveness. The Group will also proactively seek expansion and plan project investments, further stepping up its efforts to promote new projects at, among others, Shenqiu Port and Jingjiang Port to ensure that enhanced production and efficiency are achieved, working to improve operational efficiency in accordance with principles of safety and controllability.

For the railway integrated logistics hub and air cargo logistics businesses, the Group will focus on accelerating the construction of the Pinghunan Project, with the goal of achieving full completion and commencement of operations by the end of 2025. Leveraging its core competencies from its railway yard operations, the Group plans to enhance its market expansion drive by promoting domestic freight train routes to augment freight volumes. In addition, the Group will continue to excel in container transportation, transshipment, devanning, consolidation, and other related services. It will also explore potential ventures in bulk raw materials and commodity logistics services, as well as in the multimodal transportation business. The Group will actively collaborate with Air China Cargo and Shenzhen Airlines to carry out the preliminary work of Shenzhen Air Cargo Terminal Project, while promoting the preliminary work of Capital Airport Air Cargo Terminal Project.

For the intelligent and cold chain logistics businesses, the Group will strategically select premium industry benchmark projects, expand its scale and seek improved growth in the development of supply chains and industrial chains, based on cold chain and smart warehousing industry development trends. Taking into consideration of changing market demand and supply dynamics in the prevailing economic environment, the Group will nimbly adjust the pace of its investments, project requirements, and coordination and control mechanisms in cold chain logistics and intelligent logistics, continuously enhancing its operational efficiency.

Enhancing Core Competence of Toll Road Business while Strengthening Quality and Efficiency of Core General-Environmental Protection Business

In 2024, through Shenzhen Expressway, the Group will continue to further advance the development of the toll road and general-environmental protection businesses. Regarding the toll road business, the Group will actively expand its expressway investment, construction, and management business, extend the concession period of the expressway projects, enlarge its highway asset scale, reduce costs and improve efficiency, implement lean management, and maintain a competitive edge in its core toll road business by means of new construction, expansion, mergers and acquisitions, as well as resource integration, etc. It will make efforts to actively explore market-oriented projects in the upstream and downstream industry chains with a focus on intelligent upgrades and comprehensive management businesses.

Regarding the general environmental protection business, the Group will maintain its focus on organic waste treatment, hazardous waste treatment, and clean power generation, accelerating its business expansion and the establishment of its operational capabilities while enhancing its resource investment and construction efforts. With the aim of becoming a segment leader with industry-leading scale advantages, the Group will enhance the treatment capabilities of its organic waste projects and the treatment scale of its hazardous waste projects. The Group will also make additional investments in controlling stakes in wind farms and photovoltaic power plants, with the aim of creating an integrated clean energy system that capitalizes on Shenzhen Expressway's unique attributes, combining "equipment manufacturing, power plant development and construction, power plant operation and sales, power plant maintenance, and financial leasing". The Group will seek to explore and make appropriate investments in high-quality environmental protection projects, such as those involving the scrapping of retired vehicles and in municipal environmental protection initiatives.

Achieving Key Breakthroughs in SZI South China Logistics Park Project and Realizing Growth Momentum through Transformation and Upgrading

The Group will steadily advance the progress of its long closed-loop "Investment, Construction, Operation and Transformation" business model, actively promoting the transformation of the first phase of SZI South China Logistics Park with the objective of unlocking its asset value. The Group will focus on a "Four Coordination" model for the transformation project of SZI South China Logistics Park. First, interest coordination: Based on the Group's demand for unlocking the value of SZI South China Logistics Park transformation project, the Group will study the pace of reserved land releases and strive to sign the first batch of land transfer contracts within 2024. Second, relocation coordination: Ensuring safe, smooth, and orderly progress in relocating tenants and demolishing warehouses in the logistics park. Third, development coordination: This involves conducting preliminary research on the development of retained land, with the aim of commencing construction of the first retained land in 2024. Fourth, tax coordination: Earnestly carrying out tax planning and coordination for SZI South China Logistics Park transformation project. In addition to SZI South China Logistics Park transformation project, the Group will also aim to complete a land swap and the development of two office and commercial land parcels in Qianhai, fully promoting the implementation of the swap plan and making an incremental revenue contribution.

Accelerating Asset Securitization while Enhancing Efficiency of Capital Operation

The Group will optimize its short closed-loop "Investment, Construction, Financing and Operation" business model through a range of channels, further accelerating asset securitization, expanding financing channels, and enhancing the efficiency of its capital utilization. First, the Group will continue to follow up on the initial issuance of first tranche of publicly-traded REITs, arranging issuance after assessing the current situation and market conditions, as well as the approval progress from regulatory authorities. Second, the Group will steadily push forward the setting up of a private equity fund and finalizing the proposal for a new logistics warehousing and storage infrastructure fund. Third, the Group will study and optimize its fund allocation, deepen communications with potential partners, and initiate the establishment of development-focused and acquisition-focused logistics and warehouse investment funds, as well as upstream and downstream investment funds in the industry chain at an appropriate time and in accordance with economic circumstances and the Group's development plans.

Stepping up Efforts to Bolster the Greater Bay Area Business while Building Competitive Edge in Core Regions

The gradual development of the Greater Bay Area into a world-class city cluster and economic center has continuously enhanced and accelerated the "physical connectivity" of infrastructure across the region. As infrastructure construction in transportation, logistics, and information progresses rapidly, the value and scarcity of core assets such as logistics real estate and toll roads within the Greater Bay Area is on the rise. In recent years, the Group has focused on the Greater Bay Area with a strategic layout in the two logistics hub cities of Shenzhen and Foshan that closely interact at different levels. This has resulted in the formation of a regional development pattern with core areas radiating out to and influencing surrounding areas. Currently, the total site area of the logistics projects planned by the Group in the Greater Bay Area exceeds 2.6 million square meters, continually reinforcing its leading position in the region. In addition, the majority of the expressway projects and some general-environmental protection business projects invested in and operated by Shenzhen Expressway are located in the core area of the Greater Bay Area, while the market share of toll roads in Shenzhen has reached up to 90%, demonstrating the Group's competitive resource advantage in the region. Looking ahead, the Group will continue to capture development opportunities in the Greater Bay Area, deepening its vertical integration, promptly securing favorable spots in the area to achieve business integration, and creating synergies that achieve a quality business layout in the region.

Upholding Tradition and Seeking Innovation to Drive Reforms, Persevere in Management for Long-term Success

Upholding its momentum and determination for reform, the Group will promote a new round of in-depth enhanced reforms to state-owned enterprises, as well as expediting the establishment of its value proposition as a world-class enterprise and the implementation of "Double-Hundred Action". To further build its core competencies and safeguard high-quality sustainable development, the Group will pay close attention to implementing and refining its reform measures, shoring up any weaknesses, leveraging its strengths, and solidifying its foundations, while at the same time bolstering its management and core competitiveness through a series of measures such as optimizing its corporate governance system, refining its financial management capabilities, enhancing its risk control and management, and reinforcing its brand influence.

Building Value, Sharing Future

The Group consistently adheres to a stable dividend policy, under which it will strengthen its dividend management as an integral means of safeguarding and rewarding investors. As such, the Group is constantly optimizing the balance between its long-term development and the immediate interest demands of its shareholders, aiming to derive the mutual benefits of stable dividends and progressive business development. The Group seeks consistent change to enhance its remuneration system by adopting a market-oriented personnel approach, strengthening performance evaluations, and creating positive incentives to maximize the momentum of its high-quality development. In 2023, the Group also introduced a new round of share incentive program, further aligning the interests of shareholders, employees, and the Company itself, with the aim of continuously bolstering and safeguarding shareholder rights while increasing the Group's long-term investment value.

In 2024, upholding the business philosophy of "Building Value, Sharing Future" the Group will continue to cement its targets, step up its efforts to ensure the high-quality completion of development tasks, thereby enhancing its operational efficiency and creating greater value and returns for all shareholders.

FINANCIAL POSITION

	31 December 2023 *HK$ million*	31 December 2022 *HK$ million*	**Increase/ (Decrease)**
Total Assets	**130,495**	133,495	**(2%)**
Total Liabilities	**75,519**	78,296	**(4%)**
Total Equity	**54,976**	55,199	**-**
Net Asset Value attributable to shareholders	**31,582**	31,248	**1%**
Net Asset Value per share attributable to shareholders (HK dollar)	**13.2**	13.1	**1%**
Cash	**9,805**	14,025	**(30%)**
Bank borrowings	**33,082**	34,861	**(5%)**
Other borrowings	**117**	314	**(63%)**
Notes and bonds	**22,140**	18,592	**19%**
Total Borrowings	**55,339**	53,767	**3%**
Net Borrowings	**45,534**	39,742	**15%**
Debt-asset Ratio (Total Liabilities/Total Assets)	**58%**	59%	**(1)** #
Ratio of Total Borrowings to Total Assets	**42%**	40%	**2** #
Ratio of Net Borrowings to Total Equity	**83%**	72%	**11** #
Ratio of Total Borrowings to Total Equity	**101%**	97%	**4** #

Change in percentage points

Key Financial Indicators

As at 31 December 2023, the Group's total assets and total equity amounted to approximately HK$130,495 million and HK$54,976 million, respectively, while net asset value attributable to shareholders was approximately HK$31,582 million. Net asset value per share was HK$13.2, representing an increase of 1% as compared to the end of last year. The debt-to-asset ratio was 58%, representing a decrease of 1 percentage point as compared to the end of last year. The gearing ratio (calculated on the basis of net borrowings to total equity) was 83%, representing an increase of 11 percentage points as compared with that at the end of last year. Such increase was primarily due to the additional borrowings incurred as a result of increased investment activities during the Year.

Cash Flow and Financial Ratios

During the Year, net cash generated from operating activities amounted to approximately HK$5,551 million. Net cash used in investing activities amounted to approximately HK$6,526 million. Net cash used in financing activities amounted to approximately HK$2,054 million. The Group's core businesses continued to generate a stable cash inflow. The Group closely monitors changes in total borrowings with a view to maintaining its financial ratios at a stable and healthy level.

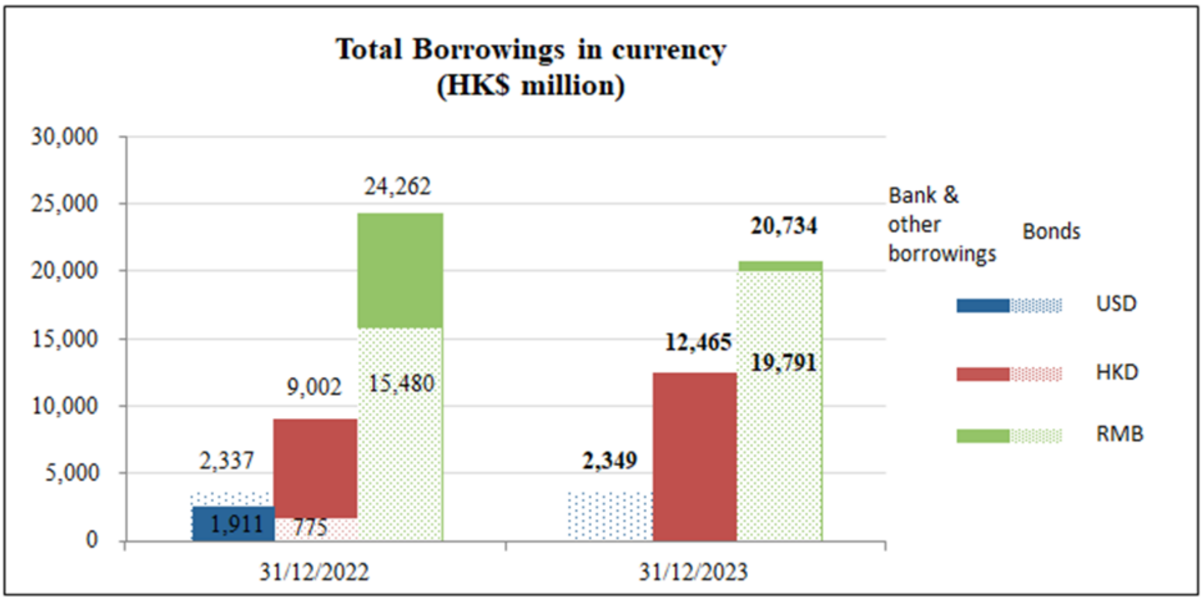
Cash Balance

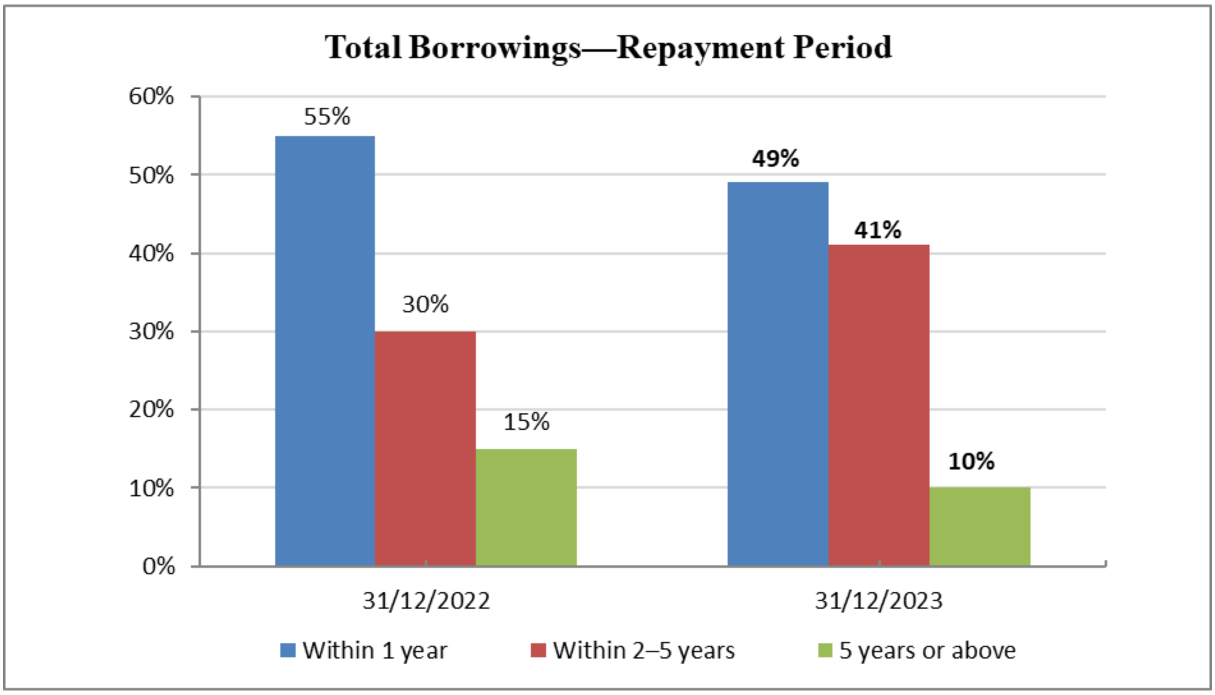
As at 31 December 2023, cash held by the Group amounted to approximately HK$9,805 million (31 December 2022: HK$14,025 million), representing a decrease of 30% as compared to the end of last year. Such decrease was primarily due to the payment for investments and acquisitions. To facilitate the Group's operation and development in the PRC, cash held by the Group is primarily denominated in RMB. The Group maintains an effective treasury policy to manage its cash on hand that centralizes the allocation of funds with the aim of reducing idle funds and achieving higher return on its cash portfolio in order to provide strong support for the development of its business.

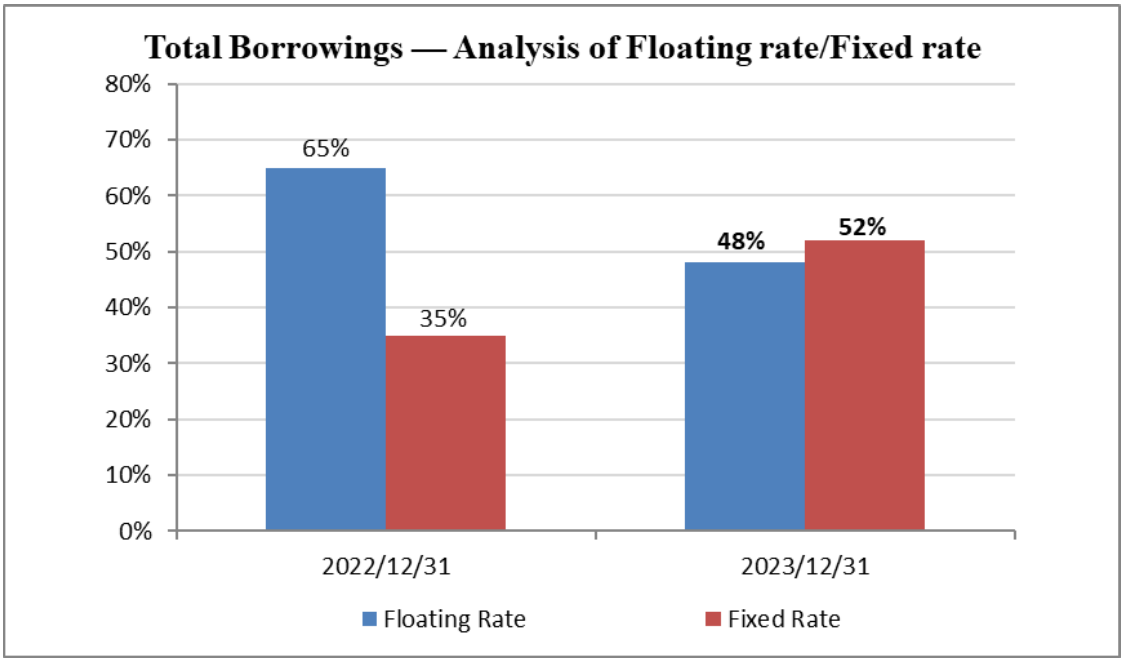
Capital Expenditures

The Group's capital expenditures for the Year amounted to approximately RMB7,800 million (equivalent to HK$8,500 million), primarily comprising investments of approximately RMB2,900 million in the logistics parks projects, investments of approximately RMB2,000 million in Shenzhen Expressway's projects and investments of approximately RMB1,300 million in the Pinghunan Project. The Group expects that the capital expenditures for 2024 will amount to approximately RMB9,400 million (equivalent to HK$10,400 million), including approximately RMB3,100 million for logistics parks projects, approximately RMB3,600 million for Shenzhen Expressway's projects and approximately RMB1,700 million for the Pinghunan Project.

Borrowings


Total Borrowings in currency
(HK$ million)
30,000
25,000
20,000
15,000
10,000
5,000
0
24,262
20,734
12,465
19,791
9,002
15,480
2,337
1,911
775
2,349
31/12/2022
31/12/2023
Bank & other borrowings
Bonds
USD
HKD
RMB


Total Borrowings—Repayment Period
60%
50%
40%
30%
20%
10%
0%
55%
30%
15%
49%
41%
10%
31/12/2022
31/12/2023
Within 1 year
Within 2–5 years
5 years or above



As at 31 December 2023, the Group's total borrowings amounted to approximately HK$55,339 million, representing an increase of 3% as compared with the end of last year. During the Year, the Company issued Panda Bonds of RMB5,000 million, and Shenzhen Expressway, a subsidiary of the Group, issued medium-term notes of RMB2,000 million and green corporate bonds (first batch) of RMB550 million. 49%, 41% and 10% of the Group's total borrowings are due for repayment within 1 year, within 2 to 5 years and after 5 years, respectively.

The Group maintained close business relationships with financial institutions in Hong Kong and the PRC. It seized favorable opportunities in both the Hong Kong and PRC markets by conducting several financing activities to capitalize on the differences in costs. It further optimized its debt portfolio and struck a balance between its interest rate and foreign exchange risks. The Group closely monitored its overall borrowing structure, and effectively maintained funds with high cost efficiency in order to meet its overall capital needs.

The Group's Financial Policy

Interest Rate Risk Management

The Group's interest rate risks arise primarily from floating-rate bank borrowings. The management manages interest rate risks and limits such risks to a reasonable level by closely tracking changes in the macro-economic environment and monitoring changes in current and projected interest rates on a regular basis, taking into account conditions in the domestic and international markets. The management also regularly reviews the ratio of fixed-rate to floating-rate borrowings and seeks to manage and control the Group's interest rate risks by entering into fixed-rate borrowings or interest rate swap contracts for hedging purposes in a timely manner according to the size and maturities of its borrowings.

Exchange Rate Risk

The cash flows, cash on hand and assets of the businesses operated by the Group are mainly denominated in RMB, whereas loans are mainly denominated in RMB, HK$ and US$. During the Year, as affected by the US interest rate hike and the Russo-Ukrainian War, the external environment and global economic growth was subject to a great deal of uncertainty, and RMB/US$ exchange rates fluctuated relatively wildly. The Group will continue to monitor the foreign exchange market, adjust the currency structure of its borrowings and utilize hedging instruments as appropriate to manage its exchange rate risk. As at 31 December 2023, the ratio between the Group's borrowings in RMB and other currencies was around 73%:27%.

Liquidity Risk Management

As of 31 December 2023, the Group had cash on hand and standby banking facilities of approximately HK$101,500 million. The Group maintained adequate funds and credit facilities and optimized its capital structure continuously to ensure that it is capable of operating as a going concern while expanding its business, and to mitigate liquidity risk.

Credit Ratings

During the Year, three leading international credit rating agencies, namely Moody's, Standard & Poor's and Fitch Ratings, maintained their investment-grade credit ratings of the Company of Baa2, BBB and BBB+, respectively. China Lianhe Credit Rating Co., Ltd, a domestic credit rating agency, assigned an "AAA" credit rating to the Company. These ratings reflected favourable capital market recognition of the Group's financial soundness and solvency, and demonstrated confidence in the Group's ability to realize sustainable and quality growth.

EVENTS AFTER THE BALANCE SHEET DATE

(a) Spin-off of Yichang Expressway

On 13 March 2024, Shenzhen Expressway (as vendor) entered into equity transfer agreement (the "Equity Transfer Agreement") and creditor's right transfer agreement with a special purpose vehicle ("Yichang SPV", as purchaser) and Yichang Expressway ("the Project Company") pursuant to which Shenzhen Expressway agreed to sell and Yichang SPV agreed to acquire from Shenzhen Expressway 100% equity interest in the Project Company and two debt receivables from the Project Company at the total consideration of RMB2,046 million. Upon completion of the transactions contemplated under the Equity Transfer Agreement, the Project Company will cease to be a subsidiary of the Company and Shenzhen Expressway.

As at the date of this announcement, the formalities for business registration of the relevant ownership have been completed.

(b) Adjustment to amount and use of proceeds from the Issuance of A Shares to Specific Targets under specific mandate

On 25 January 2024, the board of directors of Shenzhen Expressway agreed to adjust the total proceeds to be raised from the issuance (the "Issuance") of A Shares in the share capital of Shenzhen Expressway to specific investors who meet the criteria required by CSRC (the "Specific Targets") from not exceeding RMB6.5 billion to not exceeding RMB4.9 billion, and correspondingly the amount of proceeds to be used for the repayment of interest-bearing liabilities will be reduced from RMB1.9 billion to RMB0.3 billion. Upon completion of the Issuance, the Company will hold no less than 45% of the total issued shares of Shenzhen Expressway, and the Group is expected to continue to have control over Shenzhen Expressway. Shenzhen Expressway will continue to be accounted for as a subsidiary in the financial statements of the Company and its financial results will continue to be consolidated into the financial statements of the Company.

As at the date of this announcement, the Issuance has not been completed.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

Neither the Company nor any of its subsidiaries purchased, redeemed or sold any of the Company's listed securities during the Year.

CODE ON CORPORATE GOVERNANCE PRACTICES

During the Year, the Company has complied with the code provisions set out in "Corporate Governance Code", Appendix C1 of the Rules Governing the Listing of Securities on the Stock Exchange. The Company aims to enhance its corporate governance practices, thereby promoting the Company's sustainable development and enhancing value for the shareholders.

CLOSURE OF REGISTER OF MEMBERS

To ensure the eligibility to attend and vote at the 2024 Annual General Meeting and the entitlement to the proposed final dividend, the register of members of the Company will be closed on the following dates:

For ascertaining shareholders' right to attend and vote at the 2024 Annual General Meeting:

Latest time to lodge transfers	4:30 p.m. on Wednesday, 8 May 2024
Book closure dates	Thursday, 9 May 2024 to Tuesday, 14 May 2024 (both days inclusive)
Record date	Tuesday, 14 May 2024

For ascertaining shareholders' entitlement to the proposed final dividend:

Latest time to lodge transfers	4:30 p.m. on Monday, 20 May 2024
Book closure dates	Tuesday, 21 May 2024 to Wednesday, 22 May 2024 (both days inclusive)
Record date	Wednesday, 22 May 2024
Payment date of the final dividend	on or about Thursday, 20 June 2024

To be eligible to attend and vote at the 2024 Annual General Meeting and qualify for the final dividend, all transfer documents accompanied by the relevant share certificates must be lodged with the Company's Hong Kong branch share registrar, Tricor Tengis Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong no later than the aforementioned latest time.

OTHER INFORMATION

The Audit Committee of the Company has reviewed the annual results of the Group for the year ended 31 December 2023. A meeting of the Audit Committee of the Company has also been held with the Company's auditor in connection with the review of the annual results of the Group for the year ended 31 December 2023.

The figures in respect of the Group's consolidated balance sheet, the consolidated income statement and the consolidated statement of comprehensive income and the related notes thereto for the year ended 31 December 2023 as set out in the preliminary announcement have been agreed by the Group's auditor, Messrs. Deloitte Touche Tohmatsu, to the amounts set out in the audited consolidated financial statements of the Group for the year as approved by the Board of Directors on 28 March 2024. The work performed by Messrs. Deloitte Touche Tohmatsu in this respect did not constitute an assurance engagement and consequently no opinion or assurance conclusion has been expressed by Messrs. Deloitte Touche Tohmatsu on the preliminary announcement.

This announcement and other information including those of the Company's 2023 annual results will be published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.szihl.com).

By Order of the Board
Shenzhen International Holdings Limited
Li Haitao
Chairman

28 March 2024

As at the date of this announcement, the Board consists of Messrs. Li Haitao, Liu Zhengyu, Wang Peihang and Dr. Dai Jingming as executive directors, and Mr. Pan Chaojin, Dr. Zeng Zhi, Dr. Wang Guowen and Professor Ding Chunyan as independent non-executive directors.

In this announcement, the English names of the PRC entities are translations of their Chinese names and included herein for identification purpose only. In the event of any inconsistency, the Chinese names shall prevail.