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

2022 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 2022 (the "Year") together with comparative figures for the year ended 31 December 2021 as follows:

Consolidated Income Statement:

	Notes	Year ended 31 December 2022 HK$'000	2021 HK$'000 *(restated)*
Revenue	(3), (4)	**15,529,301**	18,541,926
Cost of sales and services		**(11,382,613)**	(12,975,001)
Gross profit		**4,146,688**	5,566,925
Other income		**154,309**	62,888
Other gains - net	(5)	**3,998,746**	5,626,309
Distribution costs		**(147,573)**	(185,367)
Administrative expenses		**(1,124,196)**	(1,404,246)
Net reversal of impairment loss (impairment loss) on trade receivables and contract assets		**55,693**	(111,869)
Operating profit		**7,083,667**	9,554,640
Share of profit of joint ventures		**62,877**	490,495
Share of loss of associates		**(1,647,025)**	(158,051)
Profit before finance costs and income tax		**5,499,519**	9,887,084
Finance income	(6)	**304,211**	397,798
Finance cost	(6)	**(2,872,804)**	(1,328,624)
Finance costs - net	(6)	**(2,568,593)**	(930,826)
Profit before income tax		**2,930,926**	8,956,258
Income tax expense	(7)	**(994,769)**	(2,726,653)
Profit for the year	(8)	**1,936,157**	6,229,605

Consolidated Income Statement (continued):

	Notes	Year ended 31 December 2022 HK$'000	2021 HK$'000 *(restated)*
Attributable to:			
Ordinary shareholders of the Company		**1,253,919**	3,573,011
Perpetual securities holders of Company		**92,999**	92,075
Non-controlling interests		**589,239**	2,564,519
		1,936,157	6,229,605
Earnings per share attributable to ordinary shareholders of the Company (expressed in HK dollars per share)			
- Basic	(9(a))	**0.54**	1.60
- Diluted	(9(b))	**0.54**	1.60

Consolidated Statement of Comprehensive Income:

	Year ended 31 December 2022 HK$'000	2021 HK$'000 *(restated)*
Profit for the year	**1,936,157**	6,229,605
Other comprehensive (expense) income:		
Items that may be reclassified to profit or loss:		
Share of other comprehensive (expense) income of associates	**(26,744)**	16,268
Exchange differences arising on translation of foreign operations	**(959,343)**	256,433
	(986,087)	272,701
Items that will not be reclassified to profit or loss:		
Exchange difference arising from translation of functional currency to presentation currency	**(5,825,921)**	1,205,019
Gain on revaluation of properties previously occupied by the Group	**12,918**	34,085
Deferred taxation relating to revaluation of properties	**(3,230)**	(8,521)
Fair value (loss) gain on equity security designated at fair value through other comprehensive income	**(690)**	8,809
	(5,816,923)	1,239,392
Other comprehensive (expense) income for the year	**(6,803,010)**	1,512,093
Total comprehensive (expense) income for the year	**(4,866,853)**	7,741,698

Consolidated Statement of Comprehensive Income (continued):

	Year ended 31 December	
	2022	2021
	HK$'000	HK$'000
		(restated)
Total comprehensive (expense) income attributable to:		
Ordinary shareholders of the Company	**(4,622,009)**	4,413,732
Perpetual securities holders of the Company	**92,999**	92,075
Non-controlling interests	**(337,843)**	3,235,891
Total comprehensive income for the year	**(4,866,853)**	7,741,698

Consolidated Balance Sheet:

		As at 31 December	
		2022	2021
	Notes	**HK$'000**	HK$'000
			(restated)
ASSETS			
Non-current assets			
Investment properties		**10,226,082**	7,697,726
Property, plant and equipment		**17,874,497**	19,087,069
Land use rights		**3,181,633**	3,328,772
Construction in progress		**3,436,227**	3,927,282
Intangible assets	(11)	**29,941,138**	32,922,243
Goodwill		**551,995**	657,917
Interests in associates		**17,542,041**	19,560,227
Interests in joint ventures		**10,947,559**	12,185,056
Other financial assets		**1,021,738**	1,144,780
Deferred tax assets		**755,954**	859,835
Other non-current assets		**7,539,064**	6,760,114
		103,017,928	108,131,021
Current assets			
Inventories and other contract costs		**6,295,136**	9,562,059
Contract assets		**424,599**	484,529
Other financial assets		**2,833,562**	973,640
Trade and other receivables	(12)	**6,661,838**	6,654,253
Derivative financial instruments		**237,205**	260,713
Restricted bank deposits		**2,804,834**	930,741
Deposits in banks with original maturities over three months		**389,950**	1,023,786
Cash and cash equivalents		**10,829,873**	10,030,535
		30,476,997	29,920,256
Total assets		**133,494,925**	138,051,277

Consolidated Balance Sheet (continued):

		As at 31 December	
		2022	2021
	Note	**HK$'000**	HK$'000
			(restated)
EQUITY AND LIABILITIES			
Equity attributable to ordinary shareholders of the Company			
Share capital and share premium		**13,218,304**	12,331,648
Other reserves and retained earnings		**18,029,560**	26,540,920
Equity attributable to ordinary shareholders of the Company		**31,247,864**	38,872,568
Perpetual securities		**-**	2,330,939
Non-controlling interests		**23,951,310**	26,468,668
Total equity		**55,199,174**	67,672,175
Liabilities			
Non-current liabilities			
Borrowings		**24,426,242**	27,910,782
Lease liabilities		**990,268**	1,430,391
Deferred tax liabilities		**2,809,738**	2,782,820
Other non-current liabilities		**1,485,084**	4,103,911
		29,711,332	36,227,904
Current liabilities			
Trade and other payables	(13)	**12,771,467**	15,755,370
Contract liabilities		**5,609,785**	290,329
Income tax payable		**779,251**	1,760,252
Borrowings		**29,340,767**	16,247,986
Lease liabilities		**83,149**	97,261
		48,584,419	34,151,198
Total liabilities		**78,295,751**	70,379,102
Total equity and liabilities		**133,494,925**	138,051,277

Notes:

(1) General information

The principal activities of the Group, its associates and joint ventures 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 also listed on the Hong Kong Stock Exchange and Shanghai Stock Exchange.

As at 31 December 2022, Ultrarich International Limited (“Ultrarich”) directly owned 1,058,717,983 ordinary shares of the Company, representing approximately 44.34% of the issued share capital of the Company. As Shenzhen Investment Holdings Company Limited (“SIHCL”) held 100% equity interest in Ultrarich, it had a deemed interest in the 44.34% of the equity in the Company held by Ultrarich. SIHCL directly owned 364,500 ordinary shares of the Company, representing approximately 0.01% of the issued share capital of the Company. SIHCL effectively held 44.35% 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 HKD18,107,422,000 as at 31 December 2022.

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.

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.

Merger accounting for business combination involving entities under common control

On 10 August 2021, Mei Wah Industrial (Hong Kong) Limited ("Mei Wah"), a wholly-owned subsidiary of Shenzhen Expressway, entered into a sale and purchase agreement with Shenzhen Investment International Capital Holdings Co., Ltd. ("Shenzhen Investment Capital"), a wholly-owned subsidiary of SIHCL, for the acquisition of 100% equity interest in Shenzhen Investment International Capital Holdings Infrastructure Co., Ltd. ("Shenzhen Investment Infrastructure"), at a final consideration of approximately HKD2,585,236,000, and pursuant to which Mei Wah agreed to finance the repayment of loans owing by Shenzhen Investment Infrastructure to Shenzhen Investment Capital and certain bank loans. On 10 December 2021, such agreement was approved by the shareholders of the Company in a special general meeting of the Company. The acquisition subsequently completed on 11 January 2022, and Shenzhen Investment Infrastructure has since become a subsidiary of the Company. Shenzhen Investment Infrastructure holds 71.83% of the total issued shares of Shenzhen Investment Holdings Bay Area Development Company Limited ("Bay Area Development"), whose shares are listed on the Hong Kong Stock Exchange. As at 31 December 2021, deposit of HKD749,109,000 have been paid to the seller and such deposits have been utilised to setoff the final consideration.

(1) General information (continued)

Merger accounting for business combination involving entities under common control (continued)

As both the Company and Shenzhen Investment Infrastructure are controlled by SIHCL before and after the acquisition and the control is not transitory, the acquisition has been regarded as business combination under common control. The acquisition has been accounted for based on the principles of merger accounting in accordance with Accounting Guideline 5, Merger Accounting for Common Control Combinations issued by the HKICPA.

The consolidated financial statements of the Group has been prepared using the merger basis of accounting as if the current group structure had been in existence throughout the two years ended 31 December 2022 and 2021 presented.

The net assets of the combining entities or businesses are consolidated using the existing book values from the controlling party's perspective. No amount is recognised in respect of goodwill or excess of acquirer's interest in the net fair value of acquiree's identifiable assets, liabilities and contingent liabilities over cost at the time of common control combination, to the extent of the continuation of the controlling party's interest. The adjustments to eliminate share/registered capital of the combining entities or businesses against the related investment costs have been made to merger reserve in the consolidated statement of changes in equity.

The consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the prior periods have been restated to include the operating results of Shenzhen Investment Infrastructure as if these acquisitions had been completed since the date the respective business came under the common control of SIHCL.

The consolidated balance sheet as at 31 December 2021 have been restated to adjust the carrying amounts of the assets and liabilities of Shenzhen Investment Infrastructure which had been in existence as at and 31 December 2021 as if those entities or businesses were combined from the date when they first came under the common control of SIHCL.

(2) Changes in accounting policies and disclosures

The accounting policies applied are consistent with those of the 2021 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 amendments to HKFRSs issued by the HKICPA to these financial statements for the current accounting period:

• Amendments to HKFRS 3	Reference to the Conceptual Framework
• Amendment to HKFRS 16	Covid-19-Related Rent Concessions beyond 30 June 2021
• Amendments to HKAS 16	Property, Plant and Equipment – Proceeds before Intended Use
• Amendments to HKAS 37	Onerous Contracts - Cost of Fulfilling a Contract
• Amendments to HKFRSs	Annual Improvements to HKFRSs 2018 - 2020

The application of the 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 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; and (iv) logistics park transformation and upgrading services.

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 2022 and 2021 are set out below:

For the year ended 31 December 2022

	Toll roads and general-environmental protection business	*Logistics parks*	*Logistics services*	*Port and related service*	*Logistics park transformation and upgrading services*	*Sub-total*	*Head Office functions*	*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 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**

(3) Segment information (continued)

For the year ended 31 December 2021 *(restated)*

	Toll roads and general-environmental protection business HK$'000	*Logistics parks* HK$'000	*Logistics services* HK$'000	*Port and related service* HK$'000	*Logistics park transformation and upgrading services* HK$'000	*Sub-total* HK$'000	*Head Office functions* HK$'000	*Total* HK$'000
Revenue from contracts with customers within the scope of HKFRS 15								
- Point in time	11,135,440	169,733	988,199	2,711,535	319,552	4,189,019	-	15,324,459
- Over time	2,007,602	-	-	-	-	-	-	2,007,602
Subtotal	13,143,042	169,733	988,199	2,711,535	319,552	4,189,019	-	17,332,061
Revenue from other sources								
- Leases from logistics parks	-	1,209,865	-	-	-	1,209,865	-	1,209,865
Revenue	13,143,042	1,379,598	988,199	2,711,535	319,552	5,398,884	-	18,541,926
Operating profit	3,894,048	606,440	22,405	200,322	160,817	989,984	4,670,608	9,554,640
Share of profit (loss) of joint ventures	472,337	17,795	7,356	-	-	25,151	(6,993)	490,495
Share of profit (loss) of associates	722,263	(394)	-	-	875,134	874,740	(1,755,054)	(158,051)
Finance income	229,974	6,438	1,585	857	73,361	82,241	85,583	397,798
Finance costs	(1,190,297)	(40,873)	(4,071)	(932)	(8,825)	(54,701)	(83,626)	(1,328,624)
Profit before income tax	4,128,325	589,406	27,275	200,247	1,100,487	1,917,415	2,910,518	8,956,258
Income tax expense	(695,240)	(85,171)	(8,742)	(52,961)	(113,996)	(260,870)	(1,770,543)	(2,726,653)
Profit for the year	3,433,085	504,235	18,533	147,286	986,491	1,656,545	1,139,975	6,229,605
Profit attributable to non-controlling interests	(1,765,045)	(4,219)	(11,106)	(39,400)	(24,916)	(79,641)	(719,833)	(2,564,519)
Subtotal	1,668,040	500,016	7,427	107,886	961,575	1,576,904	420,142	3,665,086
Profit attributable to perpetual securities holders	-	-	-	-	-	-	(92,075)	(92,075)
Profit attributable to ordinary shareholders of the Company	1,668,040	500,016	7,427	107,886	961,575	1,576,904	328,067	3,573,011
Depreciation and amortisation	2,717,774	320,576	22,289	37,565	196	380,626	134,070	3,232,470
Capital expenditure								
- Additions in investment properties, property, plant and equipment, construction in progress, land use rights and intangible assets	5,016,549	3,191,558	265,730	38,684	499	3,496,471	185,174	8,698,194
- Additions in property, plant and equipment, construction in progress, land use rights, and intangible assets arising from acquisition of subsidiaries	3,402,822	1,916,193	-	-	-	1,916,193	-	5,319,015
- Additions in interests in associates	397,312	-	-	-	3,283,760	3,283,760	2,109,804	5,790,876

(a) The revenue from toll roads included construction service revenue under service concession arrangements in amount of HKD1,444,105,000 for the year (2021: HKD1,861,703,000).

(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:

	2022 HK$'000	*2021* HK$'000
Revenue from contracts with customers within the scope of HKFRS 15		
Toll roads and general-environmental protection business		
- Toll revenue	**5,722,889**	7,123,724
- Entrusted construction management service and construction consulting service revenue	**1,020,572**	1,249,551
- Construction service revenue under service concession arrangements	**1,444,105**	1,861,703
- General-environmental protection services	**2,020,025**	2,169,520
- Others	**566,731**	738,544
	10,774,322	13,143,042
Logistics business		
- Logistics parks	**576,113**	169,733
- Logistics services	**389,619**	988,199
- Port and related services	**2,761,767**	2,711,535
- Logistics park transformation and upgrading services	**30,202**	319,552
	3,757,701	4,189,019
	14,532,023	17,332,061
Revenue from other sources		
Logistics business		
- Leases from logistics parks	**997,278**	1,209,865
	15,529,301	18,541,926

(5) Other gains - net

	2022 **HK$'000**	*2021* HK$'000 *(restated)*
Gain on losing control on United Land Company	**-**	4,771,027
Gain on losing control on Qianhai Business	**2,988,327**	-
Gain on disposal of subsidiaries	**740,023**	164,105
Change in fair value of derivative financial instruments	**81,340**	358,215
Change in fair value of other financial assets	**32,595**	209,446
Change in fair value of investment properties	**276,617**	212,503
Loss on disposal of derivative financial instruments	**-**	(152,249)
Gain on disposal of other financial assets	**-**	179,322
Gain (loss) on disposal of property, plant and equipment	**8,850**	(102,395)
Impairment loss recognised on goodwill	**(52,925)**	(132,979)
Others	**(76,081)**	119,314
	3,998,746	5,626,309

(6) Finance income and costs

	2022	*2021*
	HK$'000	HK$'000
		(restated)
Finance income		
Interest income from bank deposits	**(274,119)**	(229,467)
Other interest income	**(30,092)**	(168,331)
Total finance income	**(304,211)**	(397,798)
Finance costs		
Interest expense		
- Bank borrowings	**1,159,858**	873,501
- Medium-term notes	**15,077**	43,425
- Senior notes	**29,268**	29,752
- Corporate bonds	**340,653**	332,783
- Panda bonds	**184,265**	233,380
- Borrowings from finance leasing companies	**52,088**	49,571
- Interest on contract liabilities	**2,930**	3,579
- Interest on lease liabilities	**64,694**	65,314
- Other interest costs	**97,797**	58,318
Net foreign exchange losses (gains)	**1,160,804**	(108,279)
Less: finance costs capitalised on qualified assets	**(234,630)**	(252,720)
Total finance costs	**2,872,804**	1,328,624
Net finance costs	**2,568,593**	930,826

(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% (2021: 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.

	2022	*2021*
	HK$'000	HK$'000
		(restated)
Current income tax		
- PRC Corporate Income Tax	**661,922**	2,103,104
- PRC Land Appreciation Tax	**1,755**	31,671
- Withholding income tax on dividends	**-**	17,016
Deferred tax	**331,092**	574,862
	994,769	2,726,653

(8) Expenses by nature

Profit for the year has been arrived at after charging:

	2022	*2021*
	HK$'000	HK$'000
		(restated)
Construction services cost under service concession arrangements	**1,444,105**	1,861,703
Kitchen waste disposal project costs	**613,595**	1,023,552
Depreciation and amortisation	**2,680,503**	3,232,470
Employee benefit expenses	**1,762,231**	1,910,920
Cost of inventories sold	**2,414,138**	2,384,703
Other tax expenses	**181,191**	246,407
Commission, management fee and maintenance expenses for toll roads	**390,490**	406,647
Entrusted construction management service costs	**793,563**	991,578
Auditors' remuneration : audit services	**8,257**	8,951
Legal and consultancy fees	**77,753**	174,087

(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.

	2022	*2021*
	HK$'000	HK$'000
		(restated)
Profit attributable to ordinary shareholders of the Company	**1,253,919**	3,573,011
Weighted average number of ordinary shares in issue (thousands)	**2,330,745**	2,233,481
Basic earnings per share (HKD per share)	**0.54**	1.60

(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)

	2022	*2021*
	HK$'000	HK$'000
		(restated)
Profit attributable to ordinary shareholders of the Company	**1,253,919**	3,573,011
Weighted average number of ordinary shares in issue (thousands)	**2,330,745**	2,233,481
Adjustments - share options (thousands)	**-**	3,222
Weighted average number of ordinary shares for diluted earnings per share (thousands)	**2,330,745**	2,236,703
Diluted earnings per share (HKD per share)	**0.54**	1.60

(10) Dividends

At the board meeting on 28 March 2023, the board recommended the payment of final dividend for the year of 2022 of HKD0.257 per ordinary share. Such dividends are to be approved by the shareholders at the forthcoming annual general meeting of the Company in 2023 ("Annual General Meeting"). These consolidated financial statements do not reflect this as dividend payable.

	2022	*2021*
	HK$'000	HK$'000
Proposed final and total dividend of HKD0.257 (2021: HKD0.125 per ordinary share)	**613,667**	283,340
No proposed special dividend (2021: HKD0.703 per ordinary share)	**-**	1,593,500
	613,667	1,876,840

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 Stock Exchange's granting the listing of and permission to deal in the new shares to be issued pursuant thereto.

(11) Intangible assets

Concession intangible assets

	2022	*2021*
	HK$'000	HK$'000
Cost	**50,026,372**	50,046,258
Accumulated amortisation and impairment	**(20,085,234)**	(17,124,015)
Net book value as at 31 December	**29,941,138**	32,922,243
Net book value as at 1 January	**32,922,243**	31,645,704
Acquisition of a subsidiary	**311,514**	-
Additions	**1,445,272**	2,516,337
Others	**(56,733)**	(97,667)
Amortisation	**(1,967,892)**	(2,177,653)
Impairment	**(21,899)**	-
Exchange difference	**(2,691,367)**	1,035,522
Net book value as at 31 December	**29,941,138**	32,922,243

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 government 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 are due within 120 days from the date of billing. As at 31 December 2022 and 2021, the ageing analysis of the trade receivables of the Group based on revenue recognition date was as follows:

	2022	*2021*
	HK$'000	HK$'000
0 - 90 days	**1,323,344**	1,231,482
91 - 180 days	**334,552**	187,771
181 - 365 days	**332,598**	240,506
Over 365 days	**408,771**	550,898
	2,399,265	2,210,657

(13) Trade and other payables

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

	2022	*2021*
	HK$'000	HK$'000
0 - 90 days	**1,907,078**	1,819,439
91 - 180 days	**445,216**	493,793
181 - 365 days	**440,223**	1,002,740
Over 365 days	**1,415,980**	556,383
	4,208,497	3,872,355

MANAGEMENT DISCUSSION AND ANALYSIS

OVERALL REVIEW

Operating Results	***2022*** *HK$'000*	*2021* *HK$'000* *(Restated*)*	Increase/ (Decrease)
Revenue (excluding construction service revenue from toll roads)	**14,085,196**	16,680,223	(16%)
Construction service revenue from toll roads	**1,444,105**	1,861,703	(22%)
Total revenue	**15,529,301**	18,541,926	(16%)
Operating profit	**7,083,667**	9,554,640	(26%)
Profit before tax and finance costs	**5,499,519**	9,887,084	(44%)
Profit attributable to shareholders	**1,253,919**	3,573,011	(65%)
Basic earnings per share (HK dollars)	**0.54**	1.60	(66%)
Dividend per share (HK dollar)			
(in aggregate)	**0.257**	0.828	(69%)
- Final dividend (HK dollar)	**0.257**	0.125	106%
- Special dividend (HK dollar)	**-**	0.703	N/A

**The Group completed the acquisition of 100% equity interest in Shenzhen Investment International Capital Holdings Infrastructure Co., Ltd. ("Shenzhen Investment Infrastructure") on 11 January 2022 and consolidated it in the Group's financial statements under the common control consolidation approach. Pursuant to the applicable accounting standards, the Group has made retrospective adjustments to the consolidated financial statements for the previous year.*

In 2022, the Group faced multiple challenges due to the complex and harsh international and domestic environments, as well as the ongoing pandemic. Amidst extensive efforts to prevent and control the pandemic, the Group firmly adheres to the principle of seeking progress while maintaining stable operation. The Group also focused on developing its core logistics business, perfecting the all-round "Inland Port Networking, Logistics Parks, Air Cargo and Railway Freight Logistics Infrastructure + Intelligent and Cold Chain Logistics" system. The Group has been persistently developing the core competitiveness and sustainability of the logistics business, and pursuing long-term high-quality sustainable growth in strict adherence to its "14th Five-Year" development strategy.

For the year ended 31 December 2022 (the "Year"), the Group recorded a revenue of approximately HK$14,100 million, representing a decrease of 16% year-on-year and profit attributable to shareholders of HK$1,254 million, representing a decrease of 65% year-on-year. The drop in revenue and profit was mainly due to the significant decline in the financial performance of an associate, Shenzhen Airlines Company Limited ("Shenzhen Airlines"), and a subsidiary, Shenzhen Expressway Corporation Limited ("Shenzhen Expressway"), as compared to the corresponding period of the previous year. In addition, the substantial depreciation of Renminbi ("RMB") during the Year also resulted in foreign exchange losses.

In 2022, the Group has made new progress in expanding its core logistics business, and its nationwide network layout continued to improve. The Group demonstrated its competitive strength in obtaining land resources by successfully acquiring warehousing and storage land plots in Foshan of Guangdong Province, Nanchang of Jiangxi Province, and Haikou of Hainan Province. At the same time, the Group successfully acquired high-quality logistics warehouse projects in two key gateway cities, namely Zhengzhou and Hefei, for an aggregate consideration of RMB1,710 million, further extending the strategic layout of "One City, Multiple Logistics Parks" in core cities. In 2022, the Group obtained new land plots with the site area of approximately 1.81 million square meters, and newly developed land plots of approximately 0.87 million square meters which have been put into operation. As at 31 December 2022, the Group has established foothold in approximately 40 key logistics gateway cities across the country, and managed and operated a total of 34 logistics projects with an operating area of more than 4 million square meters in the aggregate.

Benefiting from the launch of several new parks, revenue from the logistics park business for the Year increased by 14% to HK$1,573 million as compared to the corresponding period of the previous year. However, in order to withdraw from business with lower gross profit margin and/or higher risks, the Group proactively conducted business restructuring of the logistics service business. The decrease of revenue from this sub-segment offset the revenue growth from the logistics park business. As a result, revenue from the logistics business as a whole dropped by 17% to HK$1,963 million as compared to the corresponding period of the previous year. The profit attributable to shareholders from the logistics business surged by 181% to HK$1,427 million as compared to the corresponding period of the previous year, mainly attributable to the further implementation of the Group's "Investment, Construction, Financing and Operation" closed-loop business model. The Group successfully injected the Hefei Feidong Project and the second phase of the Hangzhou Project into a private equity fund , which resulted in recognition of a gain after tax of approximately HK$657 million during the Year.

As for the logistics park transformation and upgrading business, the Group is steadily advancing the development and construction of the Qianhai Project and the orderly expansion of the long closed-loop "Investment, Construction, Operation and Transformation" business model. In February and June 2022, Shenzhen Vanke Development Company Limited ("Shenzhen Vanke") injected approximately RMB915 million and RMB1,480 million, respectively, into Shenzhen International Qianhai Business Development (Shenzhen) Co., Ltd ("Qianhai Business"). Upon the completion of the second batch of capital contribution, the Group's shareholding in Qianhai Business was diluted to 50%. The capital contribution contributed a gain before tax of approximately RMB2,487 million to the Group. In addition, the pre-sale of Yicheng Qiwanli (頤城棲灣里), a residential project developed solely by the Group, has officially commenced in September 2022 with the pre-sell rate reached 98.5% on the first day of launch. The inspection and acceptance procedures of this project is expected to be completed by the end of 2023.

By rigorously developing the "Investment, Construction, Operation and Transformation" and "Investment, Construction, Financing and Operation" dual closed-loop business models, the Group will be able to accelerate its capital recovery, optimize its capital structure, promote successive developments, obtain and accumulate premium logistics assets, and achieve the goals of strengthening and expanding the core logistics business.

In respect of the port business, the Group actively sped up the implementation of the "Port Connection Action", explored new businesses, and aimed for high-quality development of port operation during the Year. The business volume of Nanjing Xiba Port continued to rank first amongst 11 similar ports along the Yangtze River. During the Year, revenue from the port and related services business increased by 2% as compared to the corresponding period of the previous year to HK$2,762 million. Profit attributable to shareholders decreased by 5% (if represented in RMB, maintained at a similar level with that of the previous year) as compared to the corresponding period of the previous year to HK$103 million.

The port business is an important segment in the Group's "Four Growth Engines" layout strategy. In recent years, on the one hand, the Group has been actively exploring new businesses to increase revenue, while on the other hand expanding into quality port projects. In particular, the construction of the Fengcheng Shangzhuang Project, the Jingjiang Port Project and the Shenqiu Port Project are all progressing steadily and they are expected to be put into operation gradually in 2023. A multi-point port network is taking shape.

During the Year, affected by the decline in road traffic demand, road network diversion and the promulgation of government policy to offer 10% toll discount to trucks in the fourth quarter, the overall revenue and profit attributable to shareholders of Shenzhen Expressway decreased by 17% and 27% as compared to the corresponding period of the previous year to HK$9,330 million and HK$2,315 million, respectively. Shenzhen Expressway recognized an investment gain of approximately RMB920 million due to the capital reduction of an associate during the Year, while the Group adopted HKFRS, the profit of Shenzhen Expressway attributable to the Group for the Year dropped by 60% as compared to the corresponding period of the previous year to HK$651 million.

During the Year, Shenzhen Airlines, an associate of the Company, witnessed a decline in demand for air passenger transportation due to the ongoing pandemic situation in the PRC. Such decrease in demand, coupled with the continuous rise in aviation fuel and fluctuation in exchange rates, resulted in net loss for the Year of approximately RMB11,129 million (equivalent to HK$12,793 million). According to the applicable accounting standards, the Group recognized its share of loss in the residual carrying value of Shenzhen Airlines of approximately RMB2,319 million (equivalent to HK$2,666 million) in its profit or loss during the Year. With the pandemic prevention and control in China entering a new phase, the rebound in demand for airline traffic will create a favorable macro environment for the recovery and development of the civil aviation industry. Shenzhen Airlines will further refine its route layout, rationalize its capacity allocation and strengthen overall cost control to lay a solid foundation for its sustainable and healthy business development.

Moreover, due to the significant depreciation of RMB against other currencies, the Group recorded a net foreign exchange loss of approximately HK$1,161 million during the Year. The Group will closely monitor the fluctuation and changes in RMB exchange rates, strengthen foreign exchange management and tighten control over foreign exchange risks.

Social responsibilities

In early 2022, Hong Kong experienced the fifth wave of pandemic outbreak. To support anti-pandemic measures in Hong Kong, the Group actively responds to the government's call, made good use of its profound experience and professional capability in the field of logistics park operation, and completed construction of two large cross-border transfer stations between Shenzhen and Hong Kong within a short period of time. In addition, the Group also successfully undertook the operation of two cross-border transfer stations in Bao'an and Dapeng New District in Shenzhen. The above four connection stations have a total area of 265,000 square meters, allowing accessibility by vehicles representing approximately 43.9% of the total traffic volume of Shenzhen. Meanwhile, the Group and Sinotrans Limited ("Sinotrans") jointly operated the Hong Kong aid train. The first freight train from China to aid Hong Kong arrived in Hong Kong on 2 March 2022 from Pinghunan National Logistics Hub.

To help enterprises overcome the difficulties caused by the pandemic, the Group aligned with the relevant business relief measures in accordance with relevant policies issued by government authorities, and the Group reduced the rents payable by small and micro enterprises as well as sole proprietorships that satisfy relevant conditions with a view to taking on social responsibility, balancing economic benefits and social well-being, and demonstrating the social responsibility of a state-owned enterprise.

Dividend

The board of directors of the Company (the "Board") is committed to maintaining a stable dividend policy and continuing to bring sustainable and stable returns to its shareholders. Having considered the composition of the profit and cash flows of the Group, the Board recommended a final dividend of HK$0.257 per share for the Year (2021: final dividend of HK$0.125; special dividend of HK$0.703). Dividend per share decreased 69% as compared to the previous year. Total dividend amounts to HK$614 million (2021: HK$1,877 million), representing a decrease of 67%, 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 Company ("2023 Annual General Meeting"); and (2) 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 2022, due to the combined impact of inflation, the Russia-Ukraine war, and the ongoing pandemic, the global economy was in a downturn, and China's domestic economy also faced significant pressure as the growth rate of logistics demand slowed down. Despite this, the Chinese government provided strong support for the logistics industry in its policies and called for the construction of logistics infrastructure networks to be strengthened, as well as the optimization and development of multimodal transport facilities, cold chain logistics facilities, and emergency logistics systems. The logistics industry faced both challenges and opportunities.

The Group responded actively to changes in the external environment and the impacts of relevant policies, turning adversity into opportunity. Building on its footholds in the Shenzhen Pilot Demonstration Zone and the Guangdong-Hong Kong-Macao Greater Bay Area, it is seizing opportunities to build a modern logistics system by upgrading logistics infrastructure across the country. Apart from seizing market opportunities to accelerate the establishment of national networks and continuously exploring investment and acquisition opportunities to expand its business scale, the Group is also accelerating the cultivation of new businesses as well as continuously enhancing its "Investment, Construction, Financing and Operation" and "Investment, Construction, Operation, and Transformation" dual closed-loop business models to accumulate energy 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 established its presence in cities such as Zhongshan, Zhaoqing and Foshan among the cities in the Greater Bay Area in addition to Shenzhen, to achieve its strategic vision of integration into the Greater Bay Area. The Group strives to expand its investment layout in the Greater Bay Area and has developed a series of new products, such as the "Shenzhen International Intelligent Logistics Hubs", to align with the industry's trend towards smart and intelligent development and the local government's initiative on intensive land use.

As at 31 December 2022, the Group has established 13 logistics projects across the Greater Bay Area. Among them 4 (including 3 in Shenzhen) are in operation/under management while 5 projects (including 3 in Shenzhen) are under construction.

Logistics Hub Projects in Shenzhen

In recent years, the Group has been actively driving the reconstruction and upgrading of its logistics parks in Shenzhen in accordance with industrial and urban development trends.

Projects in Operation

SZ South China Logistics Park has a site area of approximately 578,000 square meters. It is developed in two phases. The first phase, completed in 2015, is a comprehensive industrial park that mainly focuses on bonded logistics and commercial functions. It has maintained stable operation during the Year. It provides warehousing and storage, bonded logistics and third-party logistics services as well as the renowned "The Outlets-8th (8號倉奧特萊斯)" and "Longhua Luxury Cars Mall (龍華名車廣場)" in Shenzhen. It is currently preparing for the transformation into a digital economy park under the overall planning of the Shenzhen Municipal Government. With a site area of approximately 62,000 square meters and a gross floor area of approximately 200,000 square meters, the second phase of this park will be developed into the "South China Digital Valley" to align with Longhua District's "Digital

Longhua" development strategy. With a focus on the digital industry, the second phase will target enterprises in three major industries, namely artificial intelligence, 5G technologies and industrial internet, with the aim of promoting the integration of regional industries and the city, and empowering regional development with the digital industry. The second phase will be developed and constructed in two stages. The first stage has been put into operation in December 2021 while the inspection and acceptance procedure of the second stage is expected to be completed in the first half of 2023.

SZ Western Logistics Park has a total operating area of approximately 122,000 square meters. It provides mainly bonded logistics, warehousing and storage, loading, unloading, distribution and on-site value adding services. It 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 (深圳市跨境電商展示中心) and recognized as an advanced certified enterprise under the Authorized Economic Operator Program. As at 31 December 2022, the overall occupancy rate of the park reached 100%.

SZ Kanghuai E-commerce Center is the first asset-light management project operated by the Group and has an operating area of approximately 143,000 square meters. The SZ 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 the demonstration project for the Green Freight Distribution (綠色貨運配送示範工程) in Shenzhen. Currently, the center provides a range of services, including warehouse logistics, large 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 several branded logistics enterprises, resulting in satisfactory leasing progress. As at 31 December 2022, the center achieved an overall occupancy rate of 97%.

While identifying new logistics hub projects, the Group is also closely monitoring the progress of ongoing construction projects to ensure that they meet the expected construction timeline.

Projects in Construction

SZ Pinghunan Project, which is located in Longgang District, Shenzhen, has a total site area of approximately 900,000 square meters and an estimated gross floor area of logistics warehouses of approximately 850,000 square meters (subject to the approval by the relevant governmental authorities of Shenzhen). In September 2019, the SZ Pinghunan 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 to be developed as national logistics hubs to provide logistics services. This project is designed with an aim to enable seamless connection between "Road and Railway Logistics Facilities". The use of expressways and railways for freight consolidation and distribution can greatly enhance railway freight consolidation capacity and service efficiency, transfer throughput from roads to railways, divert the traffic of roads connecting ports and reduce pollutant emissions, thereby optimizing regional transportation systems, which are important for improving logistics efficiency and reducing logistics costs, and are in line with green urban development concepts.

In August 2021, a joint venture was set up to invest in and develop the SZ Pinghunan Project pursuant to the cooperation agreement entered into between the Group and China Railway Guangzhou Group Co., Ltd. The Group intends to turn this project into a demonstrative multimodal transportation hub for the whole country as well as Asia. While preserving the functions of the original railway yard, the construction of the modern large-scale intelligent logistics complex will upgrade the railway yard into an exemplary integrated logistics hub that incorporates multimodal "Road, Railway and Water" transportation, regional distribution and delivery, public warehousing and logistics information services. On the one hand, the SZ Pinghunan Project will effectively meet the pressing demand for high-end logistics infrastructure arising from the operation of Shenzhen Municipality, perfect the city's multimodal transportation system, consolidate and relieve surrounding scattered, low-efficiency and low-performance logistics facilities, and become a modern public logistics service platform serving Shenzhen, the Guangdong-Hong Kong-Macao Greater Bay Area as well as the whole Southern China so as to boost the position of Shenzhen as an important city and entrepot trade hub under the Belt and Road Initiative. On the other hand, it will enable the Group to accumulate high-quality assets with long-term performance for its future development, enlarge the scale and network coverage of its logistics operations, and strengthen its market position in the Greater Bay Area as well as the rest of the country. Thus, the development of the SZ Pinghunan Project is in line with the Group's business development strategy and planning.

The Group pioneered the model of "obtaining strata titles in multi-level logistics and warehousing development to be constructed over a railway" in the SZ Pinghunan Project, thereby achieving an integrated "Rail Transportation + Modern Logistics" development. It will become a benchmark for the intensive use of land resources.

The railway yard in the first phase of the SZ Pinghunan Project has been handed over gradually since early 2022 and put into operation. The hand over was successful and the operation has been smooth. The area of the railway yard/freight yard in operation in the first phase is approximately 170,000 square meters. In addition, the Group successfully rolled out the Pinghunan, Shenzhen – Minhang, Shanghai rail freight express line through the use of the railway yard of the first phase of the SZ Pinghunan Project, thereby materializing a breakthrough in terms of multimodal transportation. Land acquisition, building design and other preparations for the second phase of facilities to be constructed over the railway yard are currently progressing in full swing. The Group aims at commencing construction within 2023 and completing construction by 2026.

SZ Liguang Project is located in Longhua District, Shenzhen, with a site area of approximately 45,000 square meters. It will be built into a logistics park with a high plot ratio comprising six above ground floors and two underground floors with a planned gross floor area of 265,000 square meters. This project is designed to be a modern high-standard, intelligent and eco-friendly modern logistics park that sets an industry benchmark. This project was selected as one of Shenzhen's key projects in 2022. The Group has been speeding up the construction of this project. The topping-out of the main structure was completed in August 2022. This project is expected to be put into operation in 2023. The project is planned to comprise various facilities, including cold storage warehouses, temperature-controlled warehouses, automated stereoscopic warehouses and an ancillary service center. Upon its operation, the project is anticipated to further solidify the Group's share in the regional logistics market of Shenzhen.

SZ Yantian Comprehensive Bonded Project has a site area of approximately 32,000 square meters and a planned gross floor area of approximately 127,000 square meters. Building on an international hub port comprising of Yantian Port and Yantian Comprehensive Bonded Zone, this project will be built into a world-leading digital, intelligent and green-bonded logistics complex with the main aims of developing a new bonded business model. It has been selected as one of Shenzhen's key projects in 2022. The construction of this project commenced in June 2022 with the aim of being completed and put into operation in 2023.

Projects in Preparation

SZ Pingshan Project has a site area of approximately 120,000 square meters and a planned gross floor area of approximately 450,000 square meters. In April 2022, the Group completed the acquisition of 70% equity interest in this project. It has distinct locational advantage of being surrounded by enterprises in sectors with huge demand for logistics services, such as the information technology, biopharmaceutical and new energy vehicle industries. This project will be a "demonstration base for deep integration of manufacturing and logistics industries" inside Shenzhen's "20+8" strategic emerging industry clusters. It will also act as an "shared intelligent logistics service center" for "9+2" strategic emerging industries in Pingshan District. It will provide efficient intelligent comprehensive logistics services to the advanced manufacturing industry. 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.

Western Highway Logistics Hub Project is one of seven first-class highway freight hubs stations planned by Shenzhen government. Occupying a prime location, it has a site area of approximately 75,000 square meters. 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 prime location on domestic and international transportation routes. This will facilitate the interaction between high-end manufacturing and logistics industries. The Group entered into the investment agreement for this project with the relevant government department in the second half of 2022 and is currently actively pursuing land obtaining for the project.

Other Projects in the Greater Bay Area

While establishing a foothold in Shenzhen, the Group is accelerating the development of quality projects in other regions in the Greater Bay Area.

Zhongshan Torch Project is the Group's first project in the Greater Bay Area (excluding Shenzhen) with an operating area of 66,000 square meters. It aims to facilitate the integrated development of logistics on both sides of the Pearl River. Following the Group's acquisition in 2019, the project has undergone nearly three years of refined management, leading to significant improvements in operation and service quality. As at 31 December 2022, the occupancy rate has reached almost 100%.

Foshan Nanhai Project and **Foshan Shunde Project** are two warehouse construction sites that the Group successfully obtained at the beginning of 2022. These projects are located in Nanhai District and Shunde District of Foshan, respectively, and have added approximately 280,000 square meters of site area in the Greater Bay Area to the Group's land reserves. With an emphasis on intensification and intelligence in their overall planning, the Group aims to develop these two warehouse projects into modern high-standard logistics parks that integrate warehousing, distribution, freight forwarding, trading, after-sales services, and e-commerce. The construction of these two projects commenced in the second half of 2022, and they are expected to commence operations in 2025.

Foshan Gaoming Project is a warehouse site that the Group successfully bid in January 2023. The project is located in Gaoming District of Foshan and with 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 breakthrough of the "One City, Multiple Logistics Parks" strategy.

Furthermore, the Group will actively promote the acquisition of land for the Zhaoqing Gaoyao Project with the target of obtaining the land within 2023.

II. Logistics Parks in Other Regions of the PRC

While focusing on the Greater Bay Area, the Group also stepped up its investment in economically affluent regions such as the Yangtze River Delta and the Beijing-Tianjin-Hebei Region as well as provincial capitals. In particular, the Group capitalized on the opportunity to implement its "One City, Multiple Logistics Parks" strategy in first and second tier logistics gateway cities in order to realize its overall national strategic layout, increase its penetration rate and project density in key cities, consolidate the foundation of its high-standard warehouse network, and create synergies on a national level.

As of 31 December 2022, the Group has extended its network of logistics hubs to more than 33 logistics gateway cities in other regions across the country (excluding the Greater Bay Area). The Group had in aggregate 30 operating logistics hub projects with a total operating area of approximately 3.67 million square meters, and these operating hubs achieved satisfactory occupancy rate.

Zhengzhou Xinzheng Project and **Hefei Feixi Project** 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 Group plans to construct high-standard warehouses on the vacant land of these two projects. Upon completion within next two years, the total operating area will exceed 700,000 square meters, these projects are expected to become significant logistics hubs in Zhengzhou and Hefei. They will mainly provide services to local industries with customers including those in the express delivery industry, third-party logistics industry and customized logistics industry. Through the above acquisitions, the Group can further accelerate its strategy of "One City, Multiple Logistics Parks" and enhance its market share and influence in core logistics gateway cities and across the country.

Wuhan Caidian Project, stage B of the first phase of **Changsha Project**, **Zhengzhou Erqi Project** and the second phase of **Jinhua Yiwu Project** were completed and put into operation in 2022, thereby adding over 460,000 square meters of new operating area to the Group. In addition, the construction of, among other projects, **Wuxi Jiangyin Project** has commenced as planned. These projects are expected to be completed and put into operation in 2023.

The Shijiazhuang Zhengding Project, invested and constructed by the Group, is the first industrial-city complex in China that integrates the two major industries of logistics and commerce. The project has a site area of approximately 310,000 square meters and a total gross floor area of over 500,000 square meters. Among them, the intelligent logistics park has a site area of approximately 200,000 square meters.. This project has successfully utilized next-generation intelligent technologies and automatic equipment to establish a new "Pharmaceutical Industrial Park + Backbone Cold Chain Base" business model. As at the end of 2022, approximately 64,000 square meters of this park have been put into operation, of which over 40,000 square meters belong to a pharmaceutical industry park. It also serves as the regional warehouse in Hebei for Shanghai Pharmaceuticals and China Resources Pharmaceuticals, both being Global 500 enterprises.. Furthermore, this park is currently constructing a high-standard backbone cold chain logistics base with a gross floor area of over 100,000 square meters. The A5 and A7 warehouses of this park have been named "Green Warehouses" by the China Warehousing and Distribution Association and have obtained the first-level certification of Green Warehouses.

In addition, capitalizing on its strong brand influence and ability to operate mature parks, the Group has undertaken a number of management projects across the PRC. **Yueyang Smart Commercial and Trading Logistics Park** (岳陽智慧商貿物流園) is the first of our management projects outside Shenzhen. With a completed area of approximately 52,000 square meters, the storage facilities of the first phase of the project have been operating well since it was put into operation. Furthermore, the Group has been vigorously pushing through the development of several other management projects, including: the **Hainan Yangpu Project** with a gross floor area of approximately 94,000 square meters, the construction of which has commenced in November 2021 with the aim of launching the project in 2023; and the **Guangdong Huiyang Project** with a gross floor area of approximately 100,000 square meters, which is expected to commence construction in 2023 and be put into operation in 2024.

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

As the logistics and warehousing industry proliferates and rental surges continuously, the value of logistics hubs is expected to rise 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. Under this 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 from the development, construction, incubation and operation of the logistics hubs in advance, thereby enabling rapid expansion of the Group's logistics hubs operation and management.

Following the successful injection of the Nanchang Project into a fund in 2021, the Group has completed the injection of the Hefei Feidong Project and the second phase of the Hangzhou Project into private equity fund during the Year. This has further facilitated the implementation of the Group's closed-loop "Investment, Construction, Financing, and Operation" business model, resulting in the gain after tax of approximately HK$657 million. In addition, the Group will continue to provide operation, maintenance and other professional services to the logistics hubs injected to the fund and receive service fees accordingly. Therefore, the injection of assets into the fund enables the Group to accelerate its capital recovery and enhance investment returns while maintaining the Group's rights to operate the logistics hubs.

Since 2022, the regulatory authorities in the PRC have been repeatedly emphasizing the need to deepen the pilot program of publicly-traded REITs, further promoting a positive investment and financing cycle. With such unfaltering support from the central and local governments, the development of publicly-traded REITs in the PRC has expanded and accelerated. The Group is actively planning for the application and issuance of publicly-traded REITs, with the first batch of issuances expected to use mature logistics hub projects in Hangzhou and Guizhou as underlying assets. The offering of publicly-traded REITs aims at revitalizing the Group's premium logistics assets, accelerating its capital recovery, enhancing its investment quality and creating a positive cycle while retaining the rights to operate the relevant parks. The Group is currently in the preparation stage for a possible application of the publicly-traded REITs.

Logistics Service Business

With technologies relating to artificial intelligence, big data and 5G maturing gradually, the combination of new applications such as automatic sorting, precise delivery and contactless distribution has facilitated the migration of the logistics industry from being traditional and labor-intensive to high technology and digitalization. Emerging industries such as intelligent logistics and cold chain logistics have become the major trends for the future development of the logistics industry. In recent years, the Group has sped up its exploration into intelligent and cold chain businesses in order to diversify its revenue streams.

Under an initiative to build new intelligent warehousing and cold chain logistics growth engines, the Group accelerated the implementation of its new strategies and focused on developing intelligent and cold chain warehousing products in 2022. As at 31 December 2022, the Group had a total of 73,000 square meters of intelligent and cold storage warehouses in operation, while approximately 267,000 square meters are under construction, proposed for construction and in the planning process. It is expected that 15,000 square meters of intelligent warehouses and 63,000 square meters of cold storage warehouses will be put into operation in 2023.

In respect of the cold chain business, the Group has made satisfactory progress in the planning and construction of cold storage warehouses in its logistics hubs. In 2022, the area of newly added cold storage warehouses was over 40,000 square meters, which included 2 pharmaceutical warehouses in the Shijiazhuang Zhengding Project as well as the Chengdu Qingbaijiang Project and the Tianjin Xiqing Project. In particular, the Chengdu Qingbaijiang Project, which is the first self-constructed cold storage warehouse project of the Group with a cold storage warehouse area of approximately 17,000 square meters, was officially launched in December 2022. Moreover, the cold storage warehouses currently under construction in the SZ Liguang Project, with an area of approximately 50,000 square meters, are expected to be operational in 2023. The Group is also expediting the land acquisition for the cold chain project at the airport of Nanjing with a planned cold storage warehouse area of approximately 30,000 square meters. Furthermore, the Group intends to commence the transformation of the Shanghai Minhang Project from a dry warehouse into a cold storage warehouse in 2023. Upon completion, the transformed cold storage warehouse is expected to have an approximate area of 47,000 square meters.

For the development of intelligent warehouses, the Group continued to carry out intelligent transformation of existing projects and a total of 20,500 square meters of operating area have been completed and put into operation after intelligent transformation. During the Year, the Group completed the intelligent transformation of the Longzhuo intelligent logistics warehouses and some warehouses in the Shijiazhuang Zhengding Project, thereby effectively enhanced the clients' storage space utilization rates and inventory turnover efficiency. In particular, the Longzhuo intelligent logistics warehouses have been put into operation in November 2022. The intelligent transformation of certain warehouses in the Shijiazhuang Zhengding Project was conducted jointly by the Group and Hubei Prolog Technology Co., Ltd. (湖北普羅格科技股份有限公司) ("Prolog"), a leading integrated intelligent warehouse system company. In the future, the two parties will continue to work together to explore the application of intelligent logistics technology in the park's ecosystem, bringing new value to the warehousing and logistics park with technology.

Looking forward, the Group will continue to stay abreast of the development trends of the intelligent warehousing and cold chain industry, look out for quality acquisition targets in the industry, facilitate the development of new business and the high-quality development of industry and logistics chains, and build new growth engines for the logistics business.

Shenzhen EDI Co., Ltd. ("EDI Co"), a subsidiary of the Company, focuses on empowering the container transportation industry with digital technologies and created the largest container transport SAAS public service platform in Southern China. It also constructs and operates the EDI's network information exchange platform for the Shenzhen port. Meanwhile, EDI Co also undertakes the construction and operation of the China (Shenzhen) International Trade Single Window (中國(深圳)國際貿易單一窗口) to provide foreign trade enterprises in Shenzhen with convenient and efficient online import and export customs clearance services. During the Year, EDI Co carried on the marketing for its existing products and launched a mobile smart application (APP), namely 海運智聯. In addition, EDI Co successfully introduced a strategic investor under Cainiao AI (菜鳥), namely Shanghai Flying Fish Supply Chain Technology Co., Ltd. (上海文鰩供應鏈科技有限公司), to jointly create intelligent digital end-to-end cross-border logistics solutions and establish a service platform targeting at the whole industry chain of the cross-border trading sector in order to boost innovative development.

Other Strategic Logistics Investments

The Group is also actively exploring upstream and downstream companies along the logistics industry chain that can diversify its all-round logistics ecosystem combining "Inland Port Networking, Logistics Parks, Air Cargo and Railway Freight Logistics Infrastructure + Intelligent and Cold Chain Logistics", and seizes the opportunity arising from emerging industries in the logistics sector and the policy framework, captures potential investment opportunities in multimodal transportation, intelligent and cold chain logistics and air freight forwarding enterprises, selects quality logistics asset projects and accumulates underlying resources in order to fully realize the synergies of its projects while obtaining a good return on investment.

The Group has set up a joint venture with Sinotrans to operate the Bay Area Express (灣區號) in Shenzhen as well as other principal businesses such as international cargo agency and international train operation. The China-Europe Railway Express sets off from Shenzhen and serves one of the longest train routes of the PRC between China and Europe with a total length of 13,438 kilometers. From its launch to the end of 2022, the China-Europe Railway Express has made a total of 379 trips with a trading amount of approximately USD1,200 million. In addition, two international train routes of the Bay Area Express running between China and Laos and among China, Laos and Thailand were opened afterwards. In April 2022, the first cold-chain-only train running among China, Laos and Thailand set off from Pinghunan's railway yard. This train marked the first end-to-end experimental cold chain service among China, Laos and Thailand and signified the opening of an international cold chain logistics channel between the Greater Bay Area and ASEAN. Capitalizing on the numerous routes of the Bay Area Express, the Group's logistics parks have also rolled out one-stop services covering goods consolidation, freight forwarding and booking, loading and unloading, warehousing and transportation, thereby not only improving the utilization rate of warehouses and coordination between logistics parks, but also generating new revenue from the value-adding process. Furthermore, as all the routes of the Bay Area Express begin from Pinghunan's railway yard, the Bay Area Express will help Pinghunan's railway yard boost its throughput and provide opportunities to develop all sorts of value-added services, thereby providing solid support to the long-term stable growth of the Group's logistics business.

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 in terms of market share). China Comservice is the only integrated logistics enterprise with a "5A" qualification in the telecommunications industry in the PRC. The Group will be able to synchronize and connect its logistics warehouse network with that of China Comservice. The parties have conducted preliminary study and research on the feasibility of cooperation in several projects. Looking forward, they will complement each other in various aspects to achieve win-win results by jointly developing high-end logistics value-added services in emerging sectors, such as information and communications, data center and others.

The Group also became the fourth largest shareholder of Air China Cargo Co., Ltd. ("Air China Cargo") by way of capital injection and share subscription with an investment amount of approximately RMB1,565 million in 2021. The Group recorded satisfactory returns from this investment for two consecutive years with an annualized rate of return for 2022 of approximately 19%. Air China Cargo has formally launched the procedures of listing on the main board of the Shenzhen Stock Exchange. Meanwhile, the Group is strengthening its strategic cooperation with Air China Cargo to proactively procure the construction of air logistics projects in Shenzhen, Beijing and other locations 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.

To implement the intelligent logistics development strategy, the Group, Shenzhen Airport Co., Ltd. (深圳市機場股份有限公司) and Shenzhen Capital Holdings Co., Ltd (深圳市資本運營集團有限公司) jointly established the "Intelligent Airport Logistics Industry Fund" (智慧空港物流產業基金) in 2021. During the Year, the Group has completed strategic investment in CIMC Transportation Technology Co., Ltd. (中集運載科技有限公司) and Hichain Logistics Co., Ltd. (江蘇海晨物流股份有限公司) through this fund.

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	
	2022 ***HK$'000***	Change over Year 2021 Increase/ (decrease)	**2022** ***HK$'000***	Change over Year 2021 Increase
Logistics Parks in Greater Bay Area	**576,113**	-	**272,761**	85%
Logistics Parks in Other Region of China	**997,278**	24%	**1,144,321**	224%
Sub-total of Logistics Parks Business	**1,573,391**	14%	**1,417,082**	183%
Logistics Service Business	**389,619**	(61%)	**9,521**	28%
Total	**1,963,010**	(17%)	**1,426,603**	181%

During the Year, revenue from the logistics business as a whole decreased by 17% as compared to the corresponding period of the previous year to HK$1,963 million, mainly due to the Group's proactive business restructuring and divestment from business with relatively low gross profit margin and/or relatively high risk by the Group during the Year. Profit of the logistics business attributable to shareholders increased by 181% as compared to the corresponding period of the previous year, mainly attributable to the gain after tax of HK$657 million resulting from the successful injection of the Hefei Feidong Project and the second phase of the Hangzhou Project into a private equity fund (the "Injections") by the Group during the Year.

During the Year, revenue from the logistics park business increased by 14% as compared to the corresponding period of the previous year to HK$1,573 million, mainly attributable to new revenue contributed by new logistics parks completed and commenced operation as well as new logistics park projects acquired during the Year. Profit attributable to shareholders increased by 183% as compared to the corresponding period of the previous year to HK$1,417 million, mainly attributable to the gain after tax of approximately HK$657 million arising from the Injections as well as the valuation gains of approximately HK$252 million arising from property re-valuation during the Year.

During the Year, revenue from the logistics service business decreased by 61% as compared to the corresponding period of the previous year to HK$390 million, mainly due to business restructuring. Profit attributable to shareholders increased by 28% as compared to the corresponding period of the previous year to HK$9.52 million.

LOGISTICS PARK TRANSFORMATION AND UPGRADING BUSINESS

Analysis of Operating Performance

Qianhai Project

The Qianhai Project represents the first successful project under the long closed-loop "Investment, Construction, Operation and Transformation" development model implemented by the Group. By way of land consolidation and preparation in Qianhai, the Group obtained compensation equivalent to approximately RMB8,373 million through the swap of land with a total site area of approximately 120,000 square meters and a total gross floor area of approximately 390,000 square meters (comprising saleable residential area of approximately 190,000 square meters and saleable apartment area of approximately 25,000 square meters) under new land planning conditions. The gain from appreciation of land value represents the initial benefit of the land consolidation and preparation in Qianhai. As the swapped land parcels are being developed gradually and following the release of completed properties into the market, the project continues to unlock value from its development in a few years, which in turn is expected to provide a steady support in the growth of the Group's financial performance.

The Qianhai Project will be developed in three phases.

The first phase of the Qianhai Project has a total gross floor area of approximately 110,000 square meters, comprising residential area of approximately 51,000 square meters, office area of approximately 35,000 square meters and commercial area of approximately 25,000 square meters. The residential project in the first phase of the Qianhai Project, namely the PARKVIEW BAY (頤灣府), which was jointly developed by the Group and Shum Yip Land Co., Ltd., was delivered in June 2021.

The office project, namely Shenzhen International Yidu Building (深國際頤都大廈), is jointly managed and operated by the Group and China Center for Information Industry Development ("CCID", an enterprise directly controlled by the Ministry of Industry and Information Technology). Capitalizing on Qianhai's position as a special zone and policy advantage in the Greater Bay Area, this project will benefit from the Group's extensive supply chain management experience and CCID's strong information technology service capacity, and will focus on the development of supply chain service and intelligent manufacturing service businesses, thereby promoting in-depth integration of the digital and real economies across the Greater Bay Area and countries/regions along the “Belt and Road Initiative”. This project has been put into operation in July 2021 as an AIOT+ ecological courtyard with industrial operation services, and attracted a number of tenants in the digital industry. As at 31 December 2022, this project recorded an occupancy rate of 73.2%. All contracted tenants are companies with high potential from the digital industry, ranking first in terms of the concentration of companies in the digital economy in Qianhai. In the first half of 2022, Shenzhen International Yidu Building successfully obtained LEED-CS Platinum certification awarded by the U.S. Green Building Council, which is a testament to the project’s status as one of the world renowned environmentally-friendly office buildings.

As for the commercial part, the Group and SCPG (印力集團) will leverage on the strengths of each other and make concerted efforts to turn the Mawan area in Qianhai into a unique boutique commercial project named “Qianhai Yinli” (前海·印里). This project is one of the rarely-found slow-paced garden-style neighborhoods that integrate high quality of life, culture and arts, social-circle interaction and digitalized lifestyle in Qianhai and Shenzhen. It officially commenced operation in September 2022, and the shop opening rate reached 78% as at 31 December 2022.

The second phase of the Qianhai Project has a plot ratio-based gross floor area of approximately 110,000 square meters in aggregate, comprising residential area of approximately 91,000 square meters. This phase will be developed in two parts. The group solely developed “Yicheng Qiwanli”, which has a total plot ratio-based gross floor area of approximately 65,000 square meters, including residential gross floor area of approximately 51,000 square meters and commercial gross floor area of approximately 6,000 square meters. “Yicheng Qiwanli” was launched for pre-sale on 28 September 2022 and achieved a sales rate of approximately 98.5% on the first day of pre-sale. As of 31 December 2022, the Group has received approximately RMB4,900 million for the payment collection. It is expected to complete the inspection and acceptance procedures by the end of 2023.

Another residential development of the second phase of the Qianhai Project, developed jointly with Shenzhen Vanke, (comprising residential area of approximately 40,000 square meters and commercial area of approximately 3,400 square meters). The pre-sale for this development was completed in 2022 and the construction of the main structures is currently in steady progress.

The third phase of the Qianhai Project has a plot ratio-based gross floor area of approximately 172,000 square meters in aggregate. In respect of the residential project of the third phase of the Qianhai Project with 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) to be developed jointly with Shenzhen Vanke, the construction of the main structure is currently in steady progress and the pre-sale is planned to commence within 2023.

The Group owns two separate plots of land for office and commercial use in the third phase of the Qianhai Project, with 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 centers with a gross floor area of 1,000 square meters). The Group are currently actively promoting the land swap initiatives and plans to commence construction at a suitable time in the future.

The Group introduced Shenzhen Vanke as a strategic investor of Qianhai Business during the Year. Qianhai Business owns the rights to develop land lots number T102-0266, T102-0337 and T102-0338 in the Qianhai Project, which includes “Qianhai Yinli” as well as the aforementioned projects in the second and third phase of the Qianhai Project being developed in collaboration with Shenzhen Vanke. Shenzhen Vanke injected approximately RMB915 million and RMB1,480 million in two batches to Qianhai Business in February and June 2022, respectively. Upon the completion of the second batch of capital contribution, the Group’s shareholding in Qianhai Business was diluted to 50%, and Qianhai Business ceased to be a subsidiary of the Group. As a result of the capital contribution in the Group recognized a gain before tax of approximately RMB2,487 million in 2022.

SZ South China Logistics Park

With the in-depth implementation of the nation’s “Two-region Engines” strategy, the Greater Bay Area will become one of the most open and vibrant economic zones in the PRC. However, land supply in the Greater Bay Area is limited and land resources in the core areas are particularly scarce. Covering an area of approximately 580,000 square meters, the Group’s SZ South China Logistics Park is located in the central axis and core node of Shenzhen. It is the largest traditional warehousing and logistics park of the Group in Shenzhen. Promoting the transformation of SZ South China Logistics Park is a key part in the Group’s exploration of the long closed-loop “Investment, Construction, Operation and Transformation” development model besides the Qianhai Project. The transformation of SZ South China Logistics Park was supported by various policies in 2022, the concept for the integration of SZ South China Logistics Park in the planning and design of southern Longhua has been preliminarily recognized by the government of Longhua District. In the next few years, the Group will proactively promote the transformation of the park area into “functional headquarters for the digital economy”, which will gradually unlock its intrinsic value.

Shijiazhuang Zhengding Project

The Shijiazhuang Zhengding Project is a pre-eminent project of the Group in the Beijing-Tianjin-Hebei integrated development region with a site area of 310,000 square meters. The project adheres to the concepts of smart technology, green and low-carbon as well as integration and sharing, this project will be developed into a modern industrial-city complex integrating pharmaceutical logistics, e-commerce and cold chain, ice and snow sports, cultural tourism, innovation and entrepreneurship platform and quality agricultural product display.

While pushing through the construction and operation of the intelligent logistics park in this project, the Group is also speeding up the construction of the commercial section of the project. The commercial section has a gross floor area of 320,000 square meters, and will comprise a themed innovation and entrepreneurship office and commercial street, which has commenced construction in March 2022. Additionally, an international business hotel, a commercial center and a large-scale indoor ski center are expected to commence construction in the first half of 2023. The project as a whole is expected to be completed and put into operation by the end of 2025.

To capitalize on the favorable local business environment and sophisticated positioning of the project itself, this project has focused on leasing liaison in recent years. It has attracted a number of renowned domestic and international brands, such as Sunac Culture & Tourism, Hampton by Hilton, Shenzhen SEZ Construction Group, PH Alpha and The Jerde Partnership, with the aim of pooling their strengths and jointly developing the project into a distinctive modern integrated cultural tourism complex and micro-vacation destination in the Beijing-Tianjin-Hebei Capital Economic Circle. Going forward, this project may also become a demonstrative project in the field of comprehensive energy applications as well as the first modern urban facility in the PRC that realize deep integration between the logistics and commerce industries.

Financial Analysis

During the Year, revenue from the logistics park transformation and upgrading business decreased by 91% as compared to the corresponding period of the previous year mainly due to the absence of HK$309 million of residential decoration income from the second phase of the project in Meilin Checkpoint Project recognized in the corresponding period of the previous year. Revenue for the Year of HK$30.2 million mainly derived from the rental income generated by the newly launched Shenzhen International Yidu Building (深國際頤都大廈), which is the office development of the first phase of the Qianhai Project. Profit attributable to shareholders increased by 195% as compared to the corresponding period of the previous year to HK$2,839 million, mainly attributable to the introduction of Shenzhen Vanke as a strategic investor of Qianhai Business, which made two batches of capital contribution during the Year, and resulted in a recognition of a gain by the Group during the Year.

PORT AND RELATED SERVICES BUSINESS

Analysis of Operating Performance

Nanjing Xiba Port

Nanjing Xiba Port, in which the Group holds 70% equity interest, is located in the New Materials Industrial Park in Jiangbei New District, Nanjing, and came into operation in 2010. It is one of the major deep-water port areas planned and constructed by the government of Nanjing City and is also the only public bulk cargo terminal for vessels with a tonnage capacity of over 10,000 tonnes located in the north of the Yangtze River in Nanjing Port. It has the capability of providing various services such as unloading, loading, lightering, train unloading and loading, warehousing, etc. Nanjing Xiba Port (inclusive of the first and second phases of the port) has one general bulk cargo terminal with a tonnage capacity of 50,000 tonnes, two general bulk cargo terminals with a tonnage capacity of 70,000 tonnes each and two general bulk cargo terminals with a tonnage capacity of 100,000 tonnes each, and depots with an area of approximately 400,000 square meters in the first phase of the port, which are connected to the port area by rail link, and have unique regional advantages and good conditions to realize integrated river-sea, rail-water and road-water transportation.

In 2022, Nanjing Xiba Port overcame the impact of various unfavorable factors and improved its quality and efficiency by enhancing collaboration with its major customers and reaching out to new customers so as to increase business volume. At the same time, it has continued to optimize its business structure by consolidating its integrated “rail-to-ship transfer” business while developing the container-to-bulk business. In 2022, its business volume continued to rank first amongst 11 similar ports along the Yangtze River. A total of 571 seagoing vessels berthed at Nanjing Xiba Port with a total throughput of approximately 38.7 million tonnes, of which approximately 4.67 million tonnes were transported by train.

As for the port supply chain business, the Group capitalized on the resources of several major ports and adopted a "consolidation, development and transformation" concept to consolidate mature businesses and customers, develop new markets and business, continuously reinforce risk management and control, and expand into new income streams. In addition to the provision of premium coal and petroleum coke supply chain management services to its customers, the Group also actively engages in the integration of port supply chain resources. In 2022, the supply chain business brought in new customers in the thermal coal sector and expanded its upstream channel. This segment made multiple breakthroughs in new businesses such as the importation of thermal coal, cement coal, coal for chemical processing and coking coal while actively extending its industry chain, which has not only secured premium upstream and downstream customers for the other asset-heavy terminal projects under construction by the Group, but also attracted information, logistics and business flows, thereby effectively facilitating the transformation and upgrade of its port assets from freight loading, unloading and transshipment ports into large-scale integrated port services platforms.

Investment and Construction Projects

In recent years, the Group has put additional efforts in developing quality port projects, accelerating the construction of the Jingjiang Port Project, the Shenqiu Port Project and the Fengcheng Shangzhuang Project, utilising premium shoreline assets, exploring quality port projects, expediting the establishment of the "1 + N" multi-point port network, and transforming and upgrading its ports into green, intelligent, safe and efficient modern ports by making full use of advanced technologies. In 2022, the port business sped up the development of its port network by carrying out the construction of its projects in an orderly manner with the expectation of rolling them out gradually within 2023.

The Jingjiang Port Project: The Group and the Jingjiang Municipal Government entered into a cooperation agreement to jointly construct and operate the Jingjiang Port Project in 2020, in which the Group holds a 70% equity interest. Located in the Economic Development Zone of Jingjiang City, the Jingjiang Port Project is planned to construct two new main berths for vessels with a tonnage of 100,000 tonnes each (with hydraulic structure for vessels with a tonnage of 150,000 tonnes) along the Yangtze River and five reconstructed lakeside inland berths for vessels with a tonnage of 1,000 tonnes each (with hydraulic structure for vessels with a tonnage of 3,000 tonnes). The Group will strive to upgrade this project into a top-notch green, smart and efficient modern port in China. This project was listed as a "key project in the service industry of Jiangsu Province" in 2021 and 2022 and a "major project of Jiangsu Province in 2022", and the construction is pivotal for increasing the Group's market share in the port sector and achieving high-quality development of its "Port Connection Action" strategy. The construction of the main marine structures of this project has been completed and two of the first batch dock cranes have been successfully commissioned at the end of 2022. This project is scheduled to be put into operation by the end of 2023.

The Shenqiu Port Project: The Group, has also cooperated with, among other parties, the government of Shenqiu County and Henan Angang Zhoukou Steel Co., Ltd. (河南安鋼周口鋼鐵有限責任公司) to set up a joint venture to invest in, construct and operate the Shenqiu Port Project located along the Shaying River in Shenqiu County. This joint venture is owned by the Group as to 40%. According to the current plan, 26 berths for vessels with a tonnage of 1,000 tonnes each will be built in three phases under this project. It is expected that the annual capacity of the port will increase by 30 million tonnes after all these berths are put into full operation. This project will be transformed into an efficient, environmentally-friendly and advanced bulk cargo terminal. The construction of the Shenqiu Port Project is proceeding in an orderly manner. In December 2022, the first vessel successfully berthed and underwent heavy load testing at the Shenqiu Port, marking a big step forward for the Group's "Port Connection Action" strategy.

The Fengcheng Shangzhuang Project: The construction of the Fengcheng Shangzhuang Project, which is owned by the Group as to 20%, is currently proceeding as planned. The inspection and acceptance procedures of the first phase were completed at the end of 2022. The project is expected to commence operation in the first half of 2023.

A multi-point port network has begun to take shape after years of efforts by the Group. The Group has been actively exploring quality port projects around the midstream and downstream of the Yangtze River and on major inland waterways, the Shenqiu Port Project, Fengcheng Shangzhuang Project and the Jingjiang Port Project under construction now will be put into operation in succession in the future. Looking forward, it will work towards strengthening the business synergies between these projects and Nanjing Xiba Port in order to establish a network of transit ports along the Yangtze River and thereby further enhance the competitiveness of the ports under its brand.

Financial Analysis

During the Year, the revenue from the port and related service business increased by 2% as compared to the corresponding period of the previous year to HK$2,762 million, and the profit attributable to shareholders decreased by 5% (if represented in RMB, maintained at a similar level with the previous year) as compared to the corresponding period of the previous year to HK$103 million.

TOLL ROAD BUSINESS

The Group's toll road and general-environmental protection businesses are coordinated and operated by Shenzhen Expressway, a subsidiary in which the Group holds an 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, due to the external situation causing a decrease in road traffic demand, as well as the 10% discount for trucks toll tariffs promulgated by the State Council and transportation authorities, the overall toll revenue of the toll road operated and invested by the Group decreased year-on-year.

In addition, the operating performances of toll road projects were affected by the positive or negative impact of different factors such as changes in surrounding competitive or coordinated road networks, construction or maintenance of the toll roads. In particular:

- Phase II of the Shenzhen Outer Ring Project was officially open to traffic on 1 January 2022 and contributed positively to the overall operating performance of the project after linking to and creating synergies with Phase I of the project. As a result, the Shenzhen Outer Ring Project recorded year-on-year growth in both traffic volume and toll revenue for the Year. As the most convenient highway artery connecting west-to-east in Shenzhen, the Shenzhen Outer Ring Project achieved synergies in terms of traffic volume with Meiguan Expressway, the Shenzhen Coastal Project and Longda Expressway while diverting some of the traffic along the whole Jihe Expressway. In addition, an interchange with four ramps joining the Shenzhen Outer Ring Project and Huiyan Expressway at Pingdi has yet to be completed due to construction delays. Once completed, this interchange is expected to attract additional traffic to the Shenzhen Outer Ring Project.

- Guanglian Expressway (Guangzhou-Lianzhou), which is basically parallel to Qinglian Expressway, was officially commenced operation at the end of 2021. This has resulted in a certain diversion of the traffic volume from Qinglian Expressway, leading to a relatively substantial year-on-year decrease in toll revenue for the Qinglian Expressway during the Year. Nevertheless, the Group will actively explore the potential of Qinglian Expressway and attract traffic by promoting the advantages of Qinglian Expressway through different channels, such as its passage through numerous economic centers, industrial parks and tourist attractions, and its provision of a relatively convenient and fast route for traffic connecting neighboring areas. In addition, the opening of the Erguang Expressway Lianzhou Connecting Line (Erenhot to Guangzhou) and other highways connections have in general benefited the operating performance of Qinglian Expressway.

- Guangshen Expressway is an important express route between Guangzhou and Shenzhen while GZ West Expressway is an integral part of the ring road in the Pearl River Delta linking Guangzhou and Zhuhai. In 2022, the social traffic demand was in decline due to the external conditions in Guangzhou, Dongguan, Shenzhen and other cities along the connecting routes of the Guangshen Expressway and GZ West Expressway. Furthermore, Phase IV of Guangzhongjiang Expressway (Guangzhou – Zhongshan - Jiangmen), which was open to traffic at the end of 2021, diverted the traffic from certain parts of GZ West Expressway. Therefore, both Guangshen Expressway and GZ West Expressway recorded year-on-year decrease in toll revenue for the Year.

- Upon the completion of the reconstruction and expansion of Yangmao Expressway at the end of 2021, all two-way and eight-lane expressway commenced operation. The standard toll rate of Yangmao Expressway also increased from RMB0.45 to RMB0.6 per standard vehicle-km. Furthermore, benefiting from the interconnection of neighboring highways that commenced operation, the traffic capacity increases significantly. As such, Yangmao Expressway recorded a significant growth in toll revenue during the Year.

- The Yichang Project and Changsha Ring Road in Hunan Province recorded year-on-year decrease in both average daily traffic volume and toll revenue due to repeated rainfalls, snowfalls and frosty weather.

Key Construction Projects

Invested in under the public-private-partnership (PPP) model, the Shenzhen Outer Ring Project, which will be developed in three phases, is the longest expressway in the expressway network planning of Shenzhen to date. Upon completion, it will be connected to 10 expressways and 8 first-tier highways in Shenzhen region. While the second phase of the Shenzhen Outer Ring Project was open to traffic on 1 January 2022, Shenzhen Expressway has been actively implementing the preliminary work, such as refining the designs, for the construction of the third phase of the Shenzhen Outer Ring Project during the Year.

Phase II of Shenzhen Coastal mainly includes the construction of the interchange of the International Convention and Exhibition Center and the connecting lane on the Shenzhen side of Shenzhen-Zhongshan Bridge. On one hand, the interchange of the International Convention and Exhibition Centre was completed and put into operation in 2019. On the other hand, the connection line on the Shenzhen side of the Shenzhen-Zhongshan Bridge comprises two connections at the airport and Hezhou, respectively. Upon completion, the connection line will be linked to the Phase I of Shenzhen Coastal, Jihe Expressway, Guangshen Expressway, Shenzhen-Zhongshan Bridge and Bao'an International Airport. During the Year, Shenzhen Expressway actively carried out roadbeds, bridges and ancillary works with a focus on the pile foundation and other construction works on the eastern artificial island. As at the end of the Year, approximately 78.4% of the overall construction of the Phase II of Shenzhen Coastal has completed. In particular, approximately 78%, 84% and 15% of the construction of the roadbeds, bridges and road surface have completed respectively.

In addition, Shenzhen Expressway entered into a contract in relation to the public-private-partnership (PPP) reconstruction and expansion project of Jihe Expressway ("Jihe Expressway R&E Project") with the Transport Bureau of the Shenzhen Municipal Government during the Year. It has also entered into two joint investment, cooperation and construction agreements with Shenzhen SEZ Construction and Development of Transportation and Investment Co., Ltd. in respect of the project. However, Shenzhen Municipal Government subsequently intended to adjust the construction implementation proposal of the Jihe Expressway R&E Project and adjusted the investment and financing proposal accordingly. The Group will go through the relevant approval procedures again upon the finalization of such proposal.

On 11 January 2022, Shenzhen Expressway completed the acquisition of the entire equity interest in Shenzhen Investment Infrastructure. Shenzhen Investment Infrastructure indirectly held 71.83% equity interest in Shenzhen Investment Holdings Bay Area Development Limited. For details, please refer to the announcements of the Company dated 10 August 2021 and 11 January 2022.

Financial Analysis

During the Year, toll revenue and net profit of the toll road business decreased by 20% and 29% as compared to the corresponding period of the previous year to HK$5,723 million and HK$1,930 million, respectively, mainly affected by the decrease in road traffic demand and the diversion caused by the opening of Guanglian Expressway for Qinglian Expressway.

GENERAL-ENVIRONMENTAL PROTECTION BUSINESS

Analysis of Operating Performance

Clean Energy

Clean energy is an emerging field in the general-environmental protection industry. With the progressive goals of reaching “carbon peak” and “carbon neutrality”, the Chinese government has launched a series of industrial policies and development plans to promote the development of the clean energy industry. The wind power and photovoltaic power generation industries will be ushered into a new phase of stable and healthy development in the long run. The Group will seize the opportunity to build a distinctive “integrated” clean energy system. As at the end of 2022, wind power projects invested and operated by the Group had an accumulated installed capacity of 648 MW and were all completed and grid-connected wind farms that received government subsidies and located in areas with relatively abundant wind resources and stable electricity demands.

During the Year, Shenzhen Expressway continuously improved the operation and management of its wind farms, actively explored production potential and market opportunities of all farms, and rigorously enhanced their operating efficiency.

During the Year, Nanjing Wind Power Technology Co., Ltd. (“Nanjing Wind Power Company”), a subsidiary in which Shenzhen Expressway holds 51% equity interest, proceeded with its projects under construction, pushed through the implementation of its planned projects, including the supply of equipment for the 49.5 MW wind power project in Xuchang, as well as providing the subsequent operation and maintenance service for, among other projects, Huaian Zhongheng New Energy Co., Ltd., the Zhongwei Gantang Project and the Yongcheng Zhuneng Project in a diligent manner. However, the implementation and performance of some of its orders were delayed due to limitations in relation to project approval or conditions on the part of the other partners. Furthermore, due to factors such as delays in construction, production and operation progress, the operating performance of Nanjing Wind Power Company during the Year was hampered. In the new cycle of “grid parity”, large-scale wind turbines with high capacity are more popular amongst wind power companies that are looking to reduce costs and enhance efficiency. As the small and medium-sized wind turbines currently offered by Nanjing Wind Power Company do not align with the market demand for large-scale wind turbines, the results of market development during the Year were below expectation.

Shenzhen Fenghe Energy Investment Limited, a joint venture established by Shenzhen Expressway with State Power Investment Corporation Fujian Electric Power Co., Ltd. in 2021, completed the acquisition of 51% equity interest in Nanjing Avis Transmission Technology Company Limited (“Nanjing Avis”) during the Year. Nanjing Avis is a leading enterprise engaged in the operation and maintenance of gearbox equipment in the PRC. It has a large market share in the gearbox equipment maintenance market. Through the acquisition of Nanjing Avis, the Group may, on one hand, cooperate with leading company in the industry to jointly expand in the clean energy after-sales operation and maintenance service market, and, on the other hand, help to expand its integrated wind power industry chain and enlarge its profit base.

Solid waste treatment

Supported by the national environmental protection policy, the organic waste treatment industry has a relatively large room for development. The Group regards organic waste treatment as a significant segment of the general-environmental protection industry, and actively builds itself into a segment leader with industry-leading technology and scale advantages.

Shenzhen Expressway Bioland Environmental Technologies Corp., Ltd. ("Bioland Environmental Company"), a subsidiary of the Company, is one of the key providers of comprehensive organic waste treatment, construction and operation services in the PRC and provides customers with systematic and comprehensive solutions regarding the treatment of municipal organic waste. As at the date of this announcement, Bioland Environmental Company had a total of 20 organic waste treatment investment and operation projects under public-private partnership (PPP) model (including Build-Operate-Transfer (BOT) projects) with a designed kitchen waste treatment capacities of over 4,800 tons per day, of which 13 projects have commenced commercial operation. As Bioland Environmental Company collected less wastes (such as kitchen waste and waste oil) during the Year when compared with the previous year, it has in turn recorded unsatisfactory operating performance. In addition, some construction projects of Bioland Environmental Company have been delayed and were not put into commercial operation as scheduled. As a result, the overall operating performance for 2022 was below expectation. During the Year, Shenzhen Expressway increased its shareholding in Bioland Environmental Company to 92.29% by way of capital contribution in order to optimize the financial structure, tighten its control and enhance the standardization level over the operation and management of Bioland Environmental Company.

During the Year, Shenzhen Expressway completed an increase in its equity interest in a subsidiary, Shenzhen Shenshan Special Cooperation Zone Qiantai Technology Co., Ltd. ("Qiantai Company"), to 63.33%. Qiantai Company 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. It is also the only whitelist enterprise qualified under the "Industry Standards and Conditions for the Comprehensive Utilisation of Waste Power Batteries for New Energy Vehicles" (新能源汽車廢舊動力蓄電池綜合利用行業規範條件) in Shenzhen. Since 2021, Qiantai Company has actively expanding its industrial market, and has established good cooperative relationships with the upstream and downstream companies of certain industries and e-hailing platforms. As all of its operations are breaking new grounds, the next step of Qiantai Company will be making full use of its advantageous qualification as a whitelist enterprise to actively explore synergies with upstream and downstream enterprises and set up a closed-loop regional industrial chain.

In February 2021, Shenzhen Expressway entered into an agreement with the Urban Management and Comprehensive Law Enforcement Bureau of Guangming District, Shenzhen in respect of the Guangming Environmental Park Project, pursuant to which Shenzhen Expressway shall incorporate a project company, which shall in turn be responsible for the investment, financing, design, construction, transformation, operation, maintenance and hand-over procedures of the project. Located in Guangming District, Shenzhen, the Guangming Environmental Park Project will be developed into a large-scale treatment plant with a processing capacity of 1,000 tons per day for organic waste, 100 tons per day for bulky waste (discarded furniture) and 100 tons per day for garden waste, and will be implemented under the BOT model. During the Year, the Group actively pushed through the construction of the main structure as well as the procurement and installation of key equipment of the Guangming Environmental Park Project, and the project is expected to complete in 2023.

In April 2022, Shenzhen Expressway completed the acquisition of 70% equity interest in Shenzhen Lisai Environmental Technology Limited ("Lisai Environmental"), which has been consolidated into the Group's financial statements since the first half of 2022. Through this acquisition, Shenzhen Expressway will obtain the concession to handle kitchen waste in Longhua District, Shenzhen, thereby boosting Shenzhen Expressway's share in Shenzhen's kitchen waste treatment market. During the Year, Lisai Environmental increased its kitchen waste collection capacity by 45% as compared to that before its acquisition to 500 tons per day as at the end of 2022 through implementing neighborhood-oriented collection policies and installing small on-site treatment facilities, and successfully turned around from losses to profits for the first time since its acquisition by the Group by treating approximately 158,000 tons of kitchen waste and extracting 3,642 tons of oil during the Year.

Shenzhen Expressway successfully won the concession to operate a kitchen waste collection and treatment project in Daxiang District, Shaoyang City, Hunan Province (the "Shaoyang Project"), in November 2022, and entered into the concession agreement in December 2022. With a designed treatment capacity of 200 tons per day, the Shaoyang Project will be carried out under the Transfer-Operate-Transfer (TOT) model with a concession period of 30 years.

Water Environment Remediation and 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 Sanfeng Environment Group Corp., Ltd. (stock code: 601827), which are principally engaged in, among other things, water supply and sewage treatment; investment in, construction of, turnkey equipment for, and operation and management of 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 Shenzhen Stock Exchange (stock code: 301038) in August 2021.

Financial Analysis

During the Year, revenue from the general-environmental protection business decreased by 8% as compared to the corresponding period of the previous year to HK$2,020 million. It is mainly due to the decrease in income from the kitchen waste treatment project. As compared with the corresponding period of the previous year, net profit also decreased by 23% to HK$248 million.

OTHER INVESTMENTS

Shenzhen Airlines

In 2022, the demand from tourists for passenger flights plunged and the civil aviation industry experienced a downturn due to the continual pandemic and subsequently tightened local travel restrictions and quarantine measures implemented in Shenzhen and various regions. During the Year, Shenzhen Airlines carried 14.61 million passenger rides and recorded a passenger traffic of 22,396 million passenger-km, representing a decrease of 40% and 38%, respectively, as compared to the corresponding period of the previous year.

Shenzhen Airlines' total revenue for the Year decreased by 32% to RMB12,541 million (equivalent to HK$14,416 million) (2021: RMB18,500 million (equivalent to HK$22,360 million)) as compared to the corresponding period of the previous year. In particular, passenger revenue decreased by 31% to RMB11,170 million (equivalent to HK$12,840 million) (2021: RMB16,274 million (equivalent to HK$14,903 million)). At the same time, factors such as skyrocketing international aviation fuel prices and exchange rate fluctuations have placed heavier burden on the operation of airlines and made it harder for Shenzhen Airlines to improve its operating results. As a result, net loss of Shenzhen Airlines for the Year amounted to RMB11,129 million (equivalent to HK$12,793 million) (2021: net loss of RMB3,344 million (equivalent to HK$4,043 million)). However, under the equity method, when the Group's share of accumulated losses in an associate equals or exceeds its interest in the associate, the Group does not recognize further losses. Therefore, the share of losses incurred by Shenzhen Airlines recognized by the Group in the profit or loss for the Year was equal to its residual carrying value, i.e., approximately HK$2,666 million (2021: loss of HK$1,993 million).

OUTLOOK FOR 2023

Looking forward to 2023, the logistics industry in China is expected to enter a new stage of systematic consolidation, transformational development, functional upgrade, quality advancement, efficiency enhancement and cost reduction while the logistics infrastructure industry is expected to experience a new wave of growth momentum against the backdrop of steady economic recovery in the mainland and the implementation of the nation's "14th Five-Year" Modern Logistics Development Plan (《「十四五」現代物流發展規劃》). In addition, the development of the distribution system under the new Domestic-International Dual Circulation development framework will also open up opportunities in various fields, such as multimodal transportation facilities, backbone cold chain logistics systems and emergency logistics networks. The Group will stay abreast of China's development policies, seize growth opportunities across the industry, continue to capitalize on its well-established strengths in developing and operating ancillary urban infrastructure, focus on its four core business segments, namely logistics, port, toll road and general-environmental protection, and take prudent steps towards the goal of becoming a top-notch industrial conglomerate and an industry leader.

Consolidating Foundation of Core Logistics Business and Continuously Perfecting All-round "Inland Port Networking, Logistics Parks, Air Cargo and Railway Freight Logistics Infrastructure + Intelligent and Cold Chain Logistics" System

As a series of national policies take effect while consumer demand recovers and rises steadily in 2023, the construction of logistics infrastructure such as high-standard urban warehouses is becoming the new engine in regional economic development. Local governments are attaching growing importance to modern logistics. Industry consolidation and development are speeding up. The Group will capitalize on its advantages, make additional efforts to acquire premium resources, consolidate its business foundation, expand the scope of its "inland port networking, logistics parks, air cargo and railway freight logistics infrastructure network" around strategic logistics and warehousing hubs, which in turn lay a solid foundation for the Company's long-term development.

Logistics parks have been identified as the core segment in the Group's "14th Five-Year" strategic plan, and they are also instrumental to promoting the development of a high-quality logistics industry in the PRC. To further improve and expand the logistics hub network of the Group across the country, the Group will continue to focus on efficiency and quality, and diligently select economically developed cities that are located in core regions, such as the Guangdong-Hong Kong-Macao Greater Bay Area and the Yangtze River Delta, which have great potential for accommodating the relocation of key industries from across the country. At the same time, the Group will make good use of its local advantages in the Guangdong Province and the Shenzhen Municipality to proactively seize the opportunities brought by the three-tiered "7+30+N" logistics station layout, "20+8" industrial clusters, "Multi-storeyed Factories" (工業上樓), 、"Multi-storeyed Warehouses" (倉儲上樓) and other policies in relation to the logistics industry. It will strive to roll out more quality projects in Shenzhen by creating pilot and demonstrative projects such as "High-end Manufacturing + Intelligent Logistics" and "Multi-storeyed Factories + Logistics Facilitation" projects. Furthermore, the Group will continue to integrate and balance the asset-light and asset-heavy strategies with a view to exploring and developing an integrated urban service system and a value-adding integrated logistics hub service ecosystem that achieve the "warehousing + transportation + distribution + value chain extension" (倉+運+配+價值鏈延伸) using the operational capacity of the asset-light operation and the hardware of the asset-heavy operation. In view of the development of the Northern Metropolis in Hong Kong as well as the Shenzhen-Hong Kong integration policies, the Group will actively seek cooperation opportunities to develop quality projects in Hong Kong.

As a key component in the nation's carbon peak and carbon neutrality strategy, port operation is an important segment in the Group's "Four Growth Engines" layout strategy. The Group is determined to implement the "Port Connection Action" and increase the scale, market recognition and influence of its assets by further expanding in the Guangdong-Hong Kong-Macao Greater Bay Area, the Yangtze River, the Pearl River and inland waterways with a view to exploring future spin-off possibilities with respect to this business segment. On the other hand, the Group will speed up the construction of the Jingjiang Port Project and the second phase of the Shenqiu Port Project while improving the performance of Nanjing Xiba Port and the first phase of the Shenqiu Port Project so as to build up its core competitive strength. To become a well-established nation-wide port operator, the Group will also seek breakthroughs in the acquisition of resources from the upstream and downstream industry chains, as well as business integration and intelligent and green transformation.

In respect of the railway logistics business, the Group will accelerate the land acquisition process for the second phase of the SZ Pinghunan Project, continue to expand the container loading, unloading and transition operations of the first phase of the SZ Pinghunan Project, and diversify railway logistics applications by exploring and rolling out new operations such as container devanning, vanning and consolidation. As for the aviation logistics, the Group will continue to drive the implementation of air cargo terminals in Shenzhen and Beijing, while also pursuing collaboration opportunities in logistics, warehousing, cold chain and air freight shipping and forwarding, and build up its integrated air and land logistics chain service capacity, leveraging its equity investment in Air China Cargo.

As for the intelligent and cold chain logistics business, the Group will continue to learn from leading enterprises in the logistics, supply chain, multimodal transportation, intelligent equipment and identify acquisition opportunities to acquire companies with cold chain platforms and supply chains. This aims to nurture talents in its intelligent and cold chain business team while bolstering its core operational capacity. Furthermore, the Group will speed up the development and construction of cold storage warehouses in SZ Liguang Project, Shanghai Minhang Project and the cold chain project at the airport of Nanjing in order to increase the scale of its cold chain business. It will also actively study the compatibility to include cold chain warehouses in the newly built parks so as to create additional synergies between conventional logistics parks and the intelligent and cold chain logistics business.

In 2023, the Group will further leverage on its strength in constructing, operating and managing toll roads with the aim of reinforcing the core competitive strength of the core toll road business in numerous ways, such as advancing the reconstruction and expansion of existing projects, speeding up the development of major projects in construction, carrying out intelligent transformation and digitalization of toll roads, researching into the marketization of the industry chain, and stimulating land development along expressways.

With respect to the general-environmental protection business, the Group will seize the opportunities brought by the nation’s environmental protection policies, such as the carbon peak and carbon neutrality strategies and the renewable energy development plan, thereby enhancing the profitability of the general-environmental protection segment by staying focused on the solid waste treatment and clean energy sub-sectors, rationalizing resource allocation, selecting quality projects, streamlining operations and realizing business synergies.

Coordinating Development of “Investment, Construction, Financing and Operation” and “Investment, Construction, Operation and Transformation” Dual Closed-Loop Business Models and Maximizing Asset Value

The “Investment, Construction, Financing and Operation” and “Investment, Construction, Operation and Transformation” dual closed-loop business models are the crucial components for the Group’s core logistics business to achieve sustainable development. In 2023, the Group will steadily advance the long closed-loop “Investment, Construction, Operation and Transformation” business model by actively pushing through the land swap of the third phase of the Qianhai Project and acquiring more high-quality and sustainable resources. The Group will also explore an innovative “Landlord + Shareholder” business model by carrying out equity investment in quality enterprises through platforms such as the “Digital Economy Industrial Carriers” (數字經濟產業載體) and the “functional headquarters for the digital economy” transformed from the first phase of SZ South China Logistics Park. As a result, the quality and efficiency of transformation projects are expected to improve.

In 2023, the Group will continue to optimize the short closed-loop “Investment, Construction, Financing and Operation” business model in various ways. It may consider options to further increase cash inflow including possible issuance of publicly traded infrastructure REITs with mature integrated logistics hub projects as their underlying assets and/or creation of multi-layered asset-backed securities portfolios by actively progressing new private equity funds or other REITs-like projects. The Group will also bolster the research into funds in upstream and downstream logistics industries that make good use of capital market insights and leverage synergies in order to help optimize the Group’s coverage in the industry.

To further enhance the quality of its investments, the Group will conduct preliminary studies on potential investment projects, plan ahead for channels and pathways of asset liquidity under the guidance of its dual closed-loop business models and with reference to rules governing the issuance of REITs, and prioritize to cities and projects with potential for transformation. Through the dual closed-loop business development models of “Investment, Construction, Operation and Transformation” and “Investment, Construction, Financing and Operation”, the Group will be able to speed up cash recovery, optimize its capital structure, enhance the capacity, quality and scale of its core logistics business, and achieve positive industrial and capital cycles.

The year 2023 will be a pivotal year in the development of the Group’s “14th Five-Year” strategic plan. The Group will grasp the opportunities brought by the nation’s modern logistics network development plan, strive for high-quality development, enhance its operational efficiency and create greater value and return for all shareholders.

FINANCIAL POSITION

	31 December 2022 *HK$ million*	31 December 2021 *HK$ million* (restated)	Increase/ (Decrease)
Total Assets	**133,495**	138,051	**(3%)**
Total Liabilities	**78,296**	70,379	**11%**
Total Equity	**55,199**	67,672	**(18%)**
Net Asset Value attributable to shareholders	**31,248**	38,873	**(20%)**
Net Asset Value per share attributable to shareholders (HK dollar)	**13.1**	17.1	**(23%)**
Cash	**14,025**	11,985	**17%**
Bank borrowings	**34,861**	25,610	**36%**
Other borrowings	**314**	534	**(41%)**
Notes and bonds	**18,592**	18,015	**3%**
Total Borrowings	**53,767**	44,159	**22%**
Net Borrowings	**39,742**	32,174	**24%**
Debt-asset Ratio (Total Liabilities/Total Assets)	**59%**	51%	**8** #
Ratio of Total Borrowings to Total Assets	**40%**	32%	**8** #
Ratio of Net Borrowings to Total Equity	**72%**	48%	**24** #
Ratio of Total Borrowings to Total Equity	**97%**	65%	**32** #

Change in percentage points

Key Financial Indicators

As at 31 December 2022, the Group's total assets and total equity amounted to approximately HK$133,495 million and HK$55,199 million, respectively, while net asset value attributable to shareholders was approximately HK$31,248 million. Net asset value per share was HK$13.1, representing a decrease of 23% as compared to the end of last year, which was mainly due to, among other things, fluctuations in RMB exchange rates. The debt-to-asset ratio was 59%, representing an increase of 8 percentage points as compared to the end of last year. The gearing ratio (calculated on the basis of net borrowings to total equity) was 72%, representing an increase of 24 percentage points as compared with that at the end of last year. Such increase was primarily due to the 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$10,134 million. Net cash used in investing activities amounted to approximately HK$7,836 million. Net cash used in financing activities amounted to approximately HK$425 million. The Group's core businesses maintained 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.

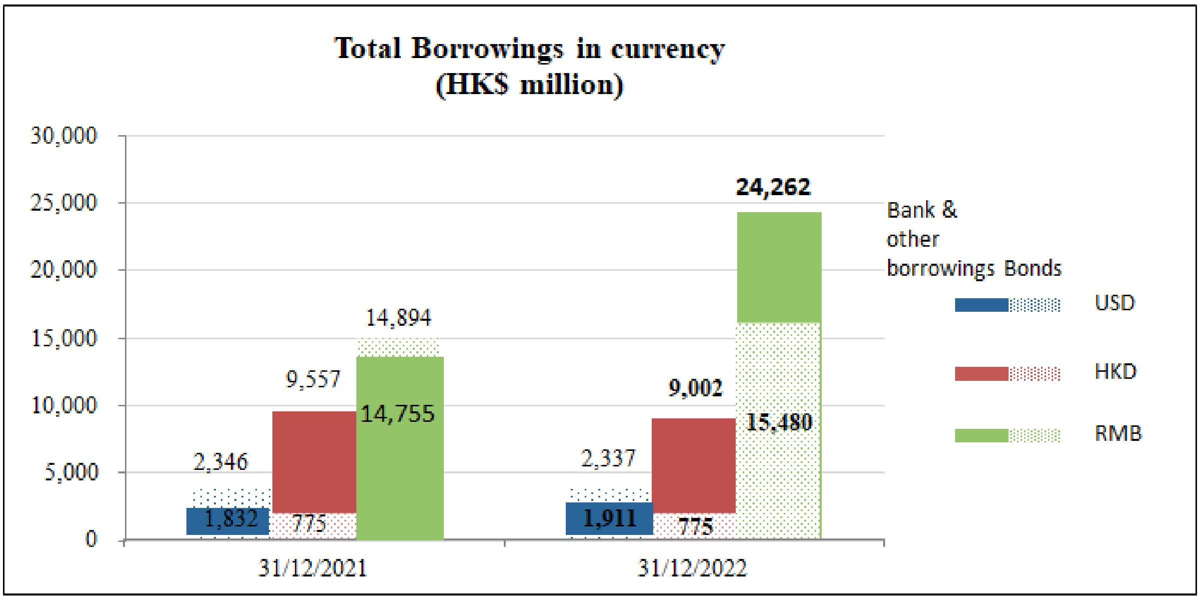
Cash Balance

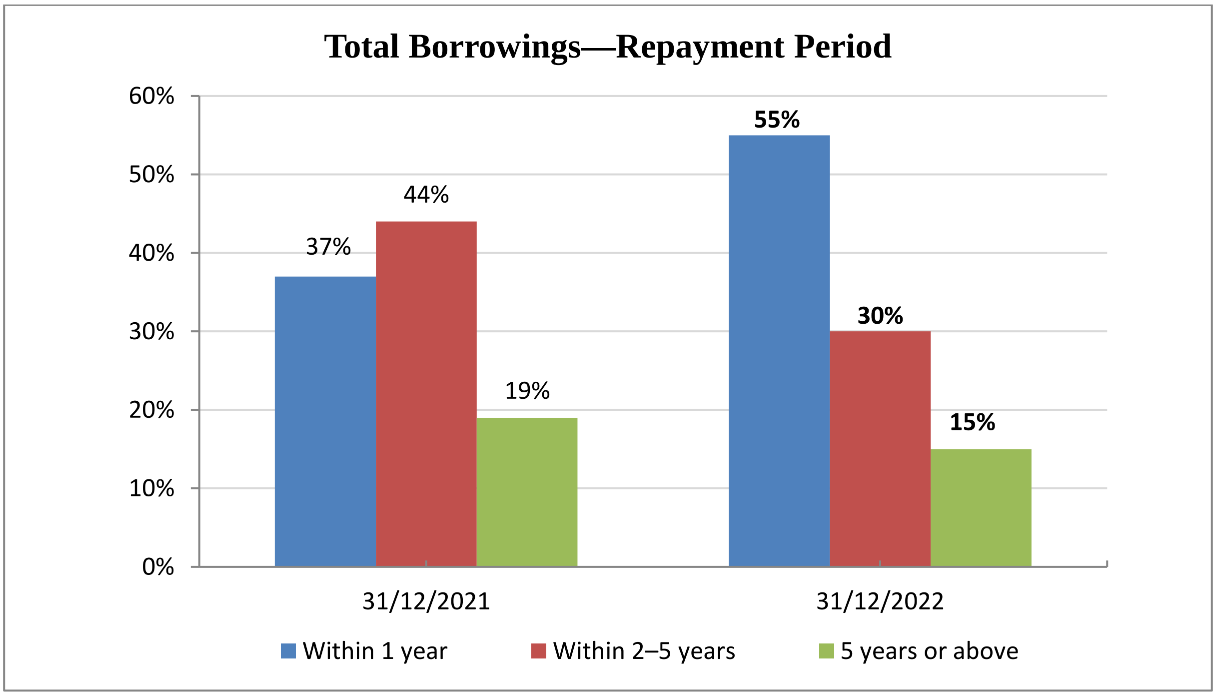
As at 31 December 2022, cash held by the Group amounted to approximately HK$14,025 million (31 December 2021 (restated): HK$11,985 million), representing an increase of 17% as compared to the end of last year. To facilitate the Group's operation and development in the PRC, cash held by the Group is primarily 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.

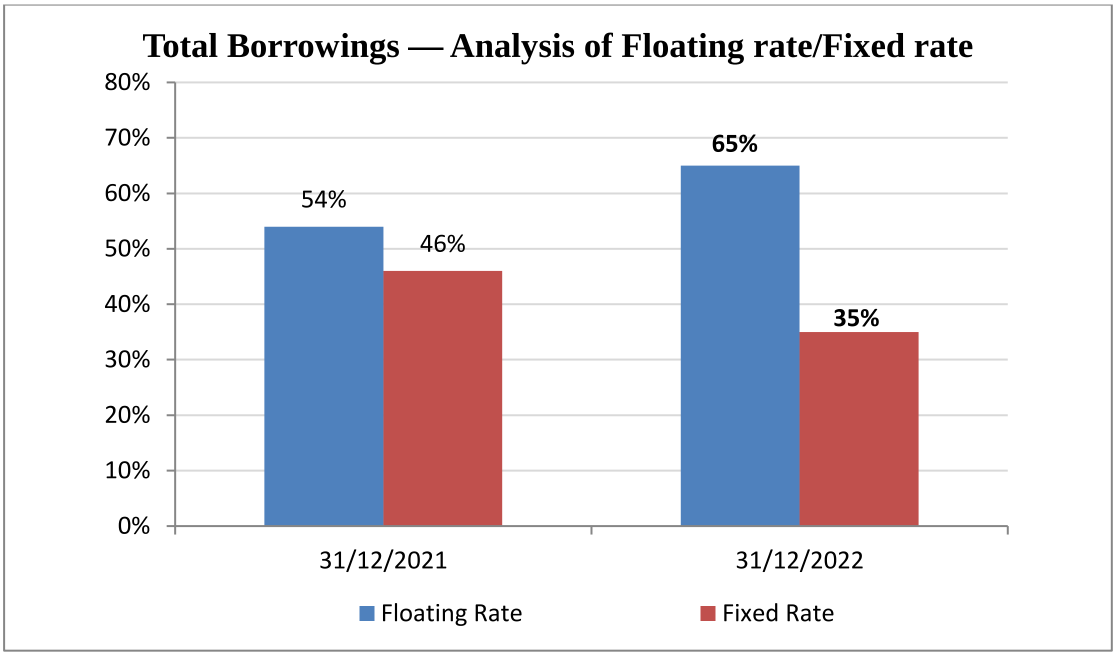
Capital Expenditures

The Group's capital expenditures for the Year amounted to approximately RMB6,200 million (equivalent to HK$7,000 million), primarily comprising investments of approximately RMB3,160 million in the logistics parks projects and investments of approximately RMB2,000 million in Shenzhen Expressway's projects. The Group expects that the capital expenditures for 2023 will amount to approximately RMB8,800 million (equivalent to HK$9,900 million), including approximately RMB3,800 million for logistics parks projects, approximately RMB2,700 million for Shenzhen Expressway's projects and approximately RMB1,200 million for port projects.

Borrowings







As at 31 December 2022, the Group's total borrowings amounted to approximately HK$53,767 million, representing an increase of 22% as compared with the end of last year. During the Year, the Company issued Panda Bonds of RMB1,000 million, and Shenzhen Expressway, a subsidiary of the Group, issued corporate bonds (first batch) of RMB1,500 million. 55%, 30% and 15% of the Group's total borrowings were 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$. During the Year, as the COVID-19 pandemic, US interest rate hike and the Russo-Ukrainian War affected global economic development, economic growth was subject to a great deal of uncertainty, and RMB/US$ 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 2022, the ratio between the Group's borrowings in RMB and other currencies was around 74%:26%.

Liquidity Risk Management

As of 31 December 2022, the Group had cash on hand and standby banking facilities of approximately HK$93,400 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.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

On 29 November 2022, the Company has fully redeemed the USD300,000,000 aggregate principal amount of 3.95% senior perpetual capital securities issued on 21 November 2017 at its principal amount. The listing status of such securities on the Stock Exchange has been withdrawn.

For the details of the above securities, please refer to the relevant announcement of the Company.

Save as disclosed above, 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" of Appendix 14 of the Rules Governing the Listing of Securities on the Stock Exchange. The Company aims to continually enhance its corporate governance practices, thereby laying a good foundation for promoting the Company's sustainability and enhancing value for its shareholders.

CLOSURE OF REGISTER OF MEMBERS

To ensure the eligibility to attend and vote at the 2023 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 2023 Annual General Meeting:

Latest time to lodge transfers	4:30 p.m. on Wednesday, 10 May 2023
Book closure dates	Thursday, 11 May 2023 to Tuesday, 16 May 2023 (both days inclusive)
Record date	Tuesday, 16 May 2023

For ascertaining shareholders' entitlement to the proposed final dividend:

Latest time to lodge transfers	4:30 p.m. on Friday, 19 May 2023
Book closure dates	Monday, 22 May 2023 to Tuesday, 23 May 2023 (both days inclusive)
Record date	Tuesday, 23 May 2023
Payment date of the final dividend	on or about Wednesday, 21 June 2023

To be eligible to attend and vote at the 2023 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 2022. 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 2022.

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 2022 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. 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.

During the Year, the Group has made a comprehensive analysis and upgraded its brand system and structure, and therefore made corresponding adjustments to the names of each project that it refers to in its certain external publications. The list below sets out the general description of these projects as referred to by the Group from time to time in its publications, against their corresponding alternative project names.

General Description of Projects	Formal Project Name adopted by the Group
SZ Pinghunan Project/ Shenzhen (Longgang) Pinghunan Railway Integrated Logistics Center	SZI Pinghunan Intelligent Logistics Hub
Western Highway Logistics Hub Project	Western Highway Logistics Hub
SZ South China Logistics Park/ Shenzhen (Longhua) South China Logistics Park	South China Logistics Park
SZ Western Logistics Park/ Shenzhen (Qianhai) Western Logistics Park	Western Logistics Park
SZ Kanghuai E-commerce Center/ Shenzhen (Longhua) Kanghuai E-commerce Center	Shenzhen Kanghuai E-commerce Center
SZ Liguang Project/ Shenzhen (Longhua) Liguang Digital Logistics Hub	SZI Intelligent Logistics Hub (Shenzhen Liguang)
SZ Pingshan Project/ Shenzhen (Pingshan) Digital Logistics Hub	SZI Intelligent Logistics Hub (Shenzhen Pingshan)
SZ Yantian Comprehensive Bonded Project/ Shenzhen (Yantian) Comprehensive Bonded Digital Logistics Hub	SZI Intelligent Logistics Hub (Shenzhen Yantian)
Zhongshan Torch Project/ Zhongshan Torch Integrated Logistics Hub	SZI Intelligent Logistics Hub (Zhongshan Torch)
Zhaoqing Gaoyao Project/ Zhaoqing Gaoyao Integrated Logistics Hub	SZI Intelligent Logistics Hub (Zhaoqing)
Foshan Nanhai Project/ Foshan Nanhai Integrated Logistics Hub	SZI Intelligent Logistics Hub (Foshan Nanhai)
Foshan Shunde Project/ Foshan Shunde Integrated Logistics Hub	SZI Intelligent Logistics Hub (Foshan Shunde)
Foshan Gaoming Project/ Foshan Gaoming Integrated Logistics Hub	SZI Intelligent Logistics Hub (Foshan Gaoming)
Hangzhou Project/ Hangzhou Integrated Logistics Hub	SZI Logistics Hub (Hangzhou)
Ningbo Project/ Ningbo Integrated Logistics Hub	SZI Logistics Hub (Ningbo)
Jinhua Yiwu Project/ Jinhua Yiwu Integrated Logistics Hub	SZI Logistics Hub (Jinhua Yiwu)
Jinhua Economic Development Project/ Jinhua Economic Development Integrated Logistics Hub	SZI Logistics Hub (Jinhua Economic Development)
Wenzhou Longgang Project/ Wenzhou Longgang Integrated Logistics Hub	SZI Logistics Hub (Wenzhou)
Wuxi Huishan Project/ Wuxi Huishan Integrated Logistics Hub	SZI Logistics Hub (Wuxi Huishan)

Wuxi Jiangyin Project/ Wuxi Jiangyin Integrated Logistics Hub	SZI Logistics Hub (Wuxi Jiangyin)
Suzhou Kunshan Project/ Suzhou Kunshan Integrated Logistics Hub	SZI Logistics Hub (Suzhou Kunshan)
Suzhou Xiangcheng Project/ Suzhou Xiangcheng Integrated Logistics Hub	SZI Logistics Hub (Suzhou Xiangcheng)
Hefei Feidong Project/ Hefei Feidong Integrated Logistics Hub	SZI Logistics Hub (Hefei Feidong)
Hefei Feixi Project/ Hefei Feixi Integrated Logistics Hub	SZI Logistics Hub (Hefei Feixi)
Jurong Project/ Jurong Integrated Logistics Hub	SZI Logistics Hub (Jurong)
Xuzhou Project/ Xuzhou Integrated Logistics Hub	SZI Logistics Hub (Xuzhou)
Nantong Project/ Nantong Integrated Logistics Hub	SZI Logistics Hub (Nantong)
Shanghai Qingpu Project/ Shanghai Qingpu Integrated Logistics Hub	SZI Logistics Hub (Shanghai Qingpu)
Shanghai Minhang Project/ Shanghai Minhang Integrated Logistics Hub	SZI Logistics Hub (Shanghai Minhang)
Huai’an Project/ Huai’an Integrated Logistics Hub	SZI Logistics Hub (Huai’an)
Taizhou Gaogang Project/ Taizhou Gaogang Integrated Logistics Hub	SZI Logistics Hub (Taizhou)
Tianjin Binhai Project/ Tianjin Binhai Integrated Logistics Hub	SZI Logistics Hub (Tianjin Binhai)
Tianjin Xiqing Project/ Tianjin Xiqing Integrated Logistics Hub	SZI Logistics Hub (Tianjin Xiqing)
Shijiazhuang Zhengding Project/ Shijiazhuang Zhengding Smart Hub	SZI P&M (Shijiazhuang Zhenyuetiandi) and/or SZI Logistics Hub (Shijiazhuang Zhengding)
Shijiazhuang Yuanshi Project/ Shijiazhuang Yuanshi Integrated Logistics Hub	SZI Logistics Hub (Shijiazhuang Yuanshi)
Wuhan Dongxihu Project/ Wuhan Dongxihu Integrated Logistics Hub	SZI Logistics Hub (Wuhan Dongxihu)
Wuhan Caidian Project/ Wuhan Caidian Integrated Logistics Hub	SZI Logistics Hub (Wuhan Caidian)
Wuhan Huangpi Project/ Wuhan Huangpi Integrated Logistics Hub	SZI Logistics Hub (Wuhan Huangpi)
Nanchang Project/ Nanchang Integrated Logistics Hub	SZI Logistics Hub (Nanchang)
Nanchang Changbei Project/ Nanchang Changbei Integrated Logistics Hub	SZI Logistics Hub (Nanchang Changbei)

Changsha Project/ Changsha Integrated Logistics Hub	SZI Logistics Hub (Changsha)
Xiangtan Yuetang Project/ Xiangtan Yuetang Integrated Logistics Hub	SZI Logistics Hub (Xiangtan)
Yueyang Smart Commercial and Trading Logistics Park	SZI Intelligent Logistics Hub (Yueyang)
Guizhou Longli Project/ Guizhou Longli Integrated Logistics Hub	SZI Logistics Hub (Guizhou Longli)
Guiyang Xiuwen Project/ Guiyang Xiuwen Integrated Logistics Hub	SZI Logistics Hub (Guiyang Xiuwen)
Chongqing Shuangfu Project/ Chongqing Shuangfu Integrated Logistics Hub	SZI Logistics Hub (Chongqing Shuangfu)
Chongqing Shapingba Project/ Chongqing Shapingba Integrated Logistics Hub	SZI Logistics Hub (Chongqing Shapingba)
Kunming Project/ Kunming Integrated Logistics Hub	SZI Logistics Hub (Kunming)
Chengdu Qingbaijiang Project/ Chengdu Qingbaijiang Integrated Logistics Hub	SZI Logistics Hub (Chengdu Qingbaijiang)
Zhanjiang Project/ Zhanjiang Integrated Logistics Hub	SZI Logistics Hub (Zhanjiang)
Hainan Chengmai Project/ Hainan Chengmai Integrated Logistics Hub	SZI Logistics Hub (Hainan Chengmai)
Haikou Gaoxin Project/ Haikou Gaoxin Integrated Logistics Hub	SZI Logistics Hub (Haikou Gaoxin)
Zhengzhou Erqi Project/ Zhengzhou Erqi Integrated Logistics Hub	SZI Logistics Hub (Zhengzhou Erqi)
Zhengzhou Xinzheng Project/ Zhengzhou Xinzheng Integrated Logistics Hub	SZI Logistics Hub (Zhengzhou Xinzheng)
Yantai Project/ Yantai Beiming Logistics Park	SZI Logistics Hub (Yantai)
Xi’an Project/ Xi’an Integrated Logistics Hub	SZI Logistics Hub (Xi’an)
Taiyuan Zonggai Project/ Taiyuan Zonggai Integrated Logistics Hub	SZI Logistics Hub (Taiyuan)
Shenyang Project/ Shenyang Integrated Logistics Hub	SZI Logistics Hub (Shenyang)
Hainan Yangpu Project	SZI Logistics Hub (Hainan Heli)
Guangdong Huiyang Project	SZI Logistics Hub (Guangdong Huiyang)
Nanjing Xiba Port	SZI Port (Nanjing Xiba)
Fengcheng Shangzhuang Project	SZI Port (Jiangxi Fengcheng)
Jingjiang Port Project	SZI Port (Jiangsu Jingjiang)
Shenqiu Port Project	SZI Port (Henan Shenqiu)
Yicheng Qiwanli	SZI P&M (Qianhai Yicheng Qiwanli)
Shenzhen International Yidu Building	SZI P&M (Qianhai Yidu Building)
Qianhai Yinli	SZI P&M (Qianhai Yinli)

This announcement and other information including those of the Company's 2022 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 2023

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, Dr. Zhou Zhiwei as non-executive director and Mr. Pan Chaojin, Dr. Zeng Zhi and Dr. Wang Guowen as independent non-executive directors.