SHENZHEN INVESTMENT HOLDINGS BAY AREA DEVELOPMENT COMPANY LIMITED

(incorporated in the Cayman Islands with limited liability)

Stock Codes: 737 (HKD counter) & 80737 (RMB counter)

ANNUAL REPORT

2022

About Us

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

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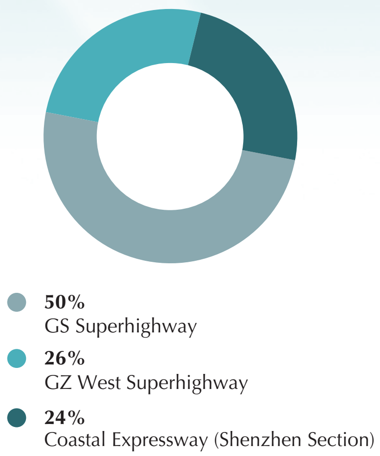
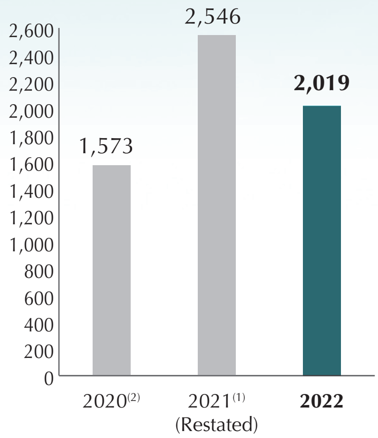
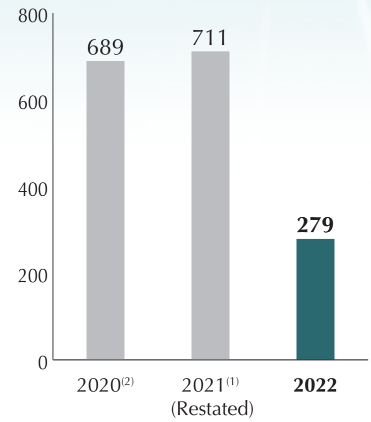
The Group's Share of Net Toll Revenue by Expressway for 2022



The Group's Share of Net Toll Revenue
(RMB million)



Profit Attributable to Owners of the Company
(RMB million)



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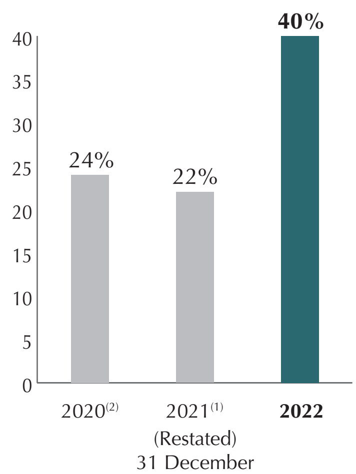

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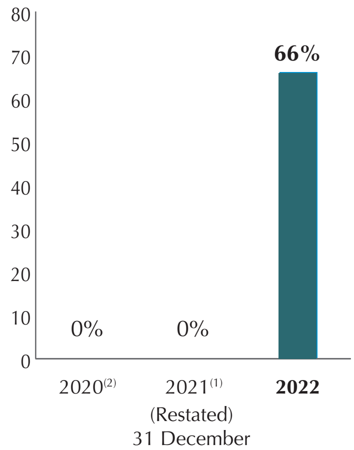


Financial Highlights

Notes:

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

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

(2) Restatement in respect of the change in accounting policies described above has not been made for the second half of 2018 and the year ended 31 December 2019 and 2020.

5-Year Financial Summary

The financial summary of the Group for the six months ended 31 December 2018 to the year ended 31 December 2022.

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

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

Restatement in respect of the change in accounting policies described above has not been made for the second half of 2018 and the year ended 31 December 2019 and 2020.

Consolidated Results Prepared (RMB million)

	2H 2018(7)	2019	2020	2021 (Restated)	**2022**
Share of results of joint ventures	340	701	295	657	**354**
Corporate results	(32)	(80)	(10)	162	**(27)**
Gain on partial disposal of a joint venture (net of tax)	–	–	409	–	**–**
Profit for the year/period	308	621	694	819	**327**
Profit for the year/period attributable to:					
Owners of the Company	**304**	**612**	**689**	**712**	**279**
Non-controlling interests	4	9	5	107	**48**
Profit for the year/period	**308**	**621**	**694**	**819**	**327**

5-Year Financial Summary

Segment Revenue and Results (RMB million)

	2H 2018[7]	2019	2020	2021 (Restated)	**2022**
Revenue	**1,120**	**2,144**	**1,573**	**2,565**	**2,050**
GS Superhighway	743	1,409	1,041	1,289	**1,016**
GZ West Superhighway	377	735	532	666	**522**
Coastal Expressway (Shenzhen Section)	–	–	–	591	**481**
Xintang Residential Project	–	–	–	19	**31**
EBITDA	**983**	**1,875**	**1,277**	**2,251**	**1,748**
GS Superhighway[1]	663	1,248	860	1,194	**941**
GZ West Superhighway	320	627	418	560	**412**
Coastal Expressway (Shenzhen Section)	–	–	–	502	**388**
Xintang Residential Project	–	0	(1)	(5)	**7**
Depreciation and amortisation	**(358)**	**(690)**	**(693)**	**(926)**	**(808)**
GS Superhighway	(232)	(445)	(450)	(469)	**(426)**
GZ West Superhighway	(126)	(245)	(243)	(237)	**(201)**
Coastal Expressway (Shenzhen Section)	–	–	–	(220)	**(181)**
Xintang Residential Project	–	–	–	(0)	**(0)**
Interest and tax	**(270)**	**(511)**	**(370)**	**(526)**	**(445)**
GS Superhighway	(164)	(316)	(189)	(259)	**(197)**
GZ West Superhighway	(106)	(193)	(140)	(160)	**(117)**
Coastal Expressway (Shenzhen Section)	–	–	–	(82)	**(118)**
Xintang Residential Project	–	(2)	(41)	(25)	**(13)**
Segment results[2]	**355**	**674**	**214**	**799**	**495**
GS Superhighway	267	487	221	466	**318**
GZ West Superhighway	88	189	35	163	**94**
Coastal Expressway (Shenzhen Section)	–	–	–	200	**89**
Xintang Residential Project	–	(2)	(42)	(30)	**(6)**
Segment corporate results[3]	**(10)**	**(31)**	**(2)**	**(6)**	**(79)**
Gain on partial disposal of a joint venture (net of tax)	–	–	409	–	**–**
Net exchange gain/(loss)	(37)	(22)	73	25	**(89)**
Profit for the year/period	308	621	694	818	**327**
Profit for the year/period attributable to:					
Owners of the Company	**304**	**612**	**689**	**711**	**279**
Non-controlling interests	4	9	5	107	**48**
Profit for the year/period	**308**	**621**	**694**	**818**	**327**

5-Year Financial Summary

Consolidated Statement of Financial Position Prepared (RMB million)

	As at 31 December				
	2018	2019	2020	2021 (Restated)	**2022**
Property and equipment	1	2	2	313	**290**
Right-of-use assets	–	–	–	5	**22**
Concession intangible assets	–	–	–	5,527	**5,675**
Interests in joint ventures	4,798	4,858	4,674	4,971	**4,519**
Investment/Equity instrument at fair value through other comprehensive income	11	23	31	20	**20**
Deferred tax assets	–	–	–	303	**211**
Trade and other receivables	–	–	–	1,108	**322**
Interest-bearing loans to a joint venture	–	311	350	264	**210**
Structured deposit	–	–	801	351	**451**
Restricted bank deposits	–	–	–	13	**15**
Time deposit with original maturity over three months	–	–	240	–	**–**
Bank balances and cash	140	50	519	1,860	**474**
Other current assets	0	1	2	8	**11**
Total assets	**4,950**	**5,245**	**6,619**	**14,743**	**12,220**
Lease liabilities	–	–	–	5	**23**
Bank loans and bank overdrafts	–	281	1,078	1,936	**3,957**
PRC withholding tax liabilities	70	81	76	131	**133**
Trade and other payable	–	–	–	1,101	**716**
Tax payables	–	–	147	10	**5**
Interim dividend payable	–	–	306	–	**–**
Other current liabilities	11	13	10	2	**0**
Total liabilities	**81**	**375**	**1,617**	**3,185**	**4,834**
Non-controlling interests	30	24	24	3,197	**2,850**
Equity attributable to owners of the Company	**4,839**	**4,846**	**4,978**	**8,361**	**4,536**

5-Year Financial Summary

Consolidated Statement of Cash Flows (RMB million)

	2H 2018(7)	2019	2020	2021 (Restated)	**2022**
Net cash used in operating activities	(14)	(39)	(51)	(633)	**(63)**
Net cash from (used in) investing activities					
– Purchase of structured deposit	–	–	(800)	(1,045)	**(1,468)**
– Placement of time deposit with original maturity over three months	–	–	(240)	–	**–**
– Advance to a joint venture	–	(309)	(559)	(354)	**–**
– Proceeds on partial disposal of a joint venture	–	–	558	–	**–**
– Cash receipt from the disposal of loans to a joint venture and accrued interests	–	–	533	–	**–**
– Net dividends received	449	613	495	777	**603**
– Repayment from a joint venture	–	–	–	–	**53**
– Withdrawal of time deposit with original maturity over three months	–	–	–	240	**–**
– Withdrawal of structure deposit	–	–	–	1,495	**1,368**
– Increase in amount due from an intermediate holding company	–	–	–	(500)	**–**
– Purchase for intangible assets	–	–	–	(0)	**(305)**
– Others	8	(2)	(6)	112	**59**
Net cash (used in) from financing activities					
– New bank loans raised	266	546	3,190	2,466	**2,379**
– Bank loans repaid	(266)	(265)	(2,318)	(1,575)	**(542)**
– Dividends paid	(1,001)	(639)	(323)	(879)	**(513)**
– Increase in amounts due to related parties	–	–	–	27	**24**
– Increase in amount due to an intermediate holding company	–	–	–	24	**6**
– Repayment of capital reduction to an immediate holding company	–	–	–	–	**(2,900)**
– Others	(1)	(1)	(16)	(20)	**(89)**
Net increase (decrease) in cash and cash equivalents	(559)	(96)	463	135	**(1,388)**
Cash and cash equivalents at the beginning of year/period	691	140	50	1,723	**1,860**
Effect of foreign exchange rate changes	8	6	6	2	**2**
Cash and cash equivalents at the end of year/period	140	50	519	1,860	**474**
Total bank balances and cash	**140**	**50**	**519**	**1,860**	**474**

5-Year Financial Summary

Per Share Basis

	2H 2018[7]	2019	2020	2021 (Restated)	**2022**
Basic earnings per share (RMB cents)	9.87	19.86	22.35	23.09	**9.04**
Dividend per share (RMB cents)					
– Interim	–	9.8	–	9.30	**5.75**
– Special interim	–	–	10.00	–	**–**
– Final	9.90	10.10	9.10	10.45	**3.25**
– Special final	–	–	–	–	**–**
Net asset value per share (RMB)	1.57	1.57	1.62	2.71	**1.47**
Regular dividend payout ratio[4]	100%	100%	100%	100%	**100%**

Financial Ratios

	As at 31 December				
	2018	2019	2020	2021 (Restated)	**2022**
Return on equity attributable to owners of the Company	12%[6]	13%	14%	10%	**7%**
Debt to asset ratio (Total liabilities to total assets)	2%	7%	24%	22%	**40%**
Gearing ratio (Net debt[5] to equity attributable to owners of the Company)	–	5%	–	–	**66%**

Notes:

(1) Excluding exchange differences and related income tax.

(2) The segment results represent the Group's share of results of joint ventures before exchange difference (net of related income tax) and net of withholding tax attributed to the dividend received from and the undistributed earnings of a joint venture.

(3) The segment corporate results represent the corporate results before corporate exchange difference and withholding tax attributed to the dividend received from and the undistributed earnings of a joint venture.

(4) Excluding special dividend and impact of restatement.

(5) Net debt is defined as total bank loans less the total bank balances and cash (including restricted bank deposits), structured deposit and time deposit of the Group.

(6) Annualised figure.

(7) As announced by the Company on 27 August 2018, the Board had resolved to change the financial year end date of the Company from 30 June to 31 December following the publication of the audited consolidated financial statements of the Group for the year ended 30 June 2018.

Chairman's Statement

On 11 January 2022, the transaction on approximately 71.83% of the issued Shares between Shenzhen Expressway and SIHC was completed, and Shenzhen Expressway became the controlling Shareholder of the Company. I am truly honored to be appointed by the Board as the Executive Director and the Chairman of the Board on 6 January 2023.

Shenzhen Expressway is the first enterprise in Shenzhen listed in both Hong Kong and Shanghai engaging primarily in the investment, construction and operation management in the fields of urban and transportation infrastructure as well as large-scale environmental protection industry. Being a major provider of construction and operation of transportation infrastructure in the Guangdong-Hong Kong-Macao Greater Bay Area, Shenzhen Expressway's extensive and integrated capabilities on expressway investment, construction, operations and management, experiences on land development and construction, and premier resources on assets, shall create synergistic effects with the Group's businesses, supporting the Group's business development, further enhancing the Group's profitability and investment value, and creating stable and good returns for the Shareholders.

Financial Results and Dividend Proposal

On behalf of the Board, I am delighted to report to the Shareholders the final results of the Group for 2022. The revenue from investment projects attributable to the Group was RMB2,050 million, representing a YoY decrease of 20%, mainly due to the continuous outbreak of the COVID-19 pandemic in Guangdong Province, resulting in a significant decrease in social transportation volume and a decrease in toll revenue. The profit attributable to owners of the Company amounted to RMB279 million, representing a YoY decline of 61%, and a basic earnings per share was RMB9.04 cents.

The Board has proposed a final dividend of RMB3.25 cents per share for year 2022 with a dividend payout ratio amounting to 100% of total dividend to the profit attributable to owners of the Company. Payment of the final dividend is subject to approval by Shareholders at the 2023 Annual General Meeting.

Chairman's Statement

Operating Environment

In 2022, the international situation was complex and severe, and geopolitical conflicts were intensified. Under the impact of the COVID-19 pandemic and multiple crises such as food, energy and debt, the global economic development encountered greater difficulties. In face of the severe international environment and the arduous task of domestic reform, development and stability, Mainland China continued to adhere to the general working guideline of making progress while maintaining stability, accelerate the construction of a new development pattern and promote high-quality development. On the premise of coordinating the overall pandemic prevention and control and economic and social development throughout the year, the GDP of Mainland China increased by 3% YoY in 2022, demonstrating strong resilience. The total economic volume reached a new level of approximately RMB121 trillion, and the comprehensive national strength and international influence of Mainland China have been steadily improved. In 2022, the GDP of Guangdong Province increased by 1.9% YoY, and the total economic volume reached approximately RMB13 trillion, continuing to rank first in the country. As one of the regions with the most complicated pandemic situation in Mainland China, its stable performance and the trend of continuous and stable economic recovery have created a favorable operating environment for the Group's business.

Business Review

During the year under review, the operational performance of the GS Superhighway and the GZ West Superhighway of the Group was significantly hit by the continuous impact of the COVID-19 pandemic on traffic volume. The average daily toll revenue and average daily full-length equivalent traffic volume recorded a significant YoY decrease throughout the year. In addition to the impact of the COVID-19 pandemic, the newly opened expressways and reconstructed local roads in the surrounding areas have also caused a diversion effect on the traffic flow of the GS Superhighway and the GZ West Superhighway. At the same time, the "Notice of the Ministry of Transport and the Ministry of Finance on Phased Toll Reduction and Exemption for Trucks" (《交通運輸部　財政部關於做好階段性減免收費公路貨車通行費有關工作的通知》) was promulgated on 28 September 2022, pursuant to which, on the basis of maintaining the existing various policies of toll reduction and exemption, the tolls for trucks were further reduced by 10%, which was applicable to all toll roads nationwide. This has also posed limited impact on the toll revenue of the GS Superhighway, the GZ West Superhighway and the Coastal Expressway (Shenzhen Section) in the fourth quarter.

As for the business development, on 30 September 2022, GS JV entered into the Compensation Agreement with Land Reserve Centre and the Representatives, pursuant to which GS JV agreed to surrender land use rights of the Luogang Interchange land parcels together with the Attached Buildings to Land Reserve Centre in consideration of approximately RMB317.0 million. In the future, GS JV will actively participate in the bidding and auction for the Resumed Land to achieve a higher investment return. As for the Grand Park City project, the accumulated contracted sales in 2022 amounted to approximately RMB914 million and the accumulated contracted units amounted to 413; the accumulated contracted sales of the project amounted to approximately RMB2,282 million and the accumulated contracted units amounted to 984.

In addition, in order to integrate and optimise the industrial planning and effectively expand and strengthen the investment, construction, operation and management capabilities of the Group's core toll road business, under the overall strategic deployment of Shenzhen Expressway, our controlling Shareholder, Shenwan Infrastructure (an indirect subsidiary of the Company) completed the subscription of 51% enlarged equity interest in the Coastal Company by way of capital injection on 30 November 2022. The advantageous geographical location of the Coastal Expressway (Shenzhen Section) held by the Coastal Company will strengthen the overall management of the Group's toll roads in the region of Shenzhen, enhance the synergies of the flow of road network and management and maintenance of the road, and further enhance the profitability of the Group.

Prospects

During the "14th Five-Year Plan" period, the Company's overall development strategy is to fully leverage the advantages of the Hong Kong listing platform and the financing function of the overseas capital market, link the resources of Hong Kong and Shenzhen, build a "3+1" industrial pattern with "toll roads, land development, science and technology innovation industrial park and science and technology innovation services" as the main focus and supplemented by "new industries", and become an advanced, high-quality and distinctive overseas listed company with stable return in the Guangdong-Hong Kong-Macao Greater Bay Area. Toll roads are the business of investment, construction and operation of urban infrastructure mainly comprising expressways; land development is the business of land revitalisation and resources release surrounding the expressway; science and technology innovation industrial park and science and technology innovation services are the business of development, construction and operation of the science and technology innovation industrial park and related services for science and technology; the new industry is engaged in the business of investment in emerging industries through various means such as equity investment. During the strategic period, the business objectives will be implemented in different levels, with the primary goal of consolidating the core business of toll roads and promoting land development to unlock value; the second-tier goal is to build a science and technology innovation industrial park and a science and technology innovation service platform; the third-level goal is to explore and cultivate new businesses and create new growth poles for strategic development.

Chairman's Statement

2023 is the year for the Company to carry forward the "14th Five-Year" strategy. The Group will follow up in real time and actively cooperate with government departments at all levels to consolidate the main business of toll roads, accelerate the revitalisation of land resources along the expressway and expand investment opportunities in the Guangdong-Hong Kong-Macao Greater Bay Area. In terms of existing business, with the further optimisation of pandemic prevention and control measures, it is expected that the passenger flow will gradually recover in 2023 and the operational performance of the GS Superhighway, the GZ West Superhighway and the Coastal Expressway (Shenzhen Section) will be improved. At the same time, the Group will focus on promoting the GS Superhighway expansion project and strive to commence substantive construction by the end of 2023. In terms of land development business, for the project under development — the Grand Park City, the Group will strive to reduce costs and increase efficiency, ensure safety and quality, carry out construction targets, formulate reasonable marketing nodes that can actively respond to the market and strive to achieve better sales results. During the year, the Company actively promoted the land development projects along the GS Superhighway such as Luogang Interchange as an important supplement to the profit of the Company and provided sustainable income for the Shareholders. On the other hand, the Group will maximise the synergy effect with its controlling Shareholder, actively obtain high-quality resources in the Guangdong-Hong Kong-Macao Greater Bay Area, search for market investment opportunities, achieve new business breakthroughs and carry out external mergers and acquisitions to promote the implementation of the Company's strategies, so as to achieve further steady improvement in assets and revenue.

Looking ahead, the overall domestic macro environment is expected to improve; however, the international situation is complex and volatile, and external challenges cannot be ignored. All members of the Group will focus on the strategic objectives and make every effort to promote various tasks. With the joint efforts of the management and employees, I believe that the Group can continue to achieve high-quality sustainable development and create better returns for the Shareholders.

Appreciation

On behalf of the Company, I would like to take this opportunity to express my sincere gratitude to our Shareholders, banks, business partners and friends from all walks of life for their support and trust in the development of the Company. I would also like to thank the Directors and senior management for their wise contribution, and our staff for their unity, cooperation and diligence. In 2023, all staff of the Company will seise opportunities, forge ahead, stand at a new starting point, continue to contribute to the construction of the Bay Area, and strive to achieve a new level of development of the Company.

Xiangwen LIAO*
Chairman

Hong Kong, 16 March 2023

* *For identification purpose only*

Dividend and Closure of Register

Final Dividend

The Board has proposed a final dividend of RMB3.25 cents per share (equivalent to HK3.688685 cents per share at the exchange rate of RMB1:HK$1.13498) for the year ended 31 December 2022. Together with the interim dividend of RMB5.75 cents per share (equivalent to HK6.67299 cents per share at the exchange rate of RMB1:HK$1.16052) which had been paid on Friday, 21 October 2022, the total regular dividends for the year ended 31 December 2022 will amount to RMB9.00 cents per share (equivalent to HK10.361675 cents per share) which is 54% less than the total regular dividends of RMB19.75 cents per share of last year. The total regular dividends for the year ended 31 December 2022 represented a regular dividend payout ratio of 100% of the profit attributable to owners of the Company.

Subject to Shareholders' approval at the 2023 Annual General Meeting to be held on Friday, 19 May 2023, the proposed final dividend will be paid on Friday, 14 July 2023 to Shareholders whose names appear on the register of members of the Company at the close of business on Thursday, 25 May 2023.

If the proposed final dividend is approved by the Shareholders at the 2023 Annual General Meeting, it will be payable in cash in RMB or HK Dollars, or a combination of these currencies, at the exchange rate of RMB to HKD as published by The People's Bank of China on Thursday, 16 March 2023 and Shareholders will be given the option of electing to receive the final dividend in either RMB or HK Dollars or a combination of RMB and HK Dollars.

To make the dividend election, Shareholders should complete the Dividend Election Form (if applicable) and return it to the Company's Hong Kong Share Registrar, Computershare Hong Kong Investor Services Limited at Shop 17M, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong, not later than 4:30 p.m. on Monday, 19 June 2023. **If no dividend election is made by a shareholder, such shareholder will receive the final dividend in HK Dollars, unless receipt of dividend in RMB has been previously elected.**

Dividend and Closure of Register

Closure of Register

To ascertain Shareholders' eligibility to attend and vote at the 2023 Annual General Meeting to be held on Friday, 19 May 2023, the register of members of the Company will be closed from Tuesday, 16 May 2023 to Friday, 19 May 2023, both days inclusive, during which period no transfer of shares of the Company will be effected. In order to qualify to attend and vote at the 2023 Annual General Meeting, all transfers of Shares, accompanied by relevant share certificates, must be lodged with the Company's Hong Kong Share Registrar, Computershare Hong Kong Investor Services Limited at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong not later than 4:30 p.m. on Monday, 15 May 2023.

To ascertain Shareholders' entitlement to the proposed final dividend, the register of members of the Company will be closed for one day on Thursday, 25 May 2023, if and only if the proposed final dividend is approved by the Shareholders at the 2023 Annual General Meeting. No transfer of shares of the Company will be effected on the aforementioned book-close date. To qualify for the proposed final dividend, all transfers of Shares, accompanied by relevant share certificates, must be lodged with the Company's Hong Kong Share Registrar, Computershare Hong Kong Investor Services Limited at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong not later than 4:30 p.m. on Wednesday, 24 May 2023.

Profile of Directors

Mr. Xiangwen LIAO*

Aged 54, Mr. LIAO was appointed as an Executive Director, the Chairman of the Board, a member and the chairman of the Executive Committee, and a member and the chairman of the Nomination Committee of the Company on 6 January 2023. He obtained a Doctor degree in Laws from Southwest University of Political Science and Law. He has extensive experience in toll highway management, legal affairs and human resource management.

Mr. LIAO has previously served in the Transport Commission of Shenzhen Municipality. He joined Shenzhen Expressway in November 2004 and had successively served as the deputy manager of the public relations department and the general manager of the human resources department. From September 2009 to September 2018, Mr. LIAO was the vice president of Shenzhen Expressway and was appointed as president since September 2018. Mr. LIAO has been a Director of Shenzhen Expressway since November 2016 and chaired the operation of the board of directors of Shenzhen Expressway for the moment since December 2022. Mr. LIAO now also holds directorship in some subsidiaries and investment enterprises of Shenzhen Expressway.

Mr. Tianliang ZHANG*

Aged 60, Mr. ZHANG was appointed as an Executive Director, the General Manager and a member of the Executive Committee of the Company, and a director of various subsidiaries of the Company on 11 April 2018. He obtained a bachelor of Laws degree at the Hubei University in July 1985, a Master of Laws degree from the Central China Normal University in July 1987. Mr. ZHANG has obtained the qualification as a Senior Economist in 2001. In December 1991, he was as a Director Staff Member of the Three Divisions of the Policy Research Office of Hubei Provincial Government* (湖北省政府政策研究室). In February 1993, Mr. ZHANG was a Director Staff Member of the Political Reform Office of CPC Shenzhen Municipal Party Committee* (深圳市委政治體制改革辦公室) and later became a Deputy Director General of the Policy Research and Political Reform Division of CPC Shenzhen Municipal Party Committee* (深圳市委政策研究室政治體制改革處). He was as a Director Staff Member of Shenzhen Construction Investment Holdings Ltd.* (深圳市建設投資控股公司) from December 1998 to October 2002. In November 2002, Mr. ZHANG was the Deputy General Manager of Shenzhen Shahe Industry (Group) Co., Ltd.* (深圳市沙河實業(集團)有限公司) and became the Chairman of the Supervisory Board in November 2004. In March 2006, he was the Deputy General Manager of Shenzhen Nongke Group Limited* (深圳市農科集團有限公司). In February 2011, Mr. ZHANG was the director and the Secretary of the Disciplinary Committee of Shenzhen Changcheng Investment Holdings Company Limited* (深圳市長城投資控股股份有限公司). Mr. ZHANG was transferred to Shenzhen Wuzhou Guesthouse Company Limited* (深圳市五洲賓館有限責任公司) in April 2014 as the Chairman and Secretary of the Party Committee.

* *For identification purpose only*

Profile of Directors

Mr. Jianming WU*

Aged 42, Mr. WU was appointed as an Executive Director, the Executive General Manager and a member of the Executive Committee of the Company on 4 February 2022. He is a senior engineer and graduated from Jilin Jianzhu University* (吉林建築大學) with a bachelor's degree in Transportation Civil Engineering* (交通土建專業). Mr. WU was the general manager of Shenzhen Expressway Construction Development Company Limited* (深圳高速建設發展有限公司) ("SZ Construction"), which is a wholly-owned subsidiary of Shenzhen Expressway (together with subsidiaries of Shenzhen Expressway, the "SZ Expressway Group"), a company listed on The Stock Exchange of Hong Kong Limited (Stock Code: 548) and the intermediate holding company of the Company.

Mr. WU has extensive experience in project and corporate management. He joined SZ Expressway Group in 2004 and had worked in various projects of the SZ Expressway Group. Mr. WU had been appointed as a deputy general manager of SZ Construction from May 2017 to January 2019. Since February 2019, Mr. WU has been appointed as a general manager of SZ Construction and a general manager of Waihuan Project Management Office* (外環項目管理處). In addition, he has successively held the positions of the deputy general manager of Jihe Reconstruction and Expansion Project Management Office* (機荷改擴建項目管理處) of the SZ Expressway Group since April 2019, an executive director of Shenzhen Expressway Asphalt Technology Company Limited* (深圳高速瀝青科技有限公司) since April 2021 and a director of SZ Shenzhen Expressway Financial Leasing Company Limited* (深圳深高速融資租賃有限公司) since September 2021, both companies being non-wholly owned subsidiaries of Shenzhen Expressway.

Mr. Cheng WU*

Aged 53, Mr. WU was appointed as an Executive Director, the Deputy General Manager and a member of the Executive Committee of the Company, and a director of various subsidiaries of the Company on 11 April 2018. He obtained a bachelor' s degree in Transportation Management* (交通運輸管理工程專業) from the Changsha Jiaotong College* (長沙交通學院) (now known as Changsha University of Science and Technology) in July 1995. Mr. WU worked as the Deputy General Manager and General Manager at the Luohu Station of Shenzhen Transportation Services Corporation* (深圳市交通運輸服務公司羅湖汽車站) since October 1997, and became the Deputy General Manager of the Management Office of Shenzhen Kuaiyibu Logistics Company Limited* (深圳市快一步物流有限公司) in February 2002. He was the head of the Business Department of Shenzhen Highway Passenger and Freight Transport Service Centre* (深圳市公路客貨運輸服務中心) in February 2009. Mr. WU joined Shenzhen Highway Passenger and Freight Transport Service Center Company Limited* (深圳市公路客貨運輸服務中心有限公司) in June 2012 as a Deputy General Manager, and has also held an additional post of the Chairman of the Board of Directors of Shenzhen Transportation Service Company Limited* (深圳市客運服務有限公司) since November 2014.

* *For identification purpose only*

Profile of Directors

Mr. Ji LIU*

Aged 47, Mr. LIU was appointed as an Executive Director, the Deputy General Manager, secretary to the Board and a member of the Executive Committee of the Company, and a director of various subsidiaries of the Company on 11 April 2018. Mr. LIU obtained a bachelor's degree in Economics from Zhongnan University of Finance and Economics and a Master of Science degree from the Hong Kong Polytechnic University in 1998 and 2004 respectively, and obtained an EMBA degree from Xiamen University in September 2018. He has obtained the qualification as an Economist in 2002.

Mr. LIU has many years of experience on investment and mergers of listed companies, state-owned property management, and corporate governance of listed companies. He joined Shenzhen Shenhua Group Corporation* (深圳市深華集團公司) in 1998 and joined the Property Management Office of the State-owned Assets Supervision and Administration Commission of the People's Government of Shenzhen Municipal* (深圳市國有資產監督管理委員會產權管理處) in 2005. Mr. LIU joined Shenzhen International since August 2006. He successively held the posts of the Secretary of the Board of Executive Directors, the General Manager of the Information Technology Department, the General Manager of the Administration Department, the General Manager of the Corporation Management Department and the General Manager of the Investment Management Department, etc. Mr. LIU is currently a mediator of Shenzhen Court of International Arbitration* (Shenzhen Arbitration Commission*) (深圳國際仲裁院(深圳仲裁委員會)) and the Supervisor of Shenzhen Cereals Holdings Co., Ltd. (深圳市深糧控股股份有限公司) (listed on the Shenzhen Stock Exchange (stock codes: A000019 and B200019)). From November 2016 to May 2018, he was a non-executive director of Shenzhen Expressway.

Mr. Weiguo ZONG*

Aged 43, Mr. ZONG was appointed as a Non-executive Director of the Company on 12 August 2020. He graduated from Southeast University in 2001. Mr. ZONG has been with China Vanke Co., Ltd.* (萬科企業股份有限公司) ("Vanke") from 2001 to 2023, a company whose shares are listed on the Shenzhen Stock Exchange (stock code: A000002) and on the Main Board of the Stock Exchange (stock code: 2202). From 2001 to 2002, he served at the project management center of the headquarters of Vanke. From 2002 to 2008, Mr. ZONG was the Senior Business Manager of Beijing Vanke Co., Ltd.* (北京萬科企業有限公司), before being transferred to Qingdao Vanke Real Estate Company Limited* (青島萬科房地產有限公司) to serve as the Marketing Director from 2008 to 2012. From 2012 to 2013, he was the Operations Director at the Operations Management Department for Strategic Investment and Marketing of the headquarters of Vanke. He was then redesignated as the Deputy General Manager of Zhejiang Vanke Narada Real Estate Co., Ltd.* (浙江萬科南都房地產有限公司), a role in which he served from 2013 to 2014. In 2015, Mr. ZONG served as the General Manager of Ningbo Vanke Enterprises Company Limited* (寧波萬科企業有限公司). He served as the Executive General Manager of Shenzhen Vanke Development Company Limited* (深圳市萬科發展有限公司) from 2020 to 2023.

* *For identification purpose only*

Profile of Directors

Ms. Siyan CHEN*

Aged 36, Ms. CHEN was appointed as a Non-executive Director of the Company on 3 February 2023. She graduated from Peking University in 2010 with a double bachelor's degree in Science and Economics and obtained a master's degree in finance from Peking University in 2013. She is a registered Chinese Certified Public Accountant (CPA). After graduation, Ms. CHEN had successively worked in Zhongrong International Trust Co., Ltd.* (中融國際信託有限公司) and Western Trust Co., Ltd.* (西部信託有限公司) and has an extensive experience in corporate investment and financing in real estate, infrastructure and other areas. In December 2016, Ms. CHEN joined Taiping Investment Holdings Co., Ltd.* (太平投資控股有限公司), now renamed as Taiping Capital Insurance Assets Management Co., Ltd.* (太平資本保險資產管理有限公司). Currently, Ms. CHEN is the executive director of Taiping Financial Holdings Equity Investment Fund Management (Shenzhen) Co., Ltd.* (太平金控股權投資基金管理(深圳)有限公司) and is responsible for insurance capital investment and fund businesses.

Mr. Brian David Man Bun LI JP

Aged 48, Mr. LI was appointed as an Independent Non-executive Director and a member of the Audit Committee of the Company on 1 July 2011. He was appointed as a member of the Remuneration Committee of the Company on 26 August 2015, as the chairman of the Remuneration Committee on 11 April 2018 and as a member of the Nomination Committee on 1 January 2022. Mr. LI is Co-Chief Executive of The Bank of East Asia, Limited ("BEA"), a company listed on the Stock Exchange. He was General Manager & Head of Wealth Management Division of BEA from July 2004 to March 2009. Mr. LI was subsequently appointed Deputy Chief Executive of BEA in April 2009, Executive Director in August 2014 and Co-Chief Executive in July 2019. Mr. LI is currently an Independent Non-executive Director of Towngas Smart Energy Company Limited, China Overseas Land & Investment Limited and Guangdong Investment Limited, all of which are listed on the Stock Exchange.

Mr. LI holds a number of public and honorary positions, including being a member of the National Committee of the Chinese People's Political Consultative Conference and a Vice Chairman of its Committee on Social and Legal Affairs, a Member of the Chief Executive's Council of Advisers of the Government of the Hong Kong Special Administrative Region, a Council Member of the Hong Kong Trade Development Council, a Director of the Financial Services Development Council, a member of the Process Review Panel for the Securities and Futures Commission, a Member of the Disaster Relief Fund Advisory Committee and a Vice Chairman of the Asian Financial Cooperation Association.

Mr. LI is a Fellow of the Hong Kong Institute of Certified Public Accountants and the Institute of Chartered Accountants in England and Wales. He is also a Member of the Hong Kong Academy of Finance, an Honorary Certified Banker of The Hong Kong Institute of Bankers and a full member of the Treasury Markets Association. He holds an MBA degree from Stanford University as well as a BA degree from the University of Cambridge.

* *For identification purpose only*

Profile of Directors

Mr. Yu Lung CHING

Aged 53, Mr. CHING was appointed as an Independent Non-executive Director, a member and the chairman of the Audit Committee, a member of the Remuneration Committee of the Company on 11 April 2018 and a member of the Nomination Committee of the Company on 1 January 2022. He has more than 30 years of experience in auditing, corporate finance and accounting. Mr. CHING is currently the chief financial officer of a listed company on the Main Board of the Stock Exchange. He obtained a bachelor's degree in business administration from the Chinese University of Hong Kong and executive master's degree in business administration from Tsinghua University in 1992 and 2006, respectively. Mr. CHING is a fellow member of Hong Kong Institute of Certified Public Accountants and Association of Chartered Certified Accountants and a member of the American Institute of Certified Public Accountants. Mr. CHING is an Independent Non-executive Director of Hopson Development Holdings Limited (stock code: 754), Ngai Hing Hong Company Limited (stock code: 1047) and Luzhou Bank Co., Ltd. (stock code: 1983), all are listed on the Main Board of the Stock Exchange. He resigned as an Independent Non-executive Director of Termbray Industries International (Holdings) Limited (stock code: 93) with effect from 15 April 2022.

Mr. Tony Chung Nin KAN SBS, JP

Aged 72, Mr. KAN was appointed as an Independent Non-executive Director, a member of the Audit Committee, a member of the Remuneration Committee of the Company on 11 April 2018 and a member of the Nomination Committee of the Company on 1 January 2022. He is the Founder and Senior Consultant of Tony Kan & Co., Solicitors & Notaries, practising as a Solicitor of the Supreme Court of Hong Kong since 1982. He is also a Solicitor of the Supreme Court of England and Wales, a Barrister and Solicitor of the Supreme Court of the Australian Capital Territory, as well as Advocate and Solicitor of the Supreme Court of the Republic of Singapore. He is also a China Appointed Attesting Officer and a Notary Public. Mr. KAN was a Committee Member of the National Committee of the Chinese People's Political Consultative Conference and was a Committee Member of the Guangdong Committee of the Chinese People's Political Consultative Conference for three consecutive terms. Mr. KAN had been an Elected Member of the Sha Tin District Council from 1985 to the end of 2011. He had also been an Elected Member of the Regional Council and he was elected as Vice Chairman of the Council in July 1997 until its dissolution at the end of 1999.

Since 1988, Mr. KAN has served as a Councillor of Heung Yee Kuk in the New Territories and is currently an Ex Officio Member and Executive Committee Member of Heung Yee Kuk. Mr. KAN is serving and has served on various advisory committees for the government, including Town Planning Board Member as well as the Building Committee Member of the Housing Authority. He is currently a Member of the Election Committee of the Chief Executive of Hong Kong Special Administrative Region. Mr. KAN has been appointed as an Independent Non-executive Director of Man Wah Holdings Limited (stock code: 1999) since May 2013, a company listed in Hong Kong. Mr. KAN has been appointed as an Independent Non-executive Director of Nameson Holdings Limited (stock code: 1982) since 29 January 2016, which has been listed on the Stock Exchange on 12 April 2016. He has been appointed as a Vice Chairman of the Board of Directors of DBG Technology Co., Ltd. (stock code: 300735) which has been listed on Shenzhen Stock Exchange ChiNext on 29 December 2017.

He was the Non-executive director of Midland Holdings Limited ("Midland Holdings") (listed on the Main Board of the Stock Exchange (stock code: 1200), and subsequently became the Independent Non-executive Director of Midland Holdings during the period from October 1994 to September 2004. Mr. KAN has also served as a Non-executive director of Midland Holdings during the period from March 2014 to October 2016 and has been approved as Non-executive Director as well as the chairman of the board of Midland IC&I Limited (listed on the Main Board of the Stock Exchange (stock code: 459) since October 2016 to October 2019. He has been appointed as an Independent Non-executive Director of Kimou Environmental Holding Limited (stock code: 6805) since 18 June 2019, which has been listed on the Stock Exchange on 16 July 2019.

Mr. Peng XUE*

Aged 52, Mr. XUE was appointed as an Independent Non-executive Director of the Company on 4 February 2022. He is the company secretary, authorised representative and the general manager of the operations management center of SITC International Holdings Company Limited ("SITC", together with its subsidiaries, "SITC Group"), a company listed on the Stock Exchange (Stock Code: 1308). Mr. XUE had been a director of SITC from January 2008 to March 2021. From January 2008 to May 2013, he served as a chief financial officer of SITC. Mr. XUE has been appointed as the general manager of the operations management center of the SITC Group since July 2017. Mr. XUE has also been appointed as an independent non-executive director of China Beststudy Education Group, a company listed on the Stock Exchange (Stock Code: 3978) since 3 December 2018 and has resigned with effect from 4 July 2022.

Mr. XUE graduated from Shandong Province Foreign Trade and Economic University* (山東省對外貿易經濟學校) in 1991 majoring in financial accounting, and graduated from Shandong University of Economics* (山東經濟學院) in 1997 majoring in accounting. He was qualified as an intermediate accountant in 2004 and also obtained an undergraduate degree in Accounting from Renmin University of China* (中國人民大學) in 2006. He received a master's degree in Business Administration from China Europe International Business School* (中歐國際工商學院) in 2011. He obtained a master's degree in Corporate Governance by The Open University of Hong Kong in 2019 and was also qualified of the fellowship of The Hong Kong Institute of Chartered Secretaries (now known as The Hong Kong Chartered Governance Institute) and Institute of Chartered Secretaries and Administrators (now known as The Chartered Governance Institute) and Chartered Governance Professional.

* *For identification purpose only*

Overall Business Performance

On 30 November 2022, Shenwan Infrastructure (an indirect subsidiary of the Company) has completed the subscription of 51% enlarged equity interest in Coastal Company. Coastal Company becomes an indirect non-wholly owned subsidiary of the Company and its financial results have been consolidated into the financial statements of the Group. During the year under review, the total net toll revenue of the GS Superhighway, the GZ West Superhighway and the Coastal Expressway (Shenzhen Section) amounted to RMB2,019 million. As the continuous outbreak of COVID-19 pandemic in Guangdong Province, cities along the GS Superhighway, the GZ West Superhighway and the Coastal Expressway (Shenzhen Section), such as Shenzhen, Dongguan, Guangzhou, Zhongshan and Zhuhai, experienced multiple waves of pandemic, resulting in a significant decrease in social transportation volume, which caused greater impact on the operational performance of the above three expressways. In addition to the impact of the COVID-19 pandemic, the diversion impact caused by the newly opened expressways and reconstructed local roads in the surrounding areas of the GS Superhighway and the GZ West Superhighway also resulted in the YoY decrease in the operational performance of the GS Superhighway and the GZ West Superhighway. Besides, the national policy of tolls for trucks to reduce by 10% implemented in the fourth quarter also posed limited impact to the GS Superhighway, the GZ West Superhighway and the Coastal Expressway (Shenzhen Section). The average daily toll revenue, average daily full-length equivalent traffic and average daily mixed traffic of the GS Superhighway decreased by 21%, 20% and 17% YoY to RMB6.37 million, 74,000 vehicles and 527,000 vehicles respectively; the average daily toll revenue, average daily full-length equivalent traffic and average daily mixed traffic of the GZ West Superhighway decreased by 22%, 21% and 21% YoY to RMB2.95 million, 42,000 vehicles and 222,000 vehicles respectively; the average daily toll revenue (excluding tax) and average daily mixed traffic of the Coastal Expressway (Shenzhen Section) decreased by 19% and 16% YoY to RMB1.32 million and 141,000 vehicles respectively.

With the country's further optimisation and implementation of pandemic prevention and control measures at the end of 2022, COVID-19 was managed as a Class B infectious disease (乙類乙管) from January 2023. Isolation measures will no longer be implemented on people infected with COVID-19, close contacts will no longer be defined and low and high risk areas will no longer be defined. The impact of the COVID-19 pandemic on people's living order and economic and social development will be minimised. It is expected that the social traffic and transportation volume will return to normal and support the operational performance of the GS Superhighway, the GZ West Superhighway and the Coastal Expressway (Shenzhen Section) in 2023.

The Grand Park City has launched residential units for pre-sale and part of the sales revenue has started to be recognised based on completion stage. Of which, the first phase is expected to be delivered to buyers in 2023 as scheduled. During the year under review, the contracted sales amounted to approximately RMB914 million.

Year	2021	2022	% Change
At Operational Level			
GS Superhighway			
Average daily toll revenue[N1] (RMB '000)	8,087	**6,372**	-21%
Average daily full-length equivalent traffic[N2] (No. of vehicles '000)	93	**74**	-20%
Average daily mixed traffic[N3] (No. of vehicles '000)	638	**527**	-17%
GZ West Superhighway			
Average daily toll revenue[N1] (RMB '000)	3,758	**2,948**	-22%
Average daily full-length equivalent traffic[N2] (No. of vehicles '000)	53	**42**	-21%
Average daily mixed traffic[N3] (No. of vehicles '000)	281	**222**	-21%
Coastal Expressway (Shenzhen Section)			
Average daily toll revenue[N4] (RMB '000)	1,620	**1,318**	-19%
Average daily mixed traffic[N3] (No. of vehicles '000)	168	**141**	-16%

N1: Including tax

N2: Average daily full-length equivalent traffic is defined as the total distance travelled by all vehicles on the expressway divided by the full length of the expressway and the total number of days in the year under review

N3: Average daily mixed traffic excludes toll free traffic travelled during the period when Holiday Toll-Free Policy was implemented

N4: Excluding tax

Project Summary

Guangzhou — Shenzhen Superhighway

Location	Guangzhou to Shenzhen, Guangdong, PRC
Length	122.8 km
Lanes	A total of 6 lanes in dual directions, except for certain sections being 10 lanes
Class	Expressway
Toll Collection Period	July 1997–June 2027
Profit Sharing Ratio	Year 1–10: 50% Year 11–20: 48% Year 21–30: 45%

Guangzhou — Zhuhai West Superhighway

Location	Guangzhou to Zhuhai, Guangdong, PRC
Length	97.9 km
Lanes	A total of 6 lanes in dual directions
Class	Expressway
Toll Collection Period	Phase I West (September 2003 to September 2033) Phase II West (June 2010 to June 2035) Phase III West (January 2013 to January 2038)
Profit Sharing Ratio	50%

Guangshen Coastal Expressway (Shenzhen Section)

Location	Shenzhen, Guangdong, PRC
Length	Approximately 37 km
Lanes	A total of 8 lanes in dual directions
Class	Expressway
Toll Collection Period	December 2013 to December 2038
Equity Interest	51%

Grand Park City

Location	Xintang Town, Zengcheng District, Guangzhou, Guangdong, PRC
Nature of Development	Residential Project
Stake	15%
Total Site Area	Approximately 200,000 square metres
Gross Floor Area	Approximately 600,000 square metres

Operating Environment

Domestic and External Economic Situation

In 2022, the world is facing a sustained high inflation level. The tightening monetary policies adopted by major economies to curb rising inflation have led to a downturn in the global economy and a slowdown in export growth. The ongoing Russia-Ukraine military conflicts, the surging geopolitical risks and the increasing pressure of economic recession are pulling down market sentiment and slowing the growth momentum of the global economy. At the same time, the foundation for Mainland China's economic recovery is yet to be strengthened, and the three major pressures of "shrinking demand, supply shock and expected weakening" are still relatively high, which will deepen the impact on Mainland China's economy. Facing the complex and ever-changing international environment and the arduous domestic development tasks, Mainland China stepped up its efforts in macro-control to cope with the impact of unexpected factors, steadily improved the quality of development, comprehensively deepened the reform and opening-up, and maintained the overall economic and social stability. In 2022, the GDP of Mainland China increased by 3% YoY to approximately RMB121 trillion, reflecting the strong resilience of Mainland China's economy. Among which, the annual GDP of Guangdong Province still increased by 1.9% YoY, with a total economic volume of approximately RMB13 trillion and the total economic volume continued to rank first in China.

The Central Economic Work Conference emphasised that in 2023, it is necessary to adhere to stability and seek progress while maintaining stability, continue to implement proactive fiscal policies and prudent monetary policies, increase macro policy control efforts, strengthen the coordination and cooperation of various policies and form a joint force to promote high-quality development. It is necessary to better coordinate the supply-side structural reform and expand domestic demand, create effective demand through high-quality supply, and support the expansion of domestic demand in various ways and channels, with special emphasis on supporting consumption such as new energy vehicles. It is believed that with the effects of various policies continuing to show, the overall national economic operation is expected to rebound in 2023, driving the continuous increase in passenger flow, logistics and transportation demand, providing a solid foundation for the expressway business operated by the Group.

Development of the Bay Area

The Bay Area is composed of the four central cities of Hong Kong, Macao, Guangzhou and Shenzhen as the core engines of regional development, plus important hub cities such as Zhuhai, Foshan, Huizhou, Dongguan, Zhongshan, Jiangmen and Zhaoqing, with a total area of approximately 56,000 square kilometers. In 2022, the total population of the region exceeded 86 million, and the GDP exceeded RMB13.0 trillion, accounting for approximately 11% of the GDP in Mainland China and it is one of the most economically active regions in Mainland China with dominant regional advantages and huge development potential.

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

In the 2022 Policy Address of Hong Kong, it mentioned the importance of cooperation between Shenzhen and Hong Kong, deepening the connection with other cities in the Bay Area, and accelerated the development and construction of major cooperation and development platforms for Guangdong, Hong Kong and Macao, such as Qianhai in Shenzhen, Nansha in Guangzhou, Hengqin in Zhuhai and Shenzhen-Hong Kong Loop. The government will make every effort to push forward the construction of the Northern Metropolis. The land resumption process will be initiated for all development projects within five years, and the Northern Metropolis Highway that runs east and west through the Northern Metropolis will be proposed to be built. In addition, the Hong Kong Government announced the "Hong Kong Innovation and Technology Development Blueprint" (《香港創新科技發展藍圖》) (the "Blueprint") on 22 December 2022 to establish a clear development path and formulate systematic strategic planning for Hong Kong's innovation and technology (I&T) development over the next five to ten years, charting Hong Kong in moving full steam towards the vision of an international I&T centre. The Blueprint proposed eight key strategies, of which Article 7 mentioned to deepen I&T co-operation with the Mainland China for better integration into the overall national development; to promote effective cross-boundary flow of innovation elements and strengthen Hong Kong's I&T competitiveness to better serve national needs; to promote the development of major Guangdong-Hong Kong-Macao platforms of co-operation for pursuing mutually beneficial collaboration; to actively dovetail with the Mainland China institutional set-up for innovation for Hong Kong to better integrate into the overall national development.

Under the context of Guangdong Province and Hong Kong focusing on the development of I&T industry, the Company will follow the trend of innovation cluster development and actively seek investment opportunities in I&T services and infrastructure.

Latest Updates on Industry Policies

Toll reduction and exemption for trucks

On 28 September 2022, the Ministry of Transport and the Ministry of Finance promulgated the "Notice of the Ministry of Transport and the Ministry of Finance on Phased Toll Reduction and Exemption for Trucks" (《交通運輸部　財政部關於做好階段性減免收費公路貨車通行費有關工作的通知》), and on the basis of maintaining the existing various policies of toll reduction and exemption, the tolls for trucks are further reduced by 10% for the period from 0:00 on 1 October 2022 to 24:00 on 31 December 2022. The new policy is applicable to all toll roads nationwide. This has caused certain impact on the toll revenue of the GS Superhighway, the GZ West Superhighway and the Coastal Expressway (Shenzhen Section) in the fourth quarter of 2022.

Differentiated tariff for expressway

In April 2022, Guangdong Province announced the "Plan on Implementing Differentiated Tariff for Expressway Nationwide" (《全面推廣高速公路差異化收費實施方案》), which includes five specific work measures. Firstly, it will continue to implement the existing six differentiated tariff schemes, namely, the 5% toll discount for ETC vehicles, the tariff standard for large passenger vehicles with 40 seats above will be charged as Class 3 passenger vehicles, the 1% toll discount for Class 6 trucks, the 15% toll discount for legally loaded ETC trucks for 85 provincial and municipal expressways, and the discount for trucks for the Shenzhen section of Guangshen Coastal Expressway and the Nansha Port Highway remained unchanged until the end of 2024. Secondly, the newly built expressways wholly owned and controlled by state-owned enterprises in Guangdong Province will provide 15% toll discount for legally loaded ETC trucks and encourage other expressways to implement the same. Thirdly, eligible cities and districts are encouraged to implement toll preferential measures for expressways within their jurisdiction. Fourthly, free trial operation of newly opened expressways is encouraged. Fifthly, the operators of commercial expressways are supported to implement differentiated tariff independently. As such plan is basically a continuation of the differentiated tariff scheme in place and there is no other additional mandatory concession, there will be no further negative impact on the toll revenues of the GS Superhighway and the GZ West Superhighway.

Policies for vehicle retail sales and annual vehicle sales data in Mainland China

In June 2022, the Ministry of Finance and the State Taxation Administration jointly promulgated the "Announcement on the Reduction of Vehicle Purchase Tax on Certain Passenger Vehicles" (《關於減徵部分乘用車車輛購置稅的公告》), which stipulates that the vehicle purchase tax on passenger vehicles of 2.0 liters or lower and a price (excluding VAT) not exceeding RMB300,000, purchased between 1 June 2022 and 31 December 2022, shall be reduced by half, which can promote automobile consumption, support the development of the automobile industry, further increase the overall car ownership and benefit the expressway industry.

The "Implementation Plan for Guangdong Province to Implement a 'Package of Policies and Measures to Solidly Stabilise the Economy' issued by the State Council" promulgated by Guangdong Province in June 2022 includes specific measures to support automobile consumption and automobile trade-in, such as trade-in subsidies, subsidies for purchasing new energy vehicles, increasing car purchase indicators in Guangzhou and Shenzhen, prohibition of implementing new measures to restrict automobile purchase in various areas, and fully implementing the cancellation of the policy on restricting the relocation of second-hand vehicles. The measures will not only support the continuous growth of car ownership and transportation volume, but also the operating environment of the expressway industry.

According to the vehicle sales data, the annual vehicle sales in Mainland China amounted to approximately 26.28 million units in 2022, representing a YoY increase of 2%, showing that the national automobile market recovered despite the adversity and achieved a positive growth, of which the sales of new energy vehicles continued to rocket upward with a YoY increase of 93.4% to approximately 6.89 million units, ranking first in the world for eight consecutive years.

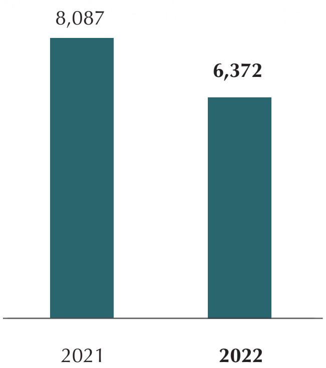
GS Superhighway

The GS Superhighway is a main expressway connecting the three major cities — Guangzhou, Dongguan and Shenzhen on the eastern bank of Bay Area to Hong Kong. The GDP of Guangzhou, Dongguan and Shenzhen, the cities along the expressway, rose 1.0%, 0.6% and 3.3% YoY respectively in 2022, showing solid economic fundamentals. Due to the multiple outbreaks of pandemic in cities along the GS Superhighway, the pandemic prevention and control measures were further optimed from strict lockdown control at the beginning of the year to quick lockdown and reopen at the end of the year. During the year under review, the volume of social transportation decreased significantly, which had a greater impact on the operating performance. In 2022, the total toll revenue of the GS Superhighway was RMB2,326 million. The average daily toll revenue, average daily full-length equivalent traffic and average daily mixed traffic decreased by 21%, 20% and 17% YoY to RMB6.37 million, 74,000 vehicles and 527,000 vehicles respectively. Toll revenue and mixed traffic volume contributed by Class 1 vehicles accounts for 79.9% and 90.7% of the toll revenue and mixed traffic volume of the GS Superhighway respectively. The amount of tolls collected and traffic volume of vehicles using ETC payment cards accounted for approximately 65% and 66% of the toll revenue and traffic volume of the GS Superhighway respectively.

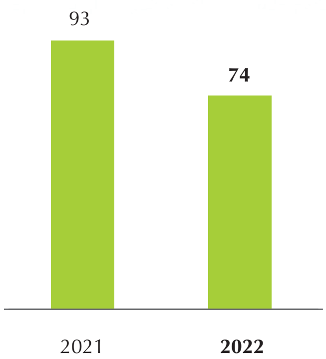
The Shenzhen section Phase I, Dongguan section and Shenzhen section Phase II of Shenzhen Outer Ring Expressway were opened to traffic at the end of 2020 and in January 2022 respectively. The fully opened Shenzhen Outer Ring Expressway is another east-west expressway located at the north of Jihe Expressway, and is connected to several expressways such as the Guangshen Coastal Expressway, the GS Superhighway, the Nanguang Expressway, the Longda Expressway and the Meiguan Expressway. As the Songgang Interchange connecting with the GS Superhighway has not yet been opened, vehicles travelling on the Shenzhen Outer Ring Expressway cannot access to the GS Superhighway at the moment, thus causing a greater diversion impact on the GS Superhighway in 2021. However, such diversion impact did not further increase in 2022. In addition, Phase II of the Nanping Highway linking the Qianhai sub-district and Phase II of the Dongguan-Panyu Expressway linking the GS Superhighway in the Houjienan Interchange to the Dongguan-Shenzhen Expressway were opened to traffic in July 2021 and late 2021 respectively. These newly opened roads only had a slight diversion impact on the GS Superhighway during the year under review.

On the other hand, the GS Superhighway implemented the national policy of tolls for trucks to reduce by 10% during the fourth quarter of 2022. The reduction amount represented less than 1% of the total toll revenue and is of limited impact.

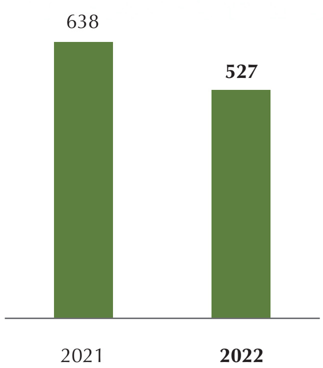
Average Daily Toll Revenue#
(RMB thousand)



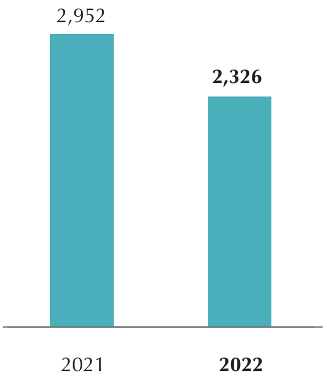
Average Daily Full-Length Equivalent Traffic
(No. of vehicles in thousand)



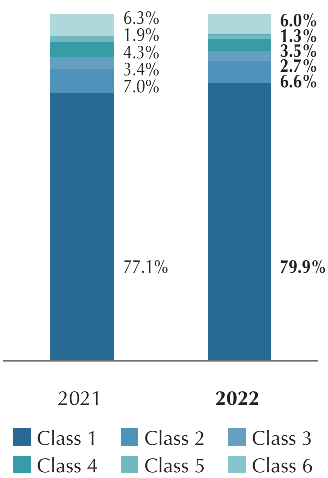
Average Daily Mixed Traffic
(No. of vehicles in thousand)



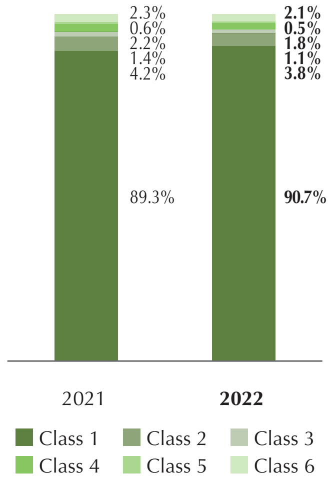
Annual Toll Revenue#
(RMB million)



Average Daily Toll Revenue Breakdown by Vehicle Type



Average Daily Mixed Traffic Breakdown by Vehicle Type



Including tax

Expansion of GS Superhighway

Various works of the expansion of the GS Superhighway continue to advance based on the target to formally commence the expansion work in 2023. At present, the feasibility study revision report for the expansion work of the Guangzhou-Dongguan section has been officially submitted to the Ministry of Transport of the PRC for review, and has entered the stage of application for work approval, while the Shenzhen section is still in progress. According to the preliminary feasibility report of the expansion work, the expansion of the GS Superhighway involves 118.2km, from its current 6 lanes in dual directions to 8-12 lanes at different sections, with a preliminary estimated cost of RMB47.1 billion. Besides, according to the feasibility study revision report of the expansion work of Guangzhou-Dongguan section, the expansion of the Guangzhou-Dongguan section involves 60.242km and the project is recommended to mainly adopt the integral section method with 10-lane, and to adopt the separated section method in certain road sections as a supplement, yet the final construction scale and estimated cost are pending to the official approval by relevant government departments and are to be determined.

Potential Land Development and Utilisation of GS Superhighway

On 30 September 2022, GS JV entered into the Compensation Agreement with Land Reserve Centre and the Representatives in relations to land resumption along Luogang Interchange, pursuant to which GS JV agreed to surrender land use rights of the Resumed Land together with the Attached Buildings to Land Reserve Centre in consideration of approximately RMB317.0 million. Thereafter, the Huangpu District of Guangzhou Municipal Planning and Natural Resources Bureau issued a notice on 20 October 2022, that the detailed planning modification of the land parcels along Luogang Interchange has been approved and the Luogang Interchange will be transformed to vacate land for residential and commercial development. According to the Company's understanding, after the vacated land parcels are resumed by the local government, it is expected that the land use rights of such land parcels will be put up for bidding and auction. The Company is also negotiating with Guangdong Highway Construction to establish a joint venture pursuant to the terms of a memorandum of collaboration entered into in 2019, and will participate in the bidding for land use rights after the resumed land plot is put up for auction by the local government. However, the development and utilisation of land is subject to procedures for the change of land use and the obtaining of land use rights for future development according to relevant urban planning and regulations, which remain uncertain at the current stage.

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

GZ West Superhighway

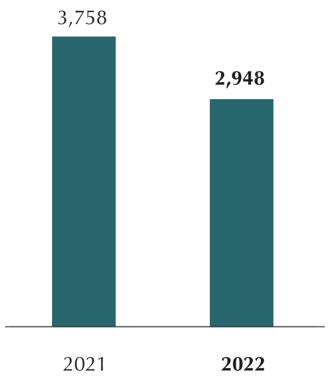
The GZ West Superhighway is the expressway artery between the city centres of Guangzhou and Zhuhai, and offers access to the HZM Bridge. The GDP of Guangzhou, Foshan, Zhongshan and Zhuhai, the cities along the expressway, rose 1.0%, 2.1%, 0.5% and 2.3% YoY respectively in 2022, and the economy remained stable. Due to the multiple outbreaks of pandemic in cities along the GZ West Superhighway, the pandemic prevention and control measures were further optimised from strict lockdown control at the beginning of the year to quick lockdown and reopen at the end of the year. During the year under review, the volume of social transportation decreased significantly, which had a greater impact on the operating performance. In 2022, the total toll revenue of the GZ West Superhighway was RMB1,076 million. The average daily toll revenue, average daily full-length equivalent traffic and average daily mixed traffic decreased by 22%, 21% and 21% YoY to RMB2.95 million, 42,000 vehicles and 222,000 vehicles respectively. Toll revenue and mixed traffic volume contributed by Class 1 vehicles accounts for 79.4% and 91.6% of the toll revenue and mixed traffic volume of the GZ West Superhighway respectively. The amount of tolls collected and traffic volume of vehicles using ETC payment cards accounted for approximately 66% and 67% of the toll revenue and traffic volume of the GZ West Superhighway respectively.

During the year under review, the road improvement projects and newly opened expressway around the GZ West Superhighway have also caused diversion impact on it. The reconstruction project of Zhongshan Shalang and Guhe section of National Highway 105 was completed successively in the second half of 2021, leading to smooth traffic flow in National Highway 105 after reconstruction. Together with the newly upgraded local road in Sanxiang and Tanzhou, vehicles travelling to and from Zhongshan and Zhuhai returned to travelling the National Highway and local road. In addition, Phase IV of the Guangzhou-Zhongshan-Jiangmen Expressway was opened at the end of December 2021, representing the full opening of the Guangzhou-Zhongshan-Jiangmen Expressway. It is another east-west channel on the west bank of the Pearl River, which is connected with several expressways such as the Dongxin Expressway, the GZ West Superhighway and the Foshan-Jiangmen Expressway. The newly opened section is interconnected at the Nantoubei Interchange of the GZ West Superhighway, which makes it easier to travel to and from Jiangmen and Guangzhou, which has caused diversion on the vehicles travelling between Ronggui and Zhongjiang section of the GZ West Superhighway.

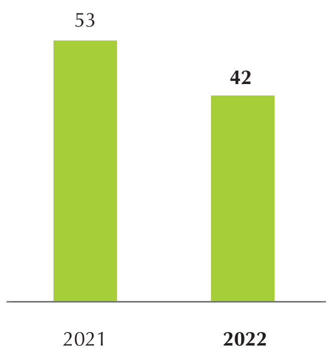
On the other hand, the GZ West Superhighway implemented the national policy of tolls for trucks to reduce by 10% during the fourth quarter of 2022. The reduction amount represented less than 1% of the total toll revenue and is of limited impact.

The Zhongshan West Ring Expressway was opened to traffic in January 2023. It is located on the west side of the GZ West Superhighway, with a north-south direction and parallel to the section of Dongfu Interchange to Yuehuan Interchange of the GZ West Superhighway, among which the Xiaolan Branch Line is connected to the GZ West Superhighway through the Lisheng Interchange. The southern end of the Zhongshan West Ring Expressway connects the Xianghai Bridge in Zhuhai, which was opened to traffic in November 2022, and provides an alternative route for vehicles travelling between the western part of Zhongshan and the urban area of Zhuhai. The impact of the opening of the Zhongshan West Ring Expressway on the GZ West Superhighway is subject to further observation.

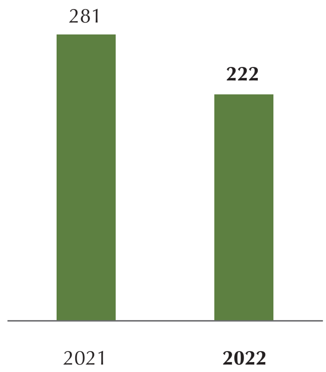
Average Daily Toll Revenue#
(RMB thousand)



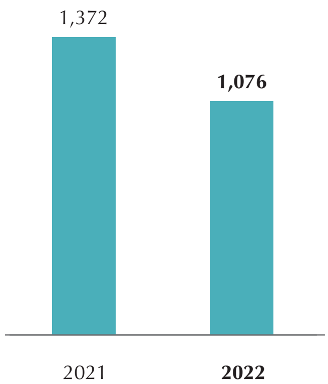
Average Daily Full-Length Equivalent Traffic
(No. of vehicles in thousand)



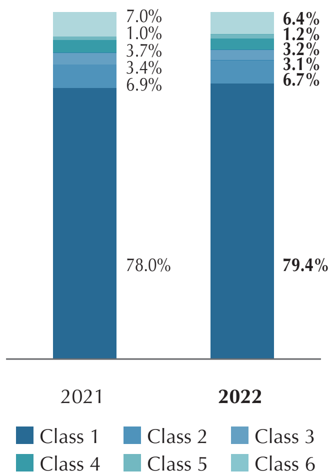
Average Daily Mixed Traffic
(No. of vehicles in thousand)



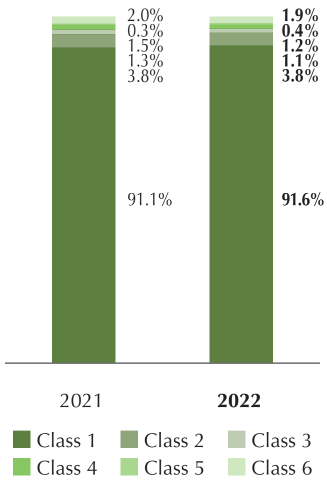
Annual Toll Revenue#
(RMB million)



Average Daily Toll Revenue Breakdown by Vehicle Type



Average Daily Mixed Traffic Breakdown by Vehicle Type



Including tax

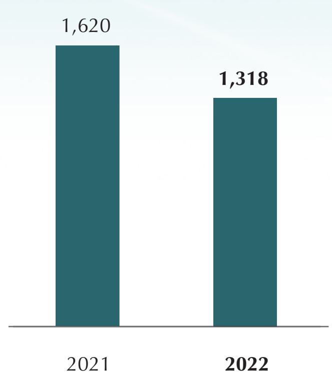
Coastal Expressway (Shenzhen Section)

Coastal Expressway (Shenzhen Section) is the Shenzhen section of Guangshen Coastal Expressway, extending from Dongbao River, the boundary between Dongguan and Shenzhen, to Nanshan District, Shenzhen and connecting with Hong Kong-Shenzhen Western Corridor in the south. It is the main passageway for the three port areas of Shekou, Chiwan and Dachan Bay in the west of Shenzhen. Due to the multiple outbreaks in the surrounding area of the Coastal Expressway (Shenzhen Section), policies such as pandemic prevention and control and Shenzhen departure restrictions resulted in a greater impact on its operating performance. In 2022, the total toll revenue of the Coastal Expressway (Shenzhen Section) was RMB481 million (excluding tax). The average daily toll revenue (excluding tax) and average daily mixed traffic decreased by 19% and 16% YoY to RMB1.32 million and 141,000 vehicles respectively. Toll revenue and mixed traffic volume contributed by Class 1 vehicles accounts for 54.1% and 82.4% of the toll revenue and mixed traffic volume of the Coastal Expressway (Shenzhen Section) respectively.

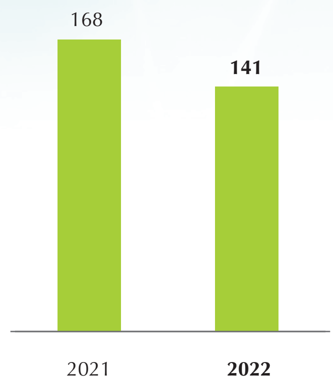
On the other hand, the Coastal Expressway (Shenzhen Section) implemented the national policy of tolls for trucks to reduce by 10% during the fourth quarter of 2022. The reduction amount represented less than 1.5% of the total toll revenue and is of limited impact.

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

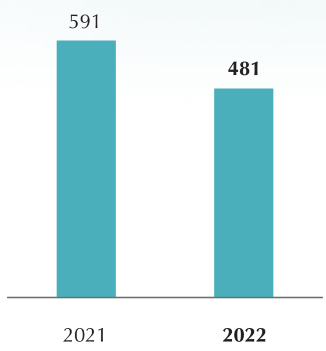
Average Daily Toll Revenue^
(RMB thousand)



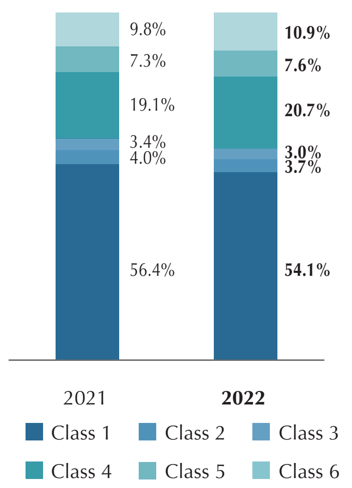
Average Daily Mixed Traffic
(No. of vehicles in thousand)



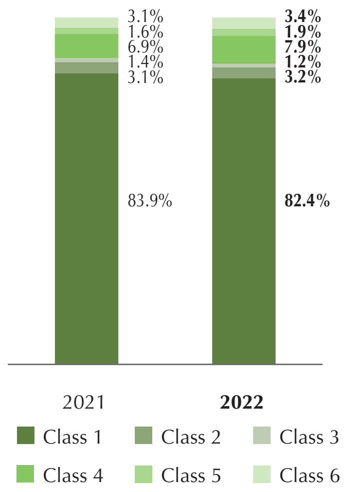
Annual Toll Revenue^
(RMB million)



Average Daily Toll Revenue Breakdown by Vehicle Type



Average Daily Mixed Traffic Breakdown by Vehicle Type

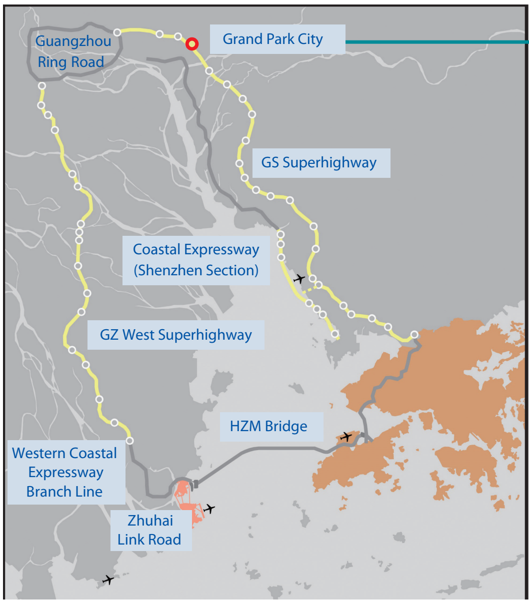


^ Excluding tax

Grand Park City

The Grand Park City Project consists of three phases. All 7 blocks of the first phase and 1 block of the second phase have been launched for pre-sale. During the year under review, contracted sales amounted to approximately RMB914 million, representing the average sales price of RMB24,000 per square metre. Since the beginning of pre-sale, the accumulated contracted sales amounted to approximately RMB2,282 million, representing the average sales price of RMB26,000 per square meter. The construction of residential units has been smoothly proceeded as scheduled. All 7 blocks of the first phase have been topped out and are undergoing interior decoration. It is expected to be delivered to buyers in 2023 as scheduled. The second phase consists of 12 blocks and the construction has commenced by phase in the second quarter of 2022, of which 3 blocks are expected to top out in 2023 successively and are planned to be delivered to buyers in 2024.

Location of Grand Park City



Demonstration Diagram of Grand Park City

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

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

The Group's results for the year ended 31 December 2022 were as follows:

	Year ended 31 December									
	2021 (Restated)					**2022**				
RMB million	*Revenue*	*EBITDA*	*Depreciation and amortisation*	*Interest and tax*	*Results*	**Revenue**	**EBITDA**	**Depreciation and amortisation**	**Interest and tax**	**Results**
Group's share project contributions:										
Toll expressway projects										
— GS Superhighway Note 1 (45% shared)	1,289	1,194	(469)	(259)	466	**1,016**	**941**	**(426)**	**(197)**	**318**
— GZ West Superhighway (50% shared)	666	560	(237)	(160)	163	**522**	**412**	**(201)**	**(117)**	**94**
— Coastal Expressway (Shenzhen Section) (100%)	591	502	(220)	(82)	200	**481**	**388**	**(181)**	**(118)**	**89**
Sub-total	2,546	2,256	(926)	(501)	829	**2,019**	**1,741**	**(808)**	**(432)**	**501**
Land development and utilisation project										
— Xintang Interchange (15% shared)	19	(5)	(0)	(25)	(30)	**31**	**7**	**(0)**	**(13)**	**(6)**
Total	2,565	2,251	(926)	(526)	799	**2,050**	**1,748**	**(808)**	**(445)**	**495**
YoY change						**–20%**	**–22%**	**–13%**	**–15%**	**–38%**
Corporate:										
Bank deposits interest income					36					**34**
Investment income from structured deposits					7					**9**
Interest income of loans to a JV					39					**16**
Other income and other gain					15					**7**
General and administrative expenses and depreciation					(42)					**(78)**
Finance costs					(21)					**(59)**
Income tax expense					(40)					**(8)**
Sub-total					(6)					**(79)**
Profit before net exchange gain (loss)					793					**416**
YoY change										**–48%**
Net exchange gain (loss)					25					**(89)**
Profit for the year					818					**327**
Profit attributable to non-controlling interests Note 2					(107)					**(48)**
Profit attributable to owners of the Company					711					**279**
YoY change										**–61%**

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

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

Toll Expressway Projects

The Group's share of net toll revenue of the expressway projects namely the GS Superhighway and the GZ West Superhighway operated by two joint ventures and Coastal Expressway (Shenzhen Section) operated by a non-wholly owned subsidiary decreased by 21% to RMB2,019 million from RMB2,546 million in 2021, of which the share of net toll revenue of the GS Superhighway decreased by 21% to RMB1,016 million from RMB1,289 million in 2021; the share of net toll revenue of the GZ West Superhighway decreased by 22% to RMB522 million from RMB666 million in 2021 and the net toll revenue of the Coastal Expressway (Shenzhen Section) decreased by 19% to RMB481 million from RMB591 million in 2021. The main reasons for the decrease in toll revenue include: the continuous outbreak of COVID-19 pandemic in Guangdong Province, cities along the expressways, such as Shenzhen, Dongguan, Guangzhou, Zhongshan and Zhuhai, experienced multiple waves of pandemic, and certain regions implemented strict lockdown control measures for a short period of time, resulting in a significant decrease in passenger and freight traffic, which had a direct impact on the traffic of the expressways, and the newly opened expressways and reconstructed local roads in the surrounding areas of the GS Superhighway and the GZ West Superhighway have also caused a diversion impact.

As a result of the decrease in toll revenue of the GS Superhighway, the GZ West Superhighway and the Coastal Expressway (Shenzhen Section), the Group's share of aggregate EBITDA of its three toll expressways (excluding net exchange differences on the GS JV's US Dollar and HK Dollar denominated loans) decreased by 23% to RMB1,741 million from RMB2,256 million in 2021. The Group's share of EBITDA of the GS Superhighway decreased by 21% to RMB941 million from RMB1,194 million in 2021; the Group's share of EBITDA of the GZ West Superhighway decreased by 26% to RMB412 million from RMB560 million in 2021 and the Group's EBITDA of the Coastal Expressway (Shenzhen Section) decreased by 23% to RMB388 million from RMB502 million last year.

As affected by the pandemic and diversion impact mentioned above, the actual full-length equivalent traffic (including tolled and toll-free) of the GS Superhighway, the GZ West Superhighway and the Coastal Expressway (Shenzhen Section) during the year decreased as compared to last year. The Group's share of depreciation and amortisation charges of the GS Superhighway amounted to RMB426 million, representing a decrease of 9% from RMB469 million as compared to last year. The Group's share of depreciation and amortisation charges of the GZ West Superhighway amounted to RMB201 million, representing a decrease of 15% from RMB237 million as compared to last year. The Group's depreciation and amortisation charges of the Coastal Expressway (Shenzhen Section) amounted to RMB181 million, representing a decrease of 18% from RMB220 million as compared to last year. Overall, the Group's share of aggregate depreciation and amortisation charges of the three toll expressways amounted to RMB808 million, representing a decrease of 13% from RMB926 million as compared to last year.

Since the GS JV successfully reached an agreement with the banks to reduce the interest rate for HK Dollar denominated loans by 0.3% from September 2022; and the refinancing of the US Dollar loans by new HK Dollar loans to reduce the impact of rate hike cycle. In addition, RMB denominated loans benefited from the reduction of the loan prime rate. The Group's share of interest expenses of the GS JV was approximately RMB38 million, which was similar to that of last year; RMB denominated loans of the GZ West JV also benefited from the decline in the loan prime rate, leading to a reduction of interest expenses of the GZ West JV. The Group's share of interest expenses of the GZ West JV decreased by 18% to RMB78 million from RMB95 million last year. The applicable PRC EIT rate for the GS JV, the GZ West JV and the Coastal Company is 25%. With the decrease in toll revenue, the Group's share of tax expenses of the GS JV decreased by 28% to RMB159 million from RMB221 million last year, while the Group's share of tax expenses of the GZ West JV decreased by 40% to RMB39 million from RMB65 million last year. Overall, the Group's share of interest and tax expenses in the two joint ventures and the Coastal Company in aggregate decreased by 14% to RMB432 million from RMB501 million last year.

During the year, the Group's share of net profit of the GS JV was RMB318 million, representing a decrease of 32% as compared to a net profit of RMB466 million last year; the Group's share of net profit of the GZ West JV was RMB94 million, representing a decrease of 42% as compared to a net profit of RMB163 million last year; the Group's net profit of the Coastal Expressway (Shenzhen Section) was RMB89 million, representing a decrease of 56% as compared to a net profit of RMB200 million last year. The Group's share of aggregate net profit of the three expressway projects (excluding net exchange differences on the GS JV's US Dollar and HK Dollar denominated loans) was RMB501 million, representing a decrease of 40% as compared to a net profit of RMB829 million last year.

Land Development and Utilisation Project

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

In order to meet the relevant bank financing requirements in Mainland China, on 30 June 2021, the Xintang JV increased its registered capital from RMB10 million to RMB3.04 billion through a debt-for-equity swap on the existing shareholder's loans, and the shareholder's loans contributed by the Parties accordingly decreased from approximately RMB4,983 million to approximately RMB1,953 million; the registered capital contributed by the Group (through Shenwan Infrastructure) increased from RMB1.50 million to approximately RMB456 million based on its shareholding percentage, and the shareholder's loans decreased from approximately RMB747 million to approximately RMB293 million. As Xintang JV further repaid shareholders' loans to the Parties based on its shareholding percentage, the Group's shareholders' loans to Xintang JV amounted to approximately RMB210 million as of 31 December 2022. The annual interest rate of shareholders' loans was reduced from 8% to 6% from September 2022. The Xintang JV has officially pre-sold certain residential units in May 2021 and has commenced to recognise sales revenue based on project volume in the second half of 2021. It is expected that Xintang JV would contribute profit in 2023.

Corporate

The aggregate amount of the corporate's interest income from bank deposits and investment income from structured deposits was approximately RMB43 million, similar to last year. As set out in the paragraph under the "Land Development and Utilisation Project", through a debt-for-equity swap of the Xintang JV on 30 June 2021, the shareholders' loans contributed by the Group (through Shenwan Infrastructure) to Xintang JV decreased from approximately RMB747 million to approximately RMB293 million. As Xintang JV further repaid shareholders' loans to the Parties based on its shareholding percentage, the Group's shareholders' loans to Xintang JV amounted to approximately RMB210 million as of 31 December 2022. The annual interest rate of shareholders' loans was reduced from 8% to 6% from September 2022. As a result, the interest income of loans to a JV decreased from approximately RMB39 million for the last year to RMB16 million.

Shenzhen Expressway has become the controlling shareholder of the Group, as disclosed in the announcement of the Company dated 11 January 2022, and more resources have been invested to achieve further improvement in the Group's expressway business and land development business along the expressways. Increased efforts have also been made to promote project investment, mergers and acquisitions (including the subscription of 51% of the enlarged equity interest in the Coastal Company). General and administrative expenses and depreciation of approximately RMB78 million was recorded during the year, representing an increase of 86% as compared with the general and administrative expenses and depreciation of approximately RMB42 million last year.

The interest expense of banks during the year increased by 181% to RMB59 million from RMB21 million last year, which was mainly due to increase in the interest rate of Hong Kong Dollar loans in rate hike cycle during the year and increase in the average bank loan balances.

Income tax expenses mainly represent the provision for the interest income from the contribution of shareholder's loans to the Xintang JV by Shenwan Infrastructure, where the applicable PRC EIT rate is 25%; and the provision on the undistributed earnings of Shenwan Infrastructure, according to the prevailing tax laws in the PRC, the withholding tax shall be imposed at a preferential tax rate of 5% (normally at 10%) when Shenwan Infrastructure distributes its profits. Overall, the loss of the corporate amounted to approximately RMB79 million during the year, as compared to loss of approximately RMB6 million last year.

Affected by the depreciation of RMB during the year, the net exchange loss (including the Group's share of exchange loss on the US Dollar and HK Dollar denominated loans of the GS JV) of RMB89 million was recorded, as compared to the net exchange gain of RMB25 million recorded last year. The profit attributable to owners of the Company amounted to RMB279 million, representing a decrease of 61% from RMB711 million as compared to last year.

Outlook

Continuous fluctuations in the RMB exchange rate and the expected HK Dollar interest rates have had a negative impact on HK Dollar denominated loans to the Group and the GS JV. Although the global economic prospect remains uncertain, with the COVID-19 pandemic being brought under control in Mainland China, which has had a positive impact on the joint ventures, the Group believes that the stable core business of the GS Superhighway, the GZ West Superhighway and the Coastal Expressway (Shenzhen Section) will continue to support the Group's future performance enhancement. Overall, the Group remains cautiously optimistic about its future performance: (i) the GS Superhighway, the GZ West Superhighway and the Coastal Expressway (Shenzhen Section) will benefit from favourable policies, especially the high-quality economic development of the Bay Area; (ii) RMB denominated loans of the Group, the GS JV and the GZ West JV benefited from adopting the lower loan prime rate as the pricing basis; and (iii) the Grand Park City is expected to contribute profit in 2023.

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

Financing of the Group

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

The Total Upper Limit was arrived with reference to the estimated cost of acquisition of the land use rights of the Project Land, the estimated costs of the ancillary works and other estimated costs and expenses in relation to the operation of the Xintang JV. The respective Party's limit was determined based on their respective percentage of equity interest in the Xintang JV. It is intended that Shenwan Infrastructure's commitment of up to its respective Party's limit will be satisfied by way of external financing and internal resources of the Group. The total investment amount of the Xintang JV is not bound by the Total Upper Limit. Xintang JV may arrange financing from banks or other third parties for the cost of development of the Project Land with the use of its own credit and assets.

The Group has duly made arrangement to meet the capital need of the Xintang JV. On 31 December 2022, the Group contributed approximately RMB891 million to the Xintang JV (comprising registered capital of approximately RMB456 million, shareholder's loans of approximately RMB210 million, and the shareholder's guarantee for bank financing of approximately RMB225 million in proportion to the respective equity interest of shareholders).

In addition, Shenwan Infrastructure injected RMB2,998 million into the Coastal Company to acquire the 51% enlarged equity interest of the Coastal Company, of which RMB1,798 million was funded by a 7-year bank loans and the remaining RMB1,200 million was settled with internal funds.

Financial Position

The assets and liabilities of the Group (including the corporate and the Coastal Company) and the Group's share of assets and liabilities of the GS JV, the GZ West JV and the Xintang JV.

Corporate

	31 December 2021 RMB million	**31 December 2022 RMB million**		31 December 2021 RMB million	**31 December 2022 RMB million**
Bank balances and cash, structured deposits	1,903	**768**	Bank loans	1,936	**3,927**
Shareholder's loan to a JV	263	**210**	Tax liabilities	139	**134**
Dividend receivable	–	**181**	Other liabilities	18	**52**
Other assets	34	**53**			
	2,200	**1,212**		2,093	**4,113**
			Net assets/(liabilities) of the corporate	107	**(2,901)**

Coastal Company

	31 December 2021 RMB million	**31 December 2022 RMB million**		31 December 2021 RMB million	**31 December 2022 RMB million**
Bank balances and cash	321	**172**	Bank loans	–	**30**
Concession intangible assets	5,527	**5,677**	Other liabilities	1,091	**691**
Property and equipment	311	**283**			
Other assets	1,412	**356**			
	7,571	**6,488**		1,091	**721**
			Net assets of the Coastal Company	6,480	**5,767**

The Group's share of JVs

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

	31 December 2021 RMB million	**31 December 2022 RMB million**		31 December 2021 RMB million	**31 December 2022 RMB million**
Bank balances and cash	250	**369**	Bank loans		
Concession intangible assets	3,017	**2,728**	— USD	882	**–**
Property and equipment	276	**240**	— HKD	76	**1,055**
Other assets	92	**170**	— RMB	394	**281**
			Other loan	11	**12**
			Other liabilities	687	**854**
	3,635	**3,507**		2,050	**2,202**
			Net assets of GS JV	1,585	**1,305**

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

	31 December 2021 RMB million	**31 December 2022 RMB million**		31 December 2021 RMB million	**31 December 2022 RMB million**
Bank balances and cash	85	**158**	Bank loans	2,143	**2,056**
Concession intangible assets	5,323	**5,119**	Other liabilities	442	**555**
Property and equipment	163	**158**			
Other assets	17	**13**			
	5,588	**5,448**		2,585	**2,611**
			Net assets of GZ West JV	3,003	**2,837**

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

	31 December 2021 RMB million	**31 December 2022 RMB million**		31 December 2021 RMB million	**31 December 2022 RMB million**
Bank balances and cash	33	**37**	Shareholder's loan	263	**210**
Project land cost	805	**957**	Bank loan	7	**93**
Other assets	38	**13**	Contract liabilities	160	**10**
			Other liabilities	62	**316**
	876	**1,007**		492	**629**
			Net assets of Xintang JV	384	**378**

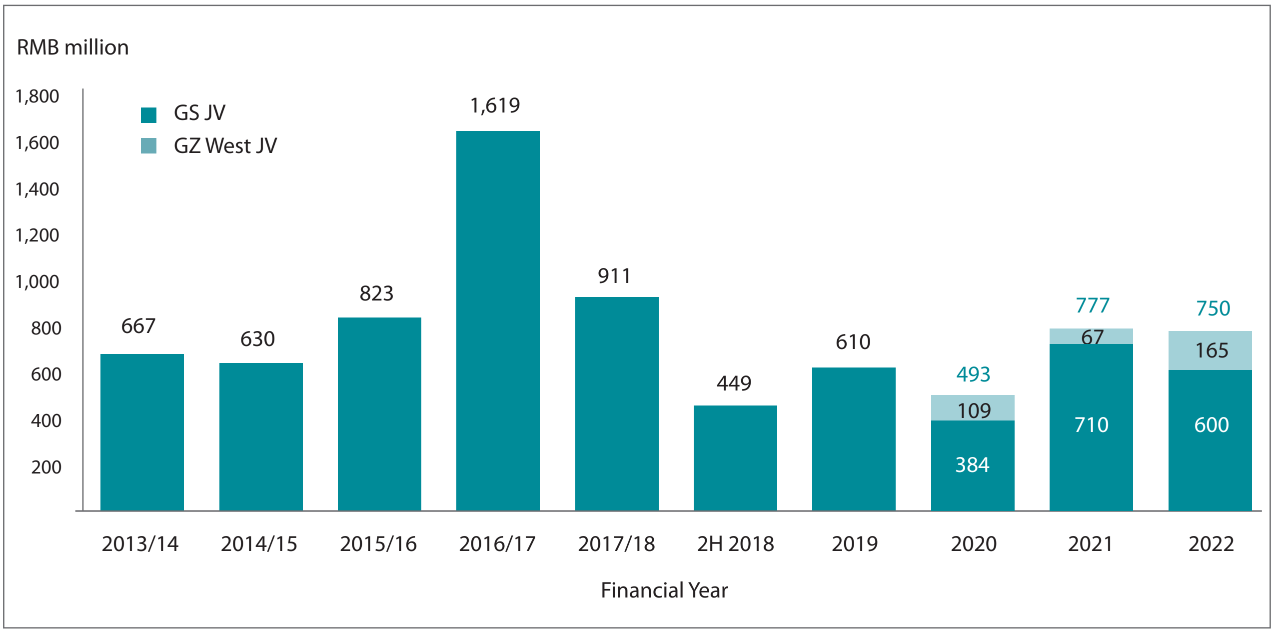
	31 December 2021 RMB million	**31 December 2022 RMB million**		31 December 2021 RMB million	**31 December 2022 RMB million**
			Total liabilities	8,311	**10,276**
			Equity attributable to owners of the Company	8,361	**4,536**
			Non-controlling interests	3,198	**2,850**
Total Assets	19,870	**17,662**	**Total Shareholder's Equity and Liabilities**	19,870	**17,662**
			Total net assets	11,559	**7,386**

	31 December 2021 (Restated) RMB million	**31 December 2022 RMB million**
Total liabilities	3,184	**4,834**
Net debt [Note]	–	**3,016**
Total assets	14,743	**12,220**
Equity attributable to owners of the Company	8,361	**4,536**
Debt to asset ratio (Total liabilities/Total assets)	22%	**40%**
Gearing ratio (Net debt/Equity attributable to owners of the Company	–	**66%**

Note: Net debt is defined as total bank loans less total bank balances (including restricted bank deposits) and cash and structured deposits.

Liquidity and Financial Resources

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



Bank and Other Borrowings

On 31 December 2022, the Group (including the Coastal Company) had HK Dollar bank loan of equivalent to approximately RMB2,129 million and RMB bank loan of equivalent to approximately RMB1,828 million , together with the bank and other borrowings of the JVs shared by the Group amounted to approximately RMB3,497 million (including HK Dollar bank loan of equivalent to RMB1,055 million and RMB bank and other loans of RMB2,442 million, but excluding the shareholder's loans) totalling approximately RMB7,454 million (31 December 2021: approximately RMB5,449 million) with the following profile:

(a) 99.8% (31 December 2021: 99.8%) consisted of bank loans and 0.2% (31 December 2021: 0.2%) of other loan; and

(b) 57% (31 December 2021: 47%) was denominated in RMB; 43% (31 December 2021: 37%) was denominated in HK Dollar and 0% (31 December 2021: 16%) was denominated in US Dollar.

Debt Maturity Profile

As at 31 December 2022, the maturity profile of the bank and other borrowings (excluding shareholder's loans) of the Group (including the corporate and the Coastal Company) and the Group's share of JVs were shown below, together with the corresponding comparatives as at 31 December 2021:

Corporate

	31 December 2021		**31 December 2022**	
	RMB million	%	**RMB million**	**%**
Repayable within 1 year	882	46%	**1,146**	**29%**
Repayable between 1 and 5 years	1,054	54%	**1,781**	**45%**
Repayable beyond 5 years	–	–	**1,000**	**26%**
	1,936	100%	**3,927**	**100%**

The Coastal Company

	31 December 2021		**31 December 2022**	
	RMB million	%	**RMB million**	**%**
Repayable within 1 year	–	–	**–**	**–**
Repayable between 1 and 5 years	–	–	**30**	**100%**
	–	–	**30**	**100%**

The Group's share of JVs

	31 December 2021		**31 December 2022**	
	RMB million	%	**RMB million**	**%**
Repayable within 1 year	220	6%	**558**	**16%**
Repayable between 1 and 5 years	2,541	72%	**2,510**	**72%**
Repayable beyond 5 years	752	22%	**429**	**12%**
	3,513	100%	**3,497**	**100%**

Interest Rate and Exchange Rate Exposure

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

Treasury Policies

The Group continues to adopt proactive but prudent treasury policies in its financial and funding management and closely monitors its liquidity, financial resources, interest rate and exchange rate movements, with a view to minimising its funding costs and enhancing return on its financial assets. The reasonable and efficient use of temporary idle funds will enhance the overall capital gain of the Group, which is consistent with the core objectives of the Group to ensure capital safety and liquidity, for example, the impact of risk factors on the expected rate of return of the bank structured deposit with guaranteed principal is low, but the Group could get a higher return as compared with fixed term deposits in commercial banks in the PRC. As at 31 December 2022, 95% of the Group's bank balances and cash (including structured deposit) were denominated in RMB and the remaining 5% were denominated in HK Dollar. The overall treasury yield on bank deposits (including structured deposit) of the Group was 2.90% during the year whereas 3.06% during 2021.

Guarantee

As at 31 December 2022, the available banking facilities of the Company's subsidiaries amounting to approximately RMB5,344 million (31 December 2021: approximately RMB3,737 million) were guaranteed by the Company. The Company is able to control the utilisation of the facilities.

During the year, a non-wholly owned subsidiary of the Company has provided a corporate guarantee in proportion to the respective equity interest of shareholders to a bank to secure a banking facility granted to a joint venture amounting to approximately RMB225 million. At 31 December 2022, the amount utilised by the joint venture was approximately RMB93 million in proportion to the respective equity interest of shareholders. In the opinion of the Directors, the fair value of the financial guarantee is insignificant.

Contingent Liability

The Group had no material contingent liability as at 31 December 2022.

Material Acquisition or Disposal

Reference is made to the announcement of the Company dated 7 March 2022 in relation to the possible acquisition of 51% equity interest in the Coastal Company by the Company, and the announcement of the Company dated 18 August 2022 in relation to the subscription of 51% enlarged equity interest in the Coastal Company. On 18 August 2022, the Shenwan Infrastructure (an indirect subsidiary of the Company), Shenzhen Expressway (the intermediate holding company of the Company) and the Coastal Company entered into the Subscription Agreement, pursuant to which, Shenwan Infrastructure conditionally agreed to inject RMB2,998,000,000 to the Coastal Company to obtain 51% of the enlarged equity interest in the Coastal Company, and the remaining 49% will continue to be held by Shenzhen Expressway upon Completion. As set out in the circular of the Company and the notice of EGM of the Company dated 23 September 2022, and the announcement of the Company dated 13 October 2022, the resolution in relation to the subscription of 51% enlarged equity interest in Coastal Company was duly passed by the Independent Shareholders. As set out in the announcement of the Company dated 2 December 2022, all the conditions precedent to the Subscription have been fulfilled and Completion has taken place on 30 November 2022. Upon Completion, the Coastal Company is held as to 51% by Shenwan Infrastructure and becomes an indirect non-wholly owned subsidiary of the Company and accordingly, its financial results has been consolidated into the financial statements of the Company.

Save as disclosed above, the Company's subsidiaries and associated companies did not make any material acquisitions or disposals during the year ended 31 December 2022.

Events After The Reporting Period

Save as the announcements of the Company dated 28 February 2023 and 3 March 2023 respectively in relation to the connected transaction in respect of the expressway BIM and digital management, research and development contract, there were no other significant events after the end of the reporting period and up to the approval date of this annual report.

Employees and Remuneration Policies

The Group provides competitive remuneration packages that are determined with reference to prevailing salary levels in the market and individual performance. In addition, discretionary bonuses are granted to employees based on their individual performance as well as the Group's business performance. It also provides medical insurance coverage to all staff members and personal accident insurance to senior staff members. As at 31 December 2022, the Group (excluding JV companies) had 67 employees.

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

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

Corporate Governance Report

Corporate Governance Practices

The Company is committed to the principles of corporate governance and corporate responsibility consistent with prudent management and is strived to improve the governance system and fully adopt the effective code provisions of the Corporate Governance Code as set out in Appendix 14 to the Listing Rules of the Stock Exchange. The Board has set up procedures on corporate governance that comply with the requirements of the CG Code. The Company believes that good corporate governance can promote the sound operation and healthy development of the Company and enhance the shareholders' value in the long run.

During the year, the Company complied with all the code provisions as set out in the CG Code except for the deviation from code provision F.2.2 which is explained below.

Code Provision F.2.2

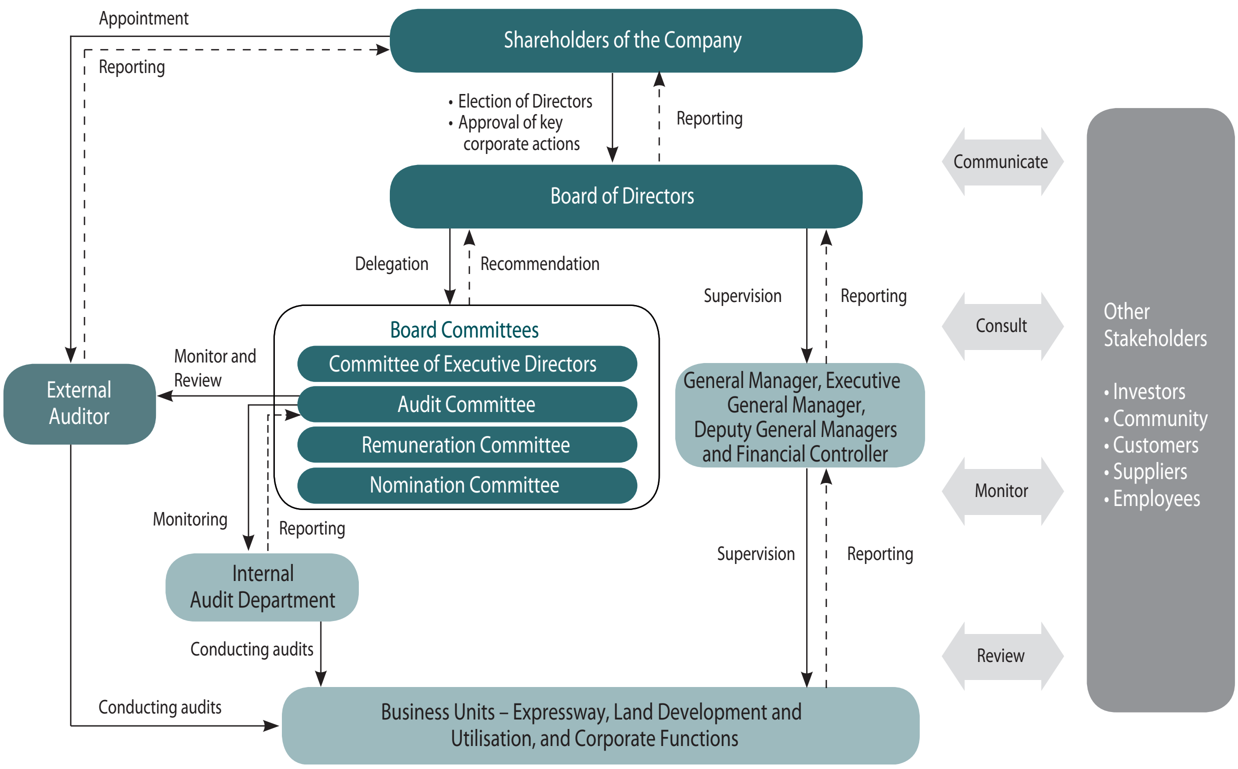
Due to other business commitment, the chairman of the Board ("**Chairman**") was unable to attend the annual general meeting of the Company held on 29 April 2022 (the "**Meeting**"). Mr. Yu Lung CHING (an Independent Non-executive Director, the chairman of the Audit Committee and a member of the Remuneration Committee and the Nomination Committee) was elected to take the chair of the Meeting in accordance with the Articles of Association. The auditor and almost all the other Directors of the Company had attended the Meeting, in person or by electronic means.

The Company has established a corporate governance structure with the Board as the core. According to the authorisation of the general meeting, the Board exercises management decision-making power in respect of development of strategy, investment and financing, financial control, human resources and corporate governance, and is responsible for leading the overall development of the Group, providing necessary resource guarantee for the implementation of strategic objectives, and supervising and inspecting the development and operation of the Company to promote the sustainable and healthy operation of the Company. The Company has formulated a number of corporate governance related documents, mainly including the Memorandum and Articles of Association, the Rules and Procedures of Board Meetings, the Executive Committee — Terms of Reference, and the Terms of Reference of each specific committee, the Code of Conduct and the Whistleblowing Policy, etc.; among which, the Memorandum and Articles of Association serves as the basis for corporate governance. The Directors of the Company take this as the guideline, take the initiative to lead by example, and perform their duties of loyalty and diligence. During the year ended 31 December 2022 (the "Year"), the Company formulated and improved a number of systems, including the Nomination Committee — Terms of Reference and the Remuneration Committee — Terms of Reference, to ensure the compliance with corporate governance requirements and meet the needs of the Company's development.

The Board is responsible for formulating the Company's medium and long-term development strategies, including corporate mission, corporate culture and values, corporate spirit, strategic objectives, development plans and implementation guarantees. In order to clarify the Company's future development direction and strategic planning objectives, promote and ensure the Company's high-quality development, based on in-depth research on internal and external environments and the Company's core competitiveness, the Company has newly formulated the "14th Five-Year" development strategic plan, which was considered and approved by the Board on 4 August 2022.

The Company discuss and analyse the performance of the Group in the annual report every year, including the impact and the changing trends of domestic and international economic situations, the development situation of the Bay Area, the policies of the expressway industry on the Company's operations, the actual operating results of the year and the factors affecting them, the completion of the annual operating plan and the annual operating plan for the next year, etc., to ensure the realisation of the Company's medium and long-term development strategic goals.

Corporate Governance Structure



Board of Directors

The Board

The Company is managed through the Board which as at date of this report comprises five Executive Directors (including the Chairman), two Non-executive Directors and four Independent Non-executive Directors. Over one third of the Board are Independent Non-executive Directors. The names and biographical details of the Directors, and the relationship amongst them, if any, are set out on pages 16 to 21 of this annual report.

The Board is responsible for setting the strategic direction and policies of the Group and supervising the management. Some functions including, inter alia, the monitoring and approval of material transactions, matters involving a conflict of interest for a substantial shareholder of the Company or a Director, the approval of the interim and final results, other disclosures to the public or regulators and the risk management and internal control systems are reserved by the Board and the decisions relating to such matters shall be subject to the decision of the Board. Matters not specifically reserved to the Board and related to the daily operations of the Company are delegated to the management under the supervision of the respective Directors and the leadership of the General Manager.

Independent Non-executive Directors are selected with the necessary skills and experience to provide strong independent element to the Board and to exercise independent judgement. At least one of the Independent Non-executive Directors has appropriate professional qualifications or accounting or related financial management expertise as provided under Rule 3.10 of the Listing Rules. The Board has received from each Independent Non-executive Director a written annual confirmation of independence. All the Independent Non-executive Directors meet the independence criteria set out in Rule 3.13 of the Listing Rules.

The Board has agreed procedures for the Directors, upon reasonable request, to seek independent professional advice in appropriate circumstances, at the Company's expense. According to the consideration and decision making needs, the Company may engage the professional institutions including the accounting firms, lawyers and assessment institutions based on the actual situations to issue written reports for the Directors' review. To ensure the independence of the professional institutions, the specific selection and engagement work is conducted by the Independent Non-executive Directors or independent board committee for the engagement of independent financial advisor for the connected transactions. The selection and engagement shall be determined by a majority of votes of the members and the members with connected relationship or conflict of interest shall abstain from voting and shall not be counted as total number of members. The Board reviews the implementation and effectiveness of the above mechanism annually. In 2022, with regard to the Company's subscription of 51% enlarged equity interest in the Coastal Company by way of capital injection, all Independent Non-executive Directors of the Company set up an independent board committee in August, and engaged an independent financial adviser to issue an independent advice on the Subscription for Shareholders' reference.

All Directors have given sufficient time and attention to the affairs of the Company after their appointments during the Year and have disclosed to the Company the major offices they held in public companies or organisations and other significant commitments.

The Company has arranged appropriate insurance cover in respect of legal action against its Directors and officers.

Chairman and General Manager

During the Year, Mr. Wei HU* served as the Chairman until his resignation on 6 January 2023 and was responsible for management of the Board. Mr. Tianliang ZHANG*, the Executive Director and General Manager, is responsible for leading and managing the internal work of the Company. Mr. Jianming WU*, the Executive Director and Executive General Manager, is responsible for the expansion of the GS Superhighway and related business such as land development along the expressway. The division of the responsibilities between the Chairman, the General Manager and the Executive General Manager have been established and set out clearly in writing.

Board Diversity

The Board has a board diversity policy since January 2019 which aims to set out the approach of the Company to achieve diversity on the Board.

Policy Statement

To enhance decision-making capability and achieve a sustainable development, the Company is committed to maintain a Board with diversity of directors. A number of aspects, including but not limited to gender, age, cultural and educational background, professional experience, nationality and ethnicity, skills, knowledge and length of service, have been considered during the selection process to ensure diversity and to be relevant to the Company's business. All appointment to the Board will be based on merit, having regard to the ability of candidates to complement and expand the skills, knowledge and experience of the Board as a whole.

Measurable Objectives

Selection of candidates will be based on a range of diversity perspectives, including but not limited to gender, age, cultural and educational background, professional experience, nationality and ethnicity, skills, knowledge and length of service. The Board also includes a balanced composition of Executive Directors, Non-executive Directors and Independent Non-executive Directors so that there is element of independence in the Board.

* *For identification purpose only*

Up to date of this report, the Board comprises eleven Directors, including five Executive Directors (including the Chairman), Mr. Xiangwen LIAO*, Mr. Tianliang ZHANG*, Mr Jianming WU*, Mr. Cheng WU* and Mr. Ji LIU*; two Non-executive Directors, Mr. Weiguo ZONG* and Ms. Siyan CHEN*; and four Independent Non-executive Directors, Mr. Brian David Man Bun LI, Mr. Yu Lung CHING, Mr. Tony Chung Nin KAN and Mr. Peng XUE*. In terms of professional background, the members of the Board possess industry and professional skills in various aspects of toll road operation, project management, transportation, investment and merger and acquisition, listed corporate governance, real estate development, financial securities, financial accounting and auditing, legal affairs, human resources, etc.. In terms of gender, the Board consists of one female Director and ten male Directors, which is not a single-gender Board. Members of the Board are of different professional backgrounds and genders, which help to maintain the diversity of the Board and achieve more comprehensive decision-making. At the same time, the Company is also committed to building a gender-diverse working environment. In the process of employee recruitment, we balance the gender ratio of men and women based on the characteristics of the position. As of 31 December 2022, among all employees of the Company (including senior management), female accounted for 48%, male accounted for 52%, and the gender ratio was relatively balanced.

Appointment, Re-election and Removal

During the Year, the Board regularly considered and reviewed the plans for orderly succession for appointments to the Board and its structure, size and composition to ensure it had a balance of skills and experience appropriate for the requirements of the business of the Company and had a balanced composition of Executive and Non-executive Directors (including Independent Non-executive Directors) so that there was a strong independent element on the Board, which can effectively exercise independent judgement, and the Non-executive Directors had sufficient caliber and number for their views to carry weight. New Director(s) would be nominated by the Nomination Committee and the appointment should be subject to the Board's approval.

During the Year, among the Non-executive Directors (including Independent Non-executive Directors) appointed, four Directors have a fixed term of service and the remaining two Directors have no specific term of service but are subject to retirement from office and re-election at the annual general meetings of the Company in accordance with the Articles of Association, at least every three years.

* *For identification purpose only*

In accordance with the Articles of Association, all newly appointed Directors shall hold office until the next following general meeting of the Company after their appointment and shall then be eligible for re-election. Every Director shall retire at the conclusion of the annual general meeting of the Company held in the third year following the year of his/her (i) last appointment by the Board, (ii) last election or (iii) last re-election, and shall be eligible for re- election subject to the provisions of the Articles of Association.

Newly appointed Director(s) will be given an induction on the information of the Group and a manual on the duties and responsibilities as a director of a listed company both under the Listing Rules and applicable laws.

Both Mr. Jianming WU* and Mr. Peng XUE* were appointed by the Board as an Executive Director and an Independent Non-executive Director respectively on 4 February 2022. Mr. Xiangwen LIAO* was appointed by the Board as an Executive Director and the Chairman on 6 January 2023. Ms. Siyan CHEN* was appointed by the Board as a Non-executive Director on 3 February 2023. The Board has taken into consideration their background, experience and professional skills, the recommendation of the Nomination Committee and considered that they could provide support towards the effective discharge of the duties and responsibilities of the Board. Mr. Xiangwen LIAO* and Ms. Siyan CHEN* shall hold office until the 2023 Annual General Meeting after their appointments and, being eligible, offer themselves for re-election.

Board Committees

The Board established the Executive Committee with delegated authority for reviewing and approving the day-to-day business operations and ordinary and usual course of business of the Company. This committee comprises all the Executive Directors.

In addition, the Company established the Audit Committee and the Remuneration Committee to deal with the specific matters as set out below in the interest of all Shareholders in an objective manner. These two committees currently comprise three Independent Non-executive Directors. On 1 January 2022, the Company has also established the Nomination Committee which is chaired by the Chairman and comprises three Independent Non-executive Directors.

* *For identification purpose only*

Audit Committee

The Audit Committee currently comprises three Independent Non-executive Directors, namely Mr. Yu Lung CHING (chairman), Mr. Brian David Man Bun LI and Mr. Tony Chung Nin KAN. The company secretary of the Company, or in his/her absence, his/her representative, serves as the secretary of the Audit Committee and minutes of the meetings are sent to the members of the Audit Committee within a reasonable time after the meetings.

At least one of the members of the Audit Committee has appropriate professional qualifications or accounting or related financial management expertise as required under the Listing Rules. None of the members of the Audit Committee was a former partner of the Company's existing external auditor within two years immediately prior to the dates of their respective appointments. All members have appropriate skills and experience in reviewing financial statements as well as addressing significant control and financial issues of the Company.

The Board expects the members of the Audit Committee to exercise independent judgement and delegates the responsibilities of the corporate governance functions to the Audit Committee in order to comply with the requirements of the CG Code. Under the terms of reference of the Audit Committee, the corporate governance functions of the Board have been delegated to the Audit Committee to monitor, procure and manage corporate compliance within the Group.

Major roles and functions of the Audit Committee include:

- to make recommendations to the Board on the appointment, re-appointment and removal of external auditor
- to approve the remuneration and terms of engagement of external auditor
- to review and monitor external auditor's independence and objectivity
- to review the Group's financial controls, risk management and internal control systems on on-going basis
- to review the interim and annual financial statements before approval by the Board
- to develop and review the Company's policies and practices on corporate governance and make recommendations to the Board
- to review and monitor the training and continuous professional development of Directors and senior management
- to review and monitor the Company's policies and practices on compliance with legal and regulatory requirements
- to develop, review and monitor the code of conduct applicable to employees and Directors
- to review the Company's compliance with the CG Code and disclosures in the Corporate Governance Report
- to review arrangements for raising concerns about possible improprieties in financial reporting, internal control or other matters

During the Year, the Audit Committee held 5 meetings, and principal works reviewed and discussed included:

- to consider and approve the remuneration and terms of engagement of external auditor
- to review the annual financial statements for the year ended 31 December 2021, the first quarter financial statements for the three months ended 31 March 2022, the interim financial statements for the six months ended 30 June 2022 and the third quarter financial statements for the nine months ended 30 September 2022 and make recommendations to the Board for approval
- to review the work performed by Internal Audit Department of the Company
- to review the Group's risk management and internal control systems
- to review the competency of financial/internal auditing and the adequacy of resources
- to review the Company's policies and practices on corporate governance

The terms of reference setting out the authority of the Audit Committee and its duties are available on the Company's website and the Stock Exchange's website.

Remuneration Committee

The Remuneration Committee comprises three Independent Non-executive Directors namely, Mr. Brian David Man Bun LI (chairman), Mr. Yu Lung CHING and Mr. Tony Chung Nin KAN. The head of Human Resources Department of the Company, or in his/her absence, his/her representative, serves as the secretary of the Remuneration Committee and minutes of the meetings are sent to the members of the Remuneration Committee within a reasonable time after the meetings.

The Remuneration Committee has adopted the model that it will review the proposals made by the management of the Company on the remuneration of Executive Directors and senior management, and make recommendations to the Board. The Board will have final authority to approve the recommendations made by the Remuneration Committee.

Major roles and functions of the Remuneration Committee include:

- to make recommendations to the Board on the Company's policy and structure of all Directors' and senior management's remuneration; and the establishment of a formal and transparent procedure for developing remuneration policy
- to review and approve the management's remuneration proposals with reference to the Board's corporate goals and objectives
- to make recommendations to the Board on the remuneration packages of individual Executive Directors and senior management
- to make recommendations to the Board on the remuneration of Non-executive Directors (including Independent Non-executive Directors)

During the Year, the Remuneration Committee held 1 meeting, principal works reviewed and discussed included:

- to review the level of Directors' fees and make recommendations to the Board on the Directors' fees for the year ended 31 December 2022
- to make recommendations to the Board on the performance indicators of senior management for 2022
- to make recommendations to the Board on the remuneration of six senior management including Mr. Wei HU* and Mr. Jianming WU* for the year ended 31 December 2022
- to review the updated version of the Remuneration Policy for Senior Management of the Company and make recommendations to the Board
- to review the Xintang Land Development Project Special Contribution Award Distribution Proposal to senior management of the Company and make recommendations to the Board

The terms of reference setting out the authority of the Remuneration Committee and its duties are available on the Company's website and on the Stock Exchange's website.

Nomination Committee

The Nomination Committee is chaired by the Chairman and comprises three Independent Non-executive Directors namely, Mr. Xiangwen LIAO* (chairman), Mr. Brian David Man Bun LI, Mr. Yu Lung CHING and Mr. Tony Chung Nin KAN. The Company Secretary, or in his/her absence, his/her representative, shall act as the Secretary of the Nomination Committee and minutes of the meetings are sent to the members of the Nomination Committee within a reasonable time after the meetings.

The Nomination Committee is to assist the Board in providing transparent and independent oversight for matters in relation to board nomination and recruitment, board diversity and succession planning of the Company.

* *For identification purpose only*

Major roles and functions of the Nomination Committee include:

- to review the structure, size and composition (including the skills, knowledge and experience) of the Board and make recommendations on any proposed changes to the Board to complement the Company's corporate strategy
- to identify individuals suitably qualified to become a Director and select or make recommendations to the Board on the selection of individuals nominated for directorships
- to assess the independence of Independent Non-executive Directors
- to make recommendations to the Board on the appointment or re-appointment of Directors and succession planning for Directors, in particular the Chairman and the General Manager

During the Year, the Nomination Committee held 1 meeting, principal works reviewed and discussed included:

- to assess Directors who stand for re-election at the annual general meeting in 2022 and make recommendations to the Board
- to assess Mr. Jianming WU*, a candidate as an Executive Director and Mr. Peng XUE*, a candidate as an Independent Non-executive Director and make recommendations to the Board
- to assess and recognise the independence of Independent Non-executive Directors

The terms of reference setting out the authority of the Nomination Committee and its duties are available on the Company's website and the Stock Exchange's website.

* *For identification purpose only*

Attendance at Meetings

During the year ended 31 December 2022 the attendance records of the following Directors at Board meeting, Audit Committee meeting, Remuneration Committee meeting, Nomination Committee meeting, the 2022 Annual General Meeting and the Extraordinary General Meeting are as follows:

	Number of meetings attended/held					
Name of Directors	Board Meeting	Audit Committee Meeting	Remuneration Committee Meeting	Nomination Committee Meeting	2022 Annual General Meeting	2022 Extraordinary General Meeting
Executive Directors						
Mr. Xiangwen LIAO * *Chairman* (appointed on 6 January 2023)	N/A	N/A	N/A	N/A	N/A	N/A
Mr. Wei HU* *Chairman* (resigned on 6 January 2023)	5/7	N/A	N/A	1/1	0/1	1/1
Mr. Tianliang ZHANG* *General Manager*	7/7	N/A	N/A	N/A	1/1	1/1
Mr. Jianming WU * *Executive General Manager* (appointed on 4 February 2022)	7/7	N/A	N/A	N/A	1/1	1/1
Mr. Cheng WU* *Deputy General Manager*	7/7	N/A	N/A	N/A	1/1	1/1
Mr. Ji LIU* *Deputy General Manager and Secretary to the Board*	7/7	N/A	N/A	N/A	1/1	1/1
Non-executive Directors						
Mr. Junye CAI* (resigned on 3 February 2023)	7/7	N/A	N/A	N/A	1/1	1/1
Mr. Weiguo ZONG*	7/7	N/A	N/A	N/A	1/1	1/1
Ms. Siyan CHEN* (appointed on 3 February 2023)	N/A	N/A	N/A	N/A	N/A	N/A
Independent Non-executive Directors						
Mr. Brian David Man Bun LI JP	7/7	4/5	1/1	1/1	0/1	1/1
Mr. Yu Lung CHING	7/7	5/5	1/1	1/1	1/1	1/1
Mr. Tony Chung Nin KAN SBS, JP	7/7	5/5	1/1	1/1	1/1	1/1
Mr. Peng XUE* (appointed on 4 February 2022)	7/7	N/A	N/A	N/A	1/1	1/1

* *For identification purpose only*

Induction Programme and Training for Board Members

A comprehensive, formal and tailored induction programme on key areas of business operations and practices of the Company is given to newly appointed Board members by the management of the Company. A Guide on Directors' Duties published by the Companies Registry of Hong Kong and/or a Guide for Independent Non-executive Directors published by The Hong Kong Institute of Directors (in case of Independent Non-executive Director(s)) has/have been sent to each Director for his/her information and ready reference.

During the Year, Directors received regular updates and presentations on changes and developments to the Group's business and on the latest developments in the laws, rules and regulations relating to Directors' duties and responsibilities.

Directors' training is an on-going process. All Directors are encouraged to attend relevant training courses to enrich their knowledge in discharging their duties as a director.

The Directors received trainings on the following areas to update and develop their skills and knowledge during the Year:

Name of Directors	Corporate Governance	Legal and Regulatory	Group's Business
Executive Directors			
Mr. Xiangwen LIAO* (appointed on 6 January 2023)	N/A	N/A	N/A
Mr. Wei HU* (resigned on 6 January 2023)	✔	✔	✔
Mr. Tianliang ZHANG*	✔	✔	✔
Mr. Jianming WU* (appointed on 4 February 2022)	✔	✔	✔
Mr. Cheng WU*	✔	✔	✔
Mr. Ji LIU*	✔	✔	✔
Non-executive Directors			
Mr. Junye CAI* (resigned on 3 February 2023)	✔	✔	✔
Mr. Weiguo ZONG*	✔	✔	✔
Ms. Siyan CHEN* (appointed on 3 February 2023)	N/A	N/A	N/A
Independent Non-executive Directors			
Mr. Brian David Man Bun LI JP	✔	✔	✔
Mr. Yu Lung CHING	✔	✔	✔
Mr. Tony Chung Nin KAN SBS, JP	✔	✔	✔
Mr. Peng XUE* (appointed on 4 February 2022)	✔	✔	✔

* *For identification purpose only*

Company Secretary

The company secretary of the Company (the "Company Secretary") is responsible to the Board for ensuring that the Board procedures are followed and the Board activities are efficiently and effectively conducted. He/She is also responsible for ensuring that the Board is fully appraised of the relevant legislative, regulatory and corporate governance developments relating to the Group and facilitating the induction and professional development of Directors.

The Company Secretary reports to the Chairman and the General Manager, plays an essential role in the relationship between the Company and its Shareholders, and assists the Board in discharging its obligations to Shareholders pursuant to the Listing Rules.

Ms. Ching Fan KOO of Fair Wind Secretarial Services Limited, an external service provider, has been engaged by the Company as its Company Secretary. The primary contact person of the Company with Ms. KOO is Mr. Ji LIU*, the Deputy General Manager and Secretary to the Board. Ms. KOO attended no less than 15 hours of relevant professional training during the Year.

Accountability and Audit

Financial Reporting

The Directors recognise the responsibility for preparing the consolidated financial statements of the Group. The Directors consider that the Group has adequate resources to continue in business for the foreseeable future and are not aware of material uncertainties relating to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern.

During the Year, all Directors have been provided, on a monthly basis, with the Group's updates giving a balanced and understandable assessment of the Group's performance, position and prospects in sufficient detail to enable the Board as a whole and each Director to discharge their duties under the relevant requirements of the Listing Rules.

External Auditor and their Remuneration

The Company's external auditor is Deloitte Touche Tohmatsu. The responsibilities of the auditor with respect to the financial reporting are set out in the Independent Auditor's Report on pages 93 to 98 of this Annual Report. The independence of the external auditor is monitored by the Audit Committee which is also responsible for making recommendations to the Board on the appointment of external auditor as well as approving the terms of engagement and remuneration.

* *For identification purpose only*

During the year ended 31 December 2022, the fees payable by the Group to the external auditor in respect of audit and non-audit services provided by them were as follows:

	HK$'000
Audit services	2,560
Non-audit services:	
Major transaction — subscription of 51% enlarged equity interest in the Coastal Company	2,070
Interim review	408
Others	380
Total	**5,418**

Risk Management and Internal Controls

The Board is of the opinion that sound risk management and internal control systems will help achieve the Group's business objectives, safeguard the Group's assets and contribute to the effectiveness and efficiency of operations, the reliability of financial reporting and the Group's compliance with applicable laws and regulations. The Group commits to implement the risk management and internal control systems compatible with the COSO (Committee of Sponsoring Organisations of the Treadway Commission) standards to provide reasonable, though not absolute, assurance against material misstatement or loss.

Roles and Responsibilities

The Board acknowledges its overall responsibility for the Group's risk management and internal control systems and for overseeing its effectiveness on an on-going basis through the Audit Committee which reports to the Board, when necessary, during the regular quarterly board meetings. Executive Directors and management teams are delegated the roles of designing and maintaining an environment where managing risks forms the base of all activities.

Evaluation of the Group's risk management and internal control systems, including its effectiveness, proper functioning and compliance with internal policies and external regulations, is independently and consistently conducted by the Internal Audit Department for principal operations.

Risk Management and Internal Control Framework

Under the Risk Management Policy approved by the Board, the Group strives to ensure that risk management and internal controls are integrated into the normal business processes and aligned with the strategic goals of the Group. This risk management and internal control framework, integrating the principles of the COSO model, is highlighted as follows:

Control Environment

The Group, committed to ethical values, believes that honesty, integrity and fair play are its important assets in doing business. Such belief is realised through the Group's Code of Conduct under which employees at all levels are expected to conduct themselves with integrity, impartiality and honesty. To enhance the Group's internal control mechanism and the awareness of corporate justice, a Whistle-blowing Policy has been in force. The policy provides a platform for employees and those who deal with the Company raising serious concerns internally in an effective manner.

The Group attaches great importance to the maintenance of an honest and upright working the environment, and adopts a "zero tolerance" attitude towards improper conducts such as corruption, bribery and fraud. The Group have formulated the Code of Conduct and Whistleblowing Policy. Of which, the Code of Conduct regulates the ethics of employees at all levels of the Group. The main content includes: unless with the prior and specific approval from the Group, the Directors and staff should not solicit or accept any advantage for themselves or others from any person, company or organisation having business dealings with the Group; and, when actual or potential conflicts of interest arises, employees should report to the General Manager or the Board. The Whistleblowing Policy provides employees with relevant guidelines to ensure that improper behavior can be reported in a timely manner. The main content includes: when employee who has a legitimate malpractice concern, should inform the respective head of department and the head of internal audit department in person or in writing; and depending on the nature and circumstances, the reported matter can be investigated internally, referred to the Hong Kong Police Force or relevant regulatory body, referred to an external auditor and/or constituted an independent inquiry.

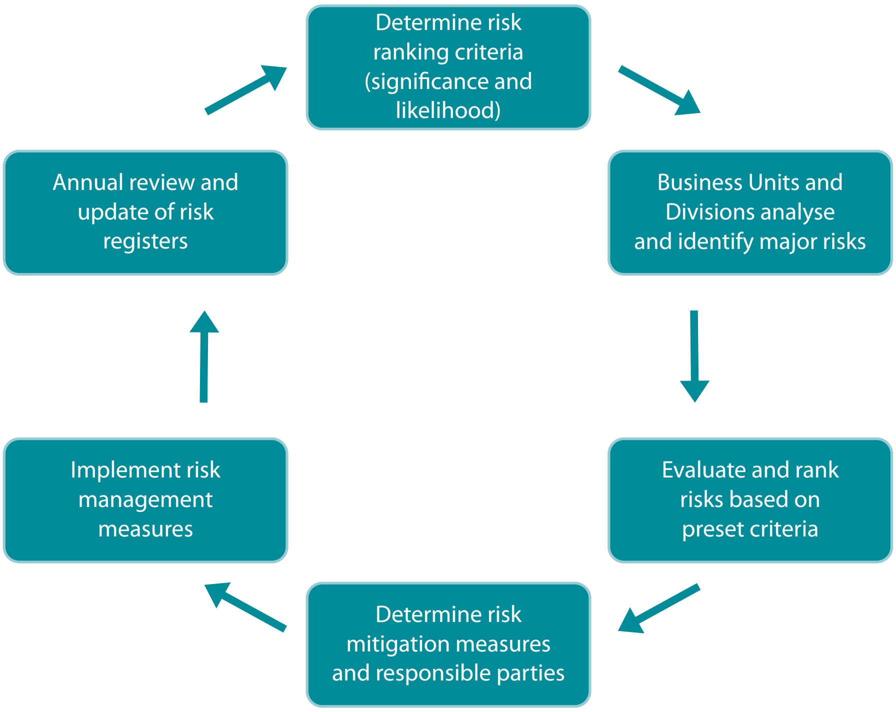
The Board, as the top strategy and policy setting body of the Group, provides oversight to the Group's management under the leadership of the General Manager. Clear corporate governance structure (as depicted on page 52 of our Corporate Governance Report) and reporting lines have been established with responsible parties held accountable for their own assigned areas.

Risk Assessment

A holistic risk management framework is adopted across the Group for:

(i) Identifying, communicating, mitigating and escalating major risk issues (including environmental, social and governance ("ESG") risks);
(ii) Incorporating risk management principles and objectives into strategic, operational and resource planning activities; and
(iii) Designing and implementing an effective and efficient operation, enabling the Group to respond to a variety of risks (including ESG risks).

The Group's ongoing risk assessment program encompasses the following key steps:



Control Activities/Information and Communication

Internal control procedures of the Group include a comprehensive budgeting, information reporting and performance monitoring system.

Business plans and budgets, taking into consideration significant business risks, are prepared annually by the management of the Company of each business unit for review and approval by the Executive Directors. These plans and budgets are then reviewed periodically against actual performance for validity and adjustments. Various policies and procedures have been established for the approval and control of operating expenses, capital expenditures, project investments, unbudgeted items and acquisitions.

The Executive Directors review monthly management reports and hold periodical meetings with the operational and finance management to discuss business performance, budget variances, forecasts, market outlooks, and to address any operation and finance related matters.

Senior management of the Company conducts a self-assessment on their compliance with the Group's policies, relevant regulations and the fulfillment of their risk management and internal control duties annually. A confirmation is then completed and submitted to the Audit Committee and be reported to the Board.

Monitoring Activities

The Board, through the Audit Committee, oversee the risk management and internal controls of the Group, with assistance from external and internal auditors. External auditor informs senior management and the Audit Committee on the operation of financial controls reviewed as part of the statutory audit. Findings and risk concerns of internal auditor are raised to responsible management for rectification with significant items reported to the Audit Committee at least twice every year. Implementation status of audit findings would also be followed up by the internal auditor and reported to the Audit Committee.

Risk Management and Internal Control Review

During the Year, the Board, through the Audit Committee, has consistently reviewed the effectiveness and proper functioning of the Group's internal control and risk management systems, financial reporting and rules/regulations compliance. These reviews also covered the adequacy of resources and competency of the financial/internal auditing as well as those relating to the Company's environmental, social and governance performance and reporting. No major exception was noted.

Key Risk Profile of the Group

Based on the risk assessment conducted for the year ended 31 December 2022, impacts from the pandemic prevention and control, macroeconomic, exchange rates, road safety and toll system security contributed to the most highly-ranked risks of the Group's main business segments.

The key risks thus identified and their trends are further illustrated as follows:

Risk Category	Risk Event	Risk Description	Risk Change in 2022
Pandemic Prevention and Control Risk	COVID-19 pandemic	Since the outbreak of COVID-19 pandemic, the Company had strictly followed the pandemic prevention and control arrangements of government departments at all levels and industry authorities; due to the fluctuating situation of the pandemic, there were uncertainties in the impact on the traffic volume and revenue of the main expressway business.	⟷
Macroeconomic Risk	Global economy affected by pandemic	In 2022, under the severe and complex situation such as the rising risk of global stagflation and the fluctuating situation of the pandemic, the economy faced a greater impact and the downward pressure was significantly increased.	⟷
Exchange Rate Risk	USD/HKD borrowing rates and exchange rate fluctuations	Exchange losses arises from debts held in foreign currencies caused by exchange rate fluctuations and increase in interest rates of foreign currencies.	⟷
Safety Risk	1. Responsibility of road safety management 2. Toll collection system breakdown due to virus attack or error	1. Possible safety risks resulting from any failure to perform the responsibility of road safety management. 2. In the national ETC network of toll collection system, data security must be strictly guaranteed. Data leakage will not only bring serious consequences to users, but may also lead to wrong charges. If there is a safety risk in the physical transmission link in the ETC system, the signal will be interfered or tampered with.	⟷

Remarks:

⟷ Inherent risks (risks before mitigation measures) remain stable

The Company prepares a detailed list of annual risk management plans, which records in detail the risk issues identified and the assessment results of the risk issues, formulates risk response measures on risks, and prioritises the risk issues based on the quantified risk assessment values, and determines key significant risks to focus on and prioritize control.

In addition to the significant risks mentioned above, the Company also continuously monitors and responds to other identified major risks: production management risks, capital operation risks, debt risks, investment risks, market competition risks, policy risks, etc., to ensure the realisation of the Group's business objectives.

Business Ethics

The Company considers ethical corporate culture and employees' honesty and integrity to be important assets and endeavours to comply with the laws and regulations of the countries in which we operate. All Directors and employees are required to act responsibly to ensure that the reputation of the Company is not tarnished. To uphold a high standard of integrity in all aspects of everyday activities, the Company adopts a Code of Conduct which provides employees with a set of defined ethical standards for adherence. The Code of Conduct is posted on the Company's intranet for observance by all staff. The heads of business units, through the Human Resources Department of the Company, are charged with the responsibility of disseminating the Code of Conduct requirements to the employees concerned.

Remuneration Policy

The Company recognises the need to implement a competitive remuneration policy in order to attract, retain and motivate the Directors and senior management to achieve the corporate targets. The remuneration package of the Executive Directors comprises some fixed elements: basic salary, mandatory provident fund contribution and other benefits including medical cover, as well as discretionary bonus which are performance-related elements. No Director is allowed to approve his/her own remuneration.

The Executive Directors' remuneration are reviewed annually by reference to the job nature, responsibilities, experience and performance of the individual as well as prevailing market salary practices. Directors' fees for the year ended 31 December 2022 had been approved by the shareholders at the 2022 annual general meeting.

Inside Information Policy

The Board has adopted the Inside Information Policy setting out the guidelines to the Directors and all employees of the Group to ensure that inside information can be promptly identified, assessed and disseminated to public in equal and timely manner in accordance with the applicable laws and regulations.

Model Code for Securities Transactions

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

Shareholders

Communication with Shareholders

The Company recognises the importance of communication with the Shareholders, both individual and institutional as well as potential investors. The Board has adopted a Shareholders' Communication Policy setting out the provisions with the objective of ensuring that the Shareholders and potential investors are provided with ready, equal and timely access to balanced and understandable information about the Company, in order to enable Shareholders to exercise their rights in an informed manner, and to allow Shareholders and potential investors to engage actively with the Company. Specific communication channels include the option for Shareholders to access the latest and material information of the Group's major development projects through the Company's website; the annual general meeting to provide a platform for Shareholders to raise questions, deliver proposals and exchange views with the Directors; from time to time, arranging press conferences, analyst and investor briefing sessions to provide interested parties with the latest information on the Group's business performance. The Shareholders' Communication Policy of the Company is posted on the Company's website.

Disclosure of Information on the Company's Website

The Company endeavours to disclose all material information about the Group to all interested parties as widely and as timely as possible. The Company maintains a corporate website at www.sihbay.com where important and updated information about the Group's activities and corporate matters such as annual and interim reports, announcements, business development and operations, corporate governance practices and other information are available for review by shareholders and other stakeholders. The Company also discloses in a timely manner the traffic statistics and toll revenue of the GS Superhighway and GZ West Superhighway on a monthly basis on the Company's website. When announcements are made through the Stock Exchange, the same information is also made available on the Company's website.

Annual General Meeting

The Company's annual general meeting is one of the principal channels of communication with its Shareholders. It provides an opportunity for Shareholders to communicate face-to-face with the Directors about the Company's performance and operations. It has been the practice for all the Directors (including the Chairman) and the chairmen of the Audit Committee, the Remuneration Committee and the Nomination Committee together with the external auditor of the Company to attend the annual general meeting to response Shareholders' questions. The 2022 annual general meeting was held at The Glass Pavilion, 3/F., Kowloonbay International Trade & Exhibition Centre, 1 Trademart Drive, Kowloon Bay, Kowloon, Hong Kong on 29 April 2022. The 2023 Annual General Meeting has been scheduled to be held on 19 May 2023.

Investor Relations

Committed to upholding sound corporate governance practices, the Company believes that good communications with the market and Shareholders as well as transparency are of high priority.

As an important component to engage market participants, the Company's open and effective communications with the investment community is well-recognised. Proactive investor relations program was continued during the Year. Subsequent to interim and annual results announcements, two online results presentations via internet platform with investors, analysts and media were held with the attendance of senior management of the Company to answer queries. To further facilitate exchange of opinions, the senior management of the Company regularly attended investor meetings, roadshows, and conferences engaging both local and overseas investors and analysts. During the Year, more than ten related activities were participated and communicated with investors and analysts with a total attendance of nearly 100. In addition, enquiries from investors and analysts through direct calls and emails and etc. were also handled in a timely manner to communicate with investors.

Good information disclosure can help investors to effectively understand the Company's operation and improve investors' awareness and recognition. During the Year, the Company completed the compilation and disclosure of the annual report and interim report in a timely manner, and conducted in-depth analysis on the Company's operation and financial conditions and changes in the external operating environment in the annual report and interim report. At the same time, information disclosure such as quarterly financial information and monthly operating information announcements were added during the Year, which helped to deepen investors' understanding of the Company's business development trend. On the other hand, the Company kept its website updated by publishing essential corporate information including announcements, press releases and financial reports on a timely and accurate basis. As a result, investors could keep track of the latest updates of the Company's business and financial performance.

The Board has reviewed the implementation of the Shareholders' communication policy of the Company for 2022. Having considered the above communication channels with investors, the steps taken and the activities held by the Company, the Company considers that the Shareholders' communication policy for 2022 has been effectively implemented. Going onward, the Company will continue to advocate its high level of corporate governance framework, aiming to enhance market confidence and maximise Shareholders' value. Investors can direct any comment or enquiry to the Company's investor relations team at ir@sihbay.com.

During the Year, there was no significant change in the Company's constitutional documents. However, in accordance with the latest requirements of the "Appendix III — Core Shareholder Protection Standards of the Listing Rules", the Company will submit the amended Articles of Association for Shareholders' approval at the 2023 Annual General Meeting.

Shareholders' Rights

The Company recognises the significance and importance of having a governance framework that protects shareholders' rights.

Voting by Poll

Save as provided under the Listing Rules, resolutions put to vote at the general meetings of the Company (other than procedural matters) are taken by poll. Procedures regarding the conduct of the poll are explained to the Shareholders at each general meeting, and questions from Shareholders regarding the voting procedures are answered. The poll results are posted on the Company's website and on the Stock Exchange's website on the same day of the poll.

Convening of extraordinary general meeting on requisition by shareholders

In accordance with Article 68 of the Articles of Association, (i) any two or more Shareholders holding at the date of deposit of the written requisition not less than one-tenth of the paid-up capital of the Company carrying the right of voting at the general meeting of the Company or (ii) any one Shareholder which is a clearing house (or its nominee) holding at the date of deposit of the written requisition not less than one-tenth of the paid-up capital of the Company carrying the right of voting at general meetings of the Company, may require the Board to convene an extraordinary general meeting ("EGM") by written requisition. The written requisition must specify the objects of the meeting, and be signed by the Shareholder(s) concerned and deposited at the principal place of business of the Company in Hong Kong at Rooms 4902–4916, 49th Floor, Sun Hung Kai Centre, 30 Harbour Road, Wanchai, Hong Kong for the attention of the Company Secretary.

If the Board does not within 21 days from the date of deposit of the requisition proceed duly to convene an EGM, the Shareholder(s) concerned or any of them representing more than one-half of the total voting rights of all of them, may themselves convene an EGM, provided that the EGM so convened shall not be held after the expiration of 3 months from the date of deposit of the requisition.

The EGM convened by the Shareholders shall be convened in the same manner, as nearly as possible, as that in which general meetings are to be convened by the Board.

Procedures for directing Shareholders' enquiries to the Board

Shareholders may at any time send their enquiries and concerns to the Board in writing through the Investor Relations Department of the Company whose contact details are as follows:

Investor Relations Department
Shenzhen Investment Holdings Bay Area Development Company Limited
Rooms 4902–4916, 49th Floor, Sun Hung Kai Centre,
30 Harbour Road,
Wan Chai, Hong Kong
Email: ir@sihbay.com
Tel No.: (852) 2191 1622
Fax No.: (852) 2861 0177

Shareholders' enquiries and concerns will be forwarded to the Board and/or relevant Board Committees of the Company, where appropriate, to answer the Shareholders' questions.

Procedures for putting forward proposals at general meetings by shareholders

There are no provisions allowing shareholders to propose new resolutions at the general meetings under the Companies Act of the Cayman Islands. However, Shareholders are requested to follow Article 68 of the Articles of Association for including a resolution at an EGM. The requirements and procedures are set out above.

Pursuant to Article 116 of the Articles of Association, no person (other than a retiring Director) shall be eligible for election to the office of Director at any general meeting unless (i) he/she is recommended by the Board for election; or (ii) a Shareholder shall have given notice in writing of the intention to propose that person for election as a Director and notice in writing by that person of his/her willingness to be elected shall have been given to the Company in the year commencing no earlier than the day after the dispatch of the notice of the general meeting appointed for such election and ending no later than seven days prior to the date of such meeting, provided that such period shall be at least seven days. The written notice must state that person's biographical details as required by Rule 13.51(2) of the Listing Rules. The procedures for the Shareholders to propose a person for election as Director is posted on the Company's website.

Report of the Directors

The Board of Directors have pleasure in presenting their report on the affairs of the Company and the Group together with the audited financial statements for the year ended 31 December 2022.

Principal Activities

The Company is an investment holding company. The Group focuses on initiation, promotion, development and operation of toll expressways and bridges as well as land development and utilisation along with the GS Superhighway in the PRC through its joint ventures established in the PRC. The principal activities of the Group's principal subsidiaries and the joint ventures are set out in notes 36 and 21 to the consolidated financial statements respectively.

Business Review

A review of the business of the Group during the year, a discussion on the Group's future business development and description of the principal risks and uncertainties the Company may be facing are provided in the Chairman's Statement on pages 9 to 13 and the Management Discussion and Analysis on pages 22 to 50 of this Annual Report. Also, the financial risk management objectives and policies of the Group can be found in note 35 to the consolidated financial statements. Particulars of important events affecting the Group that have occurred since the end of the year ended 31 December 2022, if applicable, are provided in the Chairman's Statement on pages 9 to 13, the Management Discussion and Analysis on pages 22 to 50 and this Report of the Directors on pages 75 to 92 of this Annual Report. An analysis of the Group's performance during the year using financial key performance indicators is provided in the Financial Highlights on page 2 and the 5-Year Financial Summary on pages 4 to 8 of this Annual Report.

In addition, discussions on the Group's environmental policies, relationships with its key stakeholders and compliance with relevant laws and regulations which have a significant impact on the Group are contained in the Chairman's Statement, the Management Discussion and Analysis, the Corporate Governance Report and this Report of the Directors on pages 9 to 13, pages 22 to 50, pages 51 to 74 and pages 75 to 92 of this Annual Report respectively and the Environmental, Social and Governance Report to be available on the Company's website www.sihbay.com. All the above mentioned cross references form parts of this Directors' Report.

Results

The results of the Group for the year ended 31 December 2022 are set out in the Consolidated Statement of Profit or Loss and Other Comprehensive Income on page 99.

Dividends

The Directors recommend the payment of a final dividend of RMB3.25 cents per share (equivalent to HK3.688685 cents per share at the exchange rate of RMB1:HK$1.13498) (year ended 31 December 2021: a final dividend of RMB10.45 cents per share (equivalent to HK12.880879 cents per share)) in respect of the year ended 31 December 2022.

Together with the interim dividend of RMB5.75 cents per share (equivalent to HK6.67299 cents per share) paid on 21 October 2022, the total dividends for the year will be RMB9.00 cents per share (equivalent to HK10.361675 cents per share) (year ended 31 December 2021: RMB19.75 cents per share (equivalent to HK24.028510 cents per share)).

Major Projects and Events

Details regarding major projects undertaken by the Group and events that have taken place during the year are incorporated under the section "Business Review" as set out on pages 22 to 36.

Significant Investments Held

Details of significant investments held by the Group, representing 5% or more of the Group's total assets as at 31 December 2022 are set out in note 21 to the consolidated financial statements. In addition, discussion of the Group's investment strategy for the significant investments are incorporated under the section "Business Review" as set out on pages 22 to 36.

Share Capital

Details of the movements in share capital of the Company during the year are set out in note 27 to the consolidated financial statements.

Reserves and Distributable Reserve

Details of the movements in reserves of the Group during the year are set out in the Consolidated Statement of Changes in Equity on page 102.

Details of the distributable reserve of the Company during the year are set out in note 29 to the consolidated financial statements and the Company's distributable reserve at 31 December 2022 amounted to approximately RMB2,503 million (31 December 2021: RMB3,185 million) which represented retained profits and share premium of the Company as at that date.

Fixed Assets

Details of the movements in property and equipment of the Group during the year are set out in note 17 to the consolidated financial statements.

Major Customers and Suppliers

There are no major customers and suppliers in view of the nature of the Group's business.

Directors

The Directors and their profiles as at the date of this report are set out on pages 16 to 21. Directors during the year and up to date of this report are as follows:

Executive Directors

Mr. Xiangwen LIAO*	(appointed as an Executive Director on 6 January 2023)
Mr. Wei HU*	(resigned as an Executive Director on 6 January 2023, due to retirement)
Mr. Tianliang Zhang*	
Mr. Jianming WU*	(appointed as an Executive Director on 4 February 2022)
Mr. Cheng WU*	
Mr. Ji LIU*	

Non-executive Directors

Mr. Weiguo ZONG*	
Ms. Siyan CHEN*	(appointed as a Non-executive Director on 3 February 2023)
Mr. Junye CAI*	(resigned as a Non-executive Director on 3 February 2023, due to other work allocation)

Independent Non-executive Directors

Mr. Brian David Man Bun LI JP	
Mr. Yu Lung CHING	
Mr. Tong Chung Nin KAN SBS JP	
Mr. Peng XUE*	(appointed as an Independent Non-executive Director on 4 February 2022)

In accordance with the Articles of Association, every Director shall retire at the conclusion of the annual general meeting of the Company held in the third year following the year of his last election/re-election and shall be eligible for re-election subject to the provisions of the Articles of Association. Mr. Brian David Man Bun LI has indicated that due to his intention to focus on other commitments, he will retire from the Board at the 2023 Annual General Meeting and has not offered himself for re-election.

Furthermore, in accordance with the Articles of Association, all newly appointed Directors shall hold office until the next following general meeting of the Company after their appointment and shall then be eligible for re-election. Mr. Xiangwen LIAO* (appointed as an Executive Director on 6 January 2023) and Ms. Siyan CHEN* (appointed as a Non-executive Director on 3 February 2023), shall hold office until the 2023 Annual General Meeting after their appointments and, being eligible, offered themselves for re-election.

Permitted Indemnity Provision

Pursuant to the Articles of Association, every Director shall be indemnified out of the assets of the Company against all losses or liabilities incurred or sustained by him as a Director, in defending any proceedings, whether civil or criminal, in which judgment is given in his favour, or in which he is acquitted. The Company has taken out insurance against the liability and costs associated with defending any proceedings which may be brought against directors of the Group.

Directors' Material Interest in Transactions, Arrangements or Contracts

No transactions, arrangements or contracts of significance in relation to the Group's business to which the Company or any of its subsidiaries, fellow subsidiaries or its parent company was a party or were parties and in which a Director or entities connected with him had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

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

As at 31 December 2022, the interests and short positions of the Directors and chief executives of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporation (within the meaning of Part XV of the SFO) as recorded in the register required to be kept by the Company under section 352 of Part XV of the SFO or as otherwise required to be notified to the Company and the Stock Exchange pursuant to the Model Code contained in the Listing Rules are set out as follows:

Long positions in H shares of Shenzhen Expressway, an associated corporation of the Company:

Director	Number of H shares held	Approximate percentage to the issued H shares of Shenzhen Expressway	Nature of interests	Capacity
Wei HU*#	200,000	0.0268%	Personal	Beneficial owner

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

Director	Number of ordinary shares held	Approximate percentage to the issued share capital of Shenzhen Expressway	Nature of interests	Capacity
Wei HU*#	315	0.00001%	Personal	Beneficial owner

Interests in share options of Shenzhen International, an associated corporation of the Company:

Director	Outstanding share options(1) at 1/1/2022	Change during the year					Outstanding share options(1) at 31/12/2022	Nature of interests	Capacity
		Adjustment	Granted	Exercised	Lapsed	Expired			
Wei HU*#	1,266,502	–	–	–	–	1,266,502	–	Personal	Beneficial owner

Note:

(1) The share options under share option scheme were granted on 26 May 2017 and could be exercised during the period from 26 May 2019 to 25 May 2022 pursuant to the grant conditions. On 23 June 2021, Shenzhen International adjusted the exercise price and quantity of the outstanding options. The exercise price was adjusted from HK$10.223 per share to HK$9.472 per share.

Mr Wei HU* resigned as a Director on 6 January 2023.

Save as disclosed above, as at 31 December 2022, none of the Directors or the chief executives of the Company had any other interests or short positions in shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register kept by the Company under Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

Share Options

(A) A share option scheme was approved by the shareholders of the Company effective on 22 October 2013 (the "Share Option Scheme"). The Share Option Scheme will expire on 21 October 2023, but any options then outstanding will continue to be exercisable. A summary of some of the principal terms of the Share Option Scheme is set out in (B) below.

(B) The Share Option Scheme is designated to provide the Company with an alternative means of giving incentive to, rewarding, remunerating, compensating and/or providing benefits to any eligible persons (including substantial shareholders of the Company, directors or employees or consultants, professionals or advisers of/to each member of the Group) and for such other purposes as the Board may approve from time to time.

The maximum number of shares in the Company in respect of which options may be granted (together with shares issued pursuant to options exercised and shares in respect of which any option remains outstanding excluding options lapsed from time to time in accordance with the Share Option Scheme) under the Share Option Scheme and any other share option schemes of the Company will not exceed 10% in aggregate the total number of issued shares as at the date of adoption of the Share Option Scheme, unless a fresh approval from the shareholders is obtained. The maximum entitlement of each participant under the Share Option Scheme in any 12-month period must not exceed 1% of the total number of issued shares of the Company. As at the date of this report, no options were granted under the Share Option Scheme and 308,169,028 shares were issuable under the Share Option Scheme, representing approximately 10% of total number of issued shares of the Company.

The period within which an option may be exercised will be determined by the Board at its discretion, save that an option shall expire not later than 10 years after the date of grant. Unless otherwise determined by the Board and specified in the offer letter at the time of the offer, there is no minimum period for which an option must be held before the option can be exercised. An option is open for acceptance for such time to be determined by the Board and specified in the offer letter. The amount payable on acceptance of an option is HK$1. The full amount of exercise price for the subscription of shares has to be paid upon exercise of an option.

The exercise price for an option shall be such price as the Board may in its absolute discretion determine at the time of grant of the relevant option and shall be stated in the letter containing the offer of the grant of option. The exercise price shall be at least the highest of (a) the closing price of the shares as stated in the Stock Exchange's daily quotations sheet on the date of grant (deemed to be the date of offer), which must be a business day; (b) the average closing price of the shares as stated in the Stock Exchange's daily quotations sheets for the 5 business days immediately preceding the date of grant; and (c) the nominal value of a share in the Company.

Share Awards

(A) The Share Award Scheme was adopted by the Board on 25 January 2007 (the "Adoption Date"). Unless terminated earlier by the Board, the Share Award Scheme shall be valid and effective for a period of 15 years commencing on the Adoption Date, provided that no new award shall be granted on or after the 10th anniversary of the Adoption Date. The Share Award Scheme expired on 24 January 2022. A summary of some of the principal terms of the Share Award Scheme is set out in (B) below.

(B) The purpose of the Share Award Scheme is to recognise the contributions by certain employees (including without limitation to employees who are also Directors) of the Group and to give incentive in order to retain them for the continual operation and development of the Group and to attract suitable personnel for further development of the Group.

Under the Share Award Scheme, the Board (or where the relevant selected employee is a Director, the Remuneration Committee) may, from time to time, at its absolute discretion and subject to such terms and conditions as it may think fit select an employee for participation in the Share Award Scheme, determine the number of shares to be awarded and the vesting date of the awarded shares.

The Board shall not grant any award of shares which would result in the total number of issued shares which are the subject of awards granted by the Board under the Share Award Scheme (but not counting any which have lapsed or have been forfeited) representing in aggregate over 10% of the issued share capital of the Company as at the date of such grant. Besides, no award shall be granted to any selected employee which would result in the maximum number of awarded shares under the Share Award Scheme in the 12-month period up to and including the date of such grant representing in aggregate over 1% of the issued share capital of the Company as at the date of such grant.

(C) There were no awarded shares granted, forfeited, vested, lapsed or outstanding during the period ended 24 January 2022 and accordingly no dividend income was received in respect of shares held upon the trust for the Share Award Scheme (year ended 31 December 2021: Nil) during the year.

Equity-Linked Agreements

Save as disclosed in the sections headed "Share Options" and "Share Awards", no equity-linked agreements were entered into during the year or subsisted at the end of the Year.

Arrangements to Acquire Shares or Debentures

Save as disclosed in the previous sections headed "Share Options" and "Share Awards", at no time during the year ended 31 December 2022 was the Company or any of its subsidiaries, fellow subsidiaries or its parent company a party to any arrangements to enable the Directors to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate, and neither the Directors nor any of their spouses or children under the age of 18, had any rights to subscribe for the securities of the Company, or had exercised any such rights.

Directors' Remuneration

The Directors' fees are approved by shareholders at the annual general meeting of the Company and the other emoluments payable to Executive Directors are determined by the Board based on the recommendation of the Remuneration Committee with reference to the prevailing market practice, the Company's remuneration policy, the Directors' duties and responsibilities within the Group and contribution to the Group.

Directors' Service Contracts

No Director proposed for re-election at the 2023 Annual General Meeting has a service contract with the Company or any of its subsidiaries which is not determinable by the employing company within one year without the payment of compensation (other than statutory compensation). During the Year, among the Non-executive Directors (including Independent Non-executive Directors) appointed, four Directors have a fixed term of service and the remaining two Directors have no specific term of service but are subject to retirement from office and re-election at the annual general meetings of the Company in accordance with the Articles of Association, at least every three years.

Retirement and Pension Plan

To comply with the statutory requirements of the Mandatory Provident Fund Schemes Ordinance (Chapter 485 of the Laws of Hong Kong), the Group has set up the MPF Schemes. Mandatory contributions to these schemes are made by both the employers and employees at 5% of the employees' monthly relevant income capped at HK$30,000. The PRC employees employed by the Group are members of the state-managed retirement benefit schemes operated by the PRC government. The Group are required to contribute a certain percentage of their payroll to the retirement benefit schemes to fund the benefits. The only obligation of the Group with respect to the retirement benefit schemes is to make the required contributions under the schemes. As at 31 December 2022, there were no forfeited contributions available to reduce future obligations. The total contributions made by the Group to the MPF Scheme and the PRC retirement benefit schemes for the year ended 31 December 2022 are RMB4,500,000 (year ended 31 December 2021: RMB2,660,000).

Management Contracts

No contract of significance concerning the management and administration of the whole or any substantial part of any business of the Company was entered into during the year or subsisted at the end of the Year.

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

As at 31 December 2022, so far is known to the Directors, the interests or short positions of substantial shareholders of the Company (other than the Directors and the chief executives of the Company disclosed above) in the shares and underlying shares of the Company as recorded in the register required to be kept by the Company under Section 336 of the SFO, were as follows:

Name	Capacity	Number of shares	Approximate % of total number of issued shares
Shenzhen Investment International Capital Holdings Infrastructure Co., Ltd ("SIICHIC") (深圳投控國際資本控股基建有限公司)(i)	Beneficial owner	2,213,449,666 (L)	71.83
Shenzhen Expressway Company Limited (now known as Shenzhen Expressway Corporation Limited) ("Shenzhen Expressway") (深圳高速公路股份有限公司 (現稱深圳高速公路集團股份有限公司))(i)	Interests of controlled corporation	2,213,449,666 (L)	71.83
Shenzhen International Holdings Limited ("Shenzhen International") (深圳國際控股有限公司)(i)	Interests of controlled corporation	2,213,449,666 (L)	71.83
Shenzhen Investment Holdings Co., Ltd ("SIHC") (深圳市投資控股有限公司)(i)	Interests of controlled corporation	2,213,449,666 (L)	71.83
Golden Baycrest (BVI) Limited(ii)	Beneficial owner	305,087,338 (L)	9.90
China Vanke Co., Limited (萬科企業股份有限公司)(ii)	Interests of controlled corporation	305,087,338 (L)	9.90

Name	Capacity	Number of shares	Approximate % of total number of issued shares
CMF Global Quantitative Multi-Asset SPC — CMF Global Quantitative Stable SP[(iii)]	Trustee	291,207,411 (L)	9.45
China Taiping Life Insurance (Hong Kong) Company Limited[(iii)]	Beneficiary of a trust (other than a discretionary interest)	291,207,411 (L)	9.45
China Taiping Insurance Holdings Company Limited[(iii)]	Interests of controlled corporation	291,207,411 (L)	9.45

L: Long Position

Notes:

(i) The 2,213,449,666 Shares were held by SIICHIC, an indirect wholly-owned subsidiary of Shenzhen Expressway which in turn was a subsidiary of Shenzhen International. Shenzhen International was indirectly owned as to 43.49% by SIHC. The interests of SIICHIC, Shenzhen Expressway, Shenzhen International and SIHC in the 2,213,449,666 Shares represented the same block of Shares and were deemed under the SFO to have same interests with each other.

(ii) The 305,087,338 Shares were held by Golden Baycrest (BVI) Limited, an indirect wholly-owned subsidiary of China Vanke Co., Limited. The interests of Golden Baycrest (BVI) Limited and China Vanke Co., Limited in the 305,087,338 Shares represented the same block of Shares and were deemed under the SFO to have same interests with each other.

(iii) China Taiping Life Insurance (Hong Kong) Company Limited is a direct wholly-owned subsidiary of China Taiping Insurance Holdings Company Limited which in turn is directly owned as to 50.71% by China Taiping Insurance Group (HK) Company Limited, 2.41% by Taiping Golden Win Investment Limited, 4.68% by Easiwell Limited and 1.84% by Manhold Limited. Taiping Golden Win Investment Limited, Easiwell Limited and Manhold Limited are wholly-owned by China Taiping Insurance Group (HK) Company Limited which in turn is a direct wholly-owned subsidiary of China Taiping Insurance Group Ltd. The interests of China Taiping Life Insurance (Hong Kong) Company Limited, China Taiping Insurance Holdings Company Limited and CMF Global Quantitative Multi-Asset SPC in the 291,207,411 Shares represented the same block of Shares.

Save as disclosed above, as at 31 December 2022, the Company had not been notified of any other interests or short positions representing 5% or more of the total number of issued shares of the Company as recorded in the register required to be kept by the Company under Section 336 of the SFO.

Purchase, Sale or Redemption of Securities

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the year ended 31 December 2022.

Pre-emptive Rights

There is no provision for pre-emptive rights under the Articles of Association or the laws of the Cayman Islands, which would oblige the Company to offer new shares on pro-rata basis to existing Shareholders.

Connected Transactions and Continuing Connected Transactions

During the year, the Group conducted certain transactions with connected persons which constituted "connected transactions" or "continuing connected transactions" under the Listing Rules. Details of those transactions which are subject to the reporting requirements under Rule 14A.71 of the Listing Rules are summarised as follows:

(1) Lease Agreement

On 31 May 2022, a lease agreement (the "Lease Agreement") was entered into between Shenwan Infrastructure (as lessee), an indirect subsidiary of the Company, and Shenzhen Expressway (as lessor), the intermediate holding company of the Company, in respect of the lease of the premises at 2–4/F, Jiangsu Building, Futian District, Shenzhen, PRC (the "Premises") for a term of three years commencing on 1 June 2022, with rental of RMB560,000 per month (inclusive of tax). The Premises will be used as office premises of the Group in Shenzhen, PRC.

The Board confirmed that the rent payable under the Lease Agreement was arrived at after arm's length negotiations between the parties and was determined with reference to the market rent of the Premises as set out in the valuation report on rental appraisal prepared by an independent valuation firm. The Board believed that entering into of the Lease Agreement would enable the Group to secure a long-term premises for office use which would facilitate the increasing size of employees and at the same time improve the office environment and enhance working efficiency.

Shenzhen Expressway is the intermediate holding company of the Company and a substantial shareholder and thus a connected person of the Company under Chapter 14A of the Listing Rules. Accordingly, the Lease Agreement constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules.

As one or more of the applicable percentage ratios set out in Rule 14.07 of the Listing Rules in respect of the Lease Agreement, on the basis of the estimated value of the right-of-use asset in the amount of approximately RMB17,480,000, exceed(s) 0.1% but all of them are less than 5%, the Lease Agreement is subject to the reporting and announcement requirements but is exempt from the circular (including independent financial advice) and independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

The Directors (including the Independent Non-executive Directors) were of the view that the Lease Agreement was entered into (i) in the ordinary and usual course of business of the Group; (ii) on normal commercial terms after arm's length negotiations between the parties; and (iii) on terms that are fair and reasonable and in the interests of the Company and its Shareholders as a whole.

Details of the Lease Agreement were set out in the announcement of the Company dated 31 May 2022.

(2) Subscription of 51% Enlarged Equity interest in the Coastal Company

On 18 August 2022, Shenwan Infrastructure (an indirect subsidiary of the Company), Shenzhen Expressway (the intermediate holding company of the Company) and the Coastal Company (a direct wholly-owned subsidiary of Shenzhen Expressway) entered into a subscription agreement (the "Subscription Agreement"), pursuant to which, Shenwan Infrastructure conditionally agreed to inject RMB2,998,000,000 (the "Consideration") to the Coastal Company to obtain 51% of the enlarged equity interest in the Coastal Company, and the remaining 49% would continue to be held by Shenzhen Expressway upon Completion. The Consideration was determined after arm's length negotiations between the parties on normal commercial terms and would be settled by way of bank loan(s) and/or internal resources of the Group.

The Board considered that the Subscription would enable the Company to further strengthen its toll expressway business with a simple and clear business model, by holding high quality developed assets with stable financial returns, so as to achieve an increase in revenue and profit. Further, the Subscription could effectively strengthen the overall management of the Group's toll roads in the region of Shenzhen (i.e. GS Superhighway operated by the Group) and the Coastal Expressway (Shenzhen Section) proposed to be obtained by the Group, enhance the synergies of the flow of road network and management and maintenance of the road, and further enhance the profitability of the Group.

The Directors (including the Independent Non-executive Directors whose views were set out in the letter from the Independent Board Committee contained in the circular of the Company dated 23 September 2022) believed that the terms of the Subscription Agreement are fair and reasonable, on normal commercial terms after arm's length negotiations between the parties (though not entered into in the ordinary and usual course of business of the Group) and in the interests of the Company and its Shareholders as a whole.

Shenzhen Expressway is the intermediate holding company of the Company which indirectly holds approximately 71.83% of the total issued Shares of the Company and is therefore a connected person of the Company. The Coastal Company is a direct wholly-owned subsidiary of Shenzhen Expressway and is therefore an associate of Shenzhen Expressway and a connected person of the Company under Chapter 14A of the Listing Rules.

As all of the applicable percentage ratios in respect of the Subscription Agreement exceed 25% but all the applicable percentage ratios are below 100%, the Subscription Agreement constitutes a major transaction of the Company under Chapter 14 of the Listing Rules, and is therefore subject to the reporting, announcement and Shareholders' approval requirements under Chapter 14 of the Listing Rules.

As both Shenzhen Expressway and the Coastal Company are connected persons of the Company, the Subscription Agreement also constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules, and is therefore subject to the reporting, announcement, circular (including independent financial advice) and independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

As set out in the announcement of the Company dated 2 December 2022, all the conditions precedent to the Subscription have been fulfilled and Completion has taken place on 30 November 2022. Upon Completion, the Coastal Company is held as to 51% by Shenwan Infrastructure and becomes an indirect non-wholly owned subsidiary of the Company and accordingly, its financial results will be consolidated into the financial statements of the Company.

Shenzhen Expressway Operation Development Limited (the "Operation Development Company") and Shenzhen Expressway Engineering Development Limited (the "Engineering Development Company"), both being subsidiaries of Shenzhen Expressway, have been entrusted to provide operation and maintenance services for the Coastal Expressway (Shenzhen Section) in the past and these services will continue to be provided to the Coastal Company after Completion pursuant to the Entrusted Coastal Expressway Operation and Maintenance Management Agreement dated 26 July 2022 and the Entrusted Coastal Expressway Daily Maintenance, Electrical and Mechanical Maintenance and Towing Services Agreement dated 11 August 2022 (collectively the "Existing Continuing Transactions Agreements") in order to ensure the smooth and stable operation and maintenance of the Coastal Expressway (Shenzhen Section) after Completion. The Operation Development Company and the Engineering Development Company are connected persons of the Company within the meaning of the Listing Rules by virtue of being the associates of Shenzhen Expressway, the controlling Shareholder of the Company. Therefore, the transactions contemplated under the Existing Continuing Transactions Agreements constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

Under the Existing Continuing Transactions Agreements, the fees payable by the Coastal Company to the Operation Development Company for the years ending 31 December 2022, 2023 and 2024 shall not exceed RMB37,956,926.83 (which includes estimated contracts sums payable by the Operation Development Company to third party contractors in the amount of approximately RMB16,587,022.82), RMB22,224,700.17 and RMB23,113,688.17 respectively and the total fee payable by the Coastal Company to the Engineering Development Company during the term of agreement (i.e. from 11 August 2022 until 14 September 2023) shall not exceed RMB94,683,459. For the year ended 31 December 2022, the actual amount of fees paid by the Coastal Company to the Operation Development Company and the Engineering Development Company were RMB18,810,000 and RMB4,183,000 respectively.

Details of the Subscription Agreement and the Existing Continuing Transactions Agreements were set out in the announcement and the circular of the Company dated 18 August 2022 and 23 September 2022 respectively.

The Independent Non-executive Directors have reviewed the existing continuing connected transactions and confirmed that they have been entered into: (a) in the ordinary and usual course of business of the Group; (b) on normal commercial terms or better; and (c) in accordance with the relevant agreements governing them on terms that are fair and reasonable and in the interests of the Shareholders as a whole.

The Company's auditor was engaged to report on the Group's continuing connected transactions in accordance with Hong Kong Standard on Assurance Engagements 3000 (Revised), Assurance Engagements Other Than Audits or Reviews of Historical Financial Information and with reference to Practice Note 740, Auditor's Letter on Continuing Connected Transactions under the Listing Rules issued by the Hong Kong Institute of Certified Public Accountants. The auditor has issued his unqualified letter containing their findings and conclusions in respect of the existing continuing connected transactions disclosed by the Group on pages 88 to 89 of this annual report in accordance with the Listing Rule 14A.56. The auditor has reported its findings and conclusions to the Board. A copy of the auditor's letter has been provided by the Company to the Stock Exchange.

Save as disclosed above, a summary of related party transactions made during the Year, which included the above connected transactions and continuing connected transactions of the Company, is disclosed in Note 40 to the financial statements. Save for the transactions disclosed above, none of the related party transactions as disclosed in Note 12 to the financial statements constitutes connected transaction or continuing connected transaction that is subject to, among other things, reporting, announcement or independent shareholders' approval requirements under Chapter 14A of the Listing Rules. To the extent that the Group's related party transactions constituted connected transactions or continuing connected transactions as defined in the Listing Rules, the Company had complied with the relevant requirements under Chapter 14A of the Listing Rules during the Year.

Discloseable Transaction — Land Resumption along Luogang Interchange of the GS Superhighway

On 30 September 2022, GS JV entered into the Compensation Agreement with Land Reserve Centre and the Representatives, pursuant to which GS JV agreed to surrender land use rights of the Resumed Land together with the Attached Buildings to Land Reserve Centre in consideration of approximately RMB317.0 million and the incentive fee of approximately RMB2.4 million (if any).

GS JV owned the land use rights of the Resumed Land. The Resumed Land comprises of two land parcels and is located at the Luogang interchange of Huangpu District of Guangzhou City, the PRC (i.e. in the Guangzhou section of the GS Superhighway) with an aggregated ascertained site area of 294,540.09 sq.m.. The Resumed Land has been approved for use as transportation land and is currently used by GS JV as the toll collection plaza and green area for the GS Superhighway. The Attached Buildings include several functional buildings and structures, such as management offices and sheds, constructed on the Resumed Land with an aggregated gross floor area of 13,785.70 sq.m..

Pursuant to the Compensation Agreement, the Compensation payable by Land Reserve Centre to GS JV for the Land Resumption is approximately RMB317.0 million, comprising the aggregate compensation amount for (i) the land use rights of the Resumed Land; (ii) the Attached Buildings; and (iii) the ground attachments, planted plants, loss arising from suspension of the Group's business operation, assets relocation expenses and temporary placement expenses. The Compensation was determined between Land Reserve Centre and GS JV on normal commercial terms after arm's length negotiations with reference to the Valuation Report. In addition to the Compensation, Land Reserve Centre agreed to pay an incentive fee of approximately RMB2.4 million to GS JV, provided that GS JV is able to complete the Land Resumption in accordance with the terms of the Compensation Agreement. In this regard, the aggregate amount to be payable by Land Reserve Centre to GS JV upon completion of the Land Resumption will be approximately RMB319.4 million.

As one or more of the applicable percentage ratios in respect of the Land Resumption exceed 5% but all of them are less than 25%, the Land Resumption constitutes a discloseable transaction for the Company, and is therefore subject to the reporting and announcement requirements pursuant to Chapter 14 of the Listing Rules.

Details of the land resumption along Luogang Interchange of the GS Superhighway were set out in the announcement of the Company dated 30 September 2022.

The Sale and Purchase of Shares of the Company

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

On 10 December 2021, the relevant resolution approving the Agreement and the transactions contemplated thereunder was approved by the independent shareholders of Shenzhen Expressway at its extraordinary general meeting and the independent shareholders of Shenzhen International at its special general meeting. On 11 January 2022, completion of the sale and purchase of all the issued shares in the Target Company under the Agreement had taken place. Upon completion of the Transaction, the Purchaser, Shenzhen Expressway and Shenzhen International become the intermediate controlling Shareholders of the Company, with the Purchaser (through its 100% shareholding interest in the Target Company) indirectly holding approximately 71.83% of the total issued shares of the Company. Since the Purchaser is a wholly-owned subsidiary of Shenzhen Expressway, being a subsidiary of Shenzhen International, which in turn is controlled by SIHC, SIHC remains the ultimate controlling Shareholder of the Company upon completion of the Transaction.

Details of completion of the sale and purchase of shares of the Target Company by controlling Shareholder were set out in the announcements of the Company dated 10 August 2021, 10 December 2021 and 11 January 2022.

Public Float

Based on the information that is publicly available to the Company and within the knowledge of the Directors as at the date of this report, there is sufficient public float of more than 25% of the Company's total number of issued Shares as required under the Listing Rules.

Auditor

Messrs. Deloitte Touche Tohmatsu will retire on the expiry of its term of office as auditor of the Company at the forthcoming 2023 Annual General Meeting of the Company and will not be re-appointed.

The Board has resolved to recommend the appointment of Messrs. KPMG as the new auditor of the Company following the retirement of Messrs. Deloitte Touche Tohmatsu and such proposed appointment is subject to the approval of the Shareholders of the Company at the forthcoming 2023 Annual General Meeting.

Audit Committee

The Audit Committee comprises three Independent Non-executive Directors, namely Mr. Yu Lung CHING (chairman), Mr. Brian David Man Bun LI and Mr. Tony Chung Nin KAN. This annual report has been reviewed by the Audit Committee.

Corporate Governance

The Group is committed to maintaining a high level of corporate governance practices. A detailed Corporate Governance Report is set out on pages 51 to 74 of this annual report.

On behalf of the Board

Xiangwen LIAO*
Chairman

Hong Kong, 16 March 2023

* *For identification purpose only*

Deloitte. 德勤

To the Shareholders of Shenzhen Investment Holdings Bay Area Development Company Limited
深圳投控灣區發展有限公司
(incorporated in the Cayman Islands with limited liability)

Opinion

We have audited the consolidated financial statements of Shenzhen Investment Holdings Bay Area Development Company Limited (the "Company") and its subsidiaries (collectively referred to as "the Group") set out on pages 99 to 180, which comprise the consolidated statement of financial position as at 31 December 2022, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2022, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRSs") issued by International Accounting Standards Board ("IASB") and have been properly prepared in compliance with the disclosure requirements of Hong Kong Companies Ordinance.

Basis for Opinion

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the HKICPA's of Ethics for Professional Accountants (the "Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matters (continued)

Key audit matter	How our audit addressed the key audit matter
Amortisation of concession intangible assets	
We identified the amortisation of concession intangible assets of a subsidiary as a key audit matter because significant judgements are required in determining the estimation of future traffic volume which has an impact on the carrying value of the concession intangible assets as at year end and the amortisation charges for the current and future years. As set out in note 36 to the consolidated financial statements, the subsidiary is engaged in the investment, construction and operation of an expressway under a service concession agreement with the right to collect tolls for operating the Coastal Expressway (Shenzhen Section) in the People's Republic of China (the "PRC") with the toll collection period of 25 years. As set out in note 5(iii) to the consolidated financial statements, there was an amortisation of concession intangible assets amounting to RMB157,219,000 for the year ended 31 December 2022 which was calculated based on units-of-usage basis, i.e. the ratio of actual traffic volume of the underlying toll expressways for a particular period over the total expected traffic volume of the underlying toll expressways over the remaining concession period of the service concession agreement. The total expected traffic volume over the remaining concession period was estimated by the management with reference to traffic volume forecast report prepared by a third party traffic consultant taken into consideration of various factors such as the annual growth rate of the traffic volume, the actual traffic volume in the recent periods, the change of the transportation network of the region and government policies relating to the toll expressway operation in the PRC.	Our procedures in relation to the amortisation of concession intangible assets of the subsidiary included: • Evaluating the appropriateness of the accounting policy adopted and whether such accounting policy adopted reflects the consumption pattern of the concession intangible asset and benchmarking with other companies in the same industry; • Undertaking a detailed analysis on the significant judgements and estimates used in management's estimation as mentioned below; and • Comparing the expected traffic volume estimated by the management in the past against the actual traffic volume in previous years and the historical trend of traffic volume, and then obtaining reasons for any variances, as well as evaluating the appropriateness, key basis and assumptions, including the annual growth rate of the traffic volume, the change of the transportation network of the region and government policies relating to the toll expressway operation in the PRC.

Key Audit Matters (continued)

Key audit matter	How our audit addressed the key audit matter
Interests in joint ventures ("JVs") and share of results of JVs — Amortisation of concession intangible assets of the JVs	
We identified the amortisation of concession intangible assets of the JVs as a key audit matter because significant judgements are required in determining the estimation of future traffic volume which has an impact on the carrying value of the concession intangible assets of the JVs as at year end and the amortisation charges for the current and future years. As set out in note 21 to the consolidated financial statements, the two JVs of the Group are engaged in the development, operation and management of expressways under service concession agreements with the right to collect tolls for operating two expressways in Guangdong Province of the PRC, one of which runs between Shenzhen and Guangzhou and the other one links Guangzhou, Zhongshan and Zhuhai with the toll collection periods ranging from 25 years to 30 years. The Group has accounted for its interests in these JVs using the equity method of accounting. As set out in note 5(i) to the consolidated financial statements, the interests in JVs as at 31 December 2022 amounted to RMB4,519,423,000 and the share of results of JVs for the year then ended 31 December 2022 amounted to RMB353,561,000. Included in the share of results of JVs, there was an amortisation of concession intangible assets of the JVs shared by the Group amounting to RMB560,747,000 for the year ended 31 December 2022 which was calculated based on units-of-usage basis, i.e. the ratio of actual traffic volume of the underlying toll expressways for a particular period over the total expected traffic volume of the underlying toll expressways over the remaining concession period of the service concession agreements. The total expected traffic volume over the remaining concession period was estimated by the management with reference to a traffic volume forecast report prepared by a third party traffic consultant taken into consideration of various factors such as the annual growth rate of the traffic volume, the actual traffic volume in the recent periods, the change of the transportation network of the region and government policies relating to the toll expressway operation in the PRC.	Our procedures in relation to the amortisation of concession intangible assets of the JVs included: • Evaluating the appropriateness of the accounting policy adopted and whether such accounting policy adopted reflects the consumption pattern of the concession intangible assets and benchmarking with other companies in the same industry; • Undertaking a detailed analysis on the significant judgements and estimates used in management's estimation as mentioned below; and • Comparing the expected traffic volume estimated by the management in the past against the actual traffic volume in previous years and the historical trend of traffic volume, and then obtaining reasons for any variances, as well as evaluating the appropriateness, key basis and assumptions, including the annual growth rate of the traffic volume, the change of the transportation network of the region and government policies relating to the toll expressway operation in the PRC.

Other Information

The directors of the Company are responsible for the other information. The other information comprises the information included in the annual report, but does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Directors and Those Charged with Governance for the Consolidated Financial Statements

The directors of the Company are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with IFRSs issued by the IASB and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion solely to you, as a body, in accordance with our agreed terms of engagement and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements (continued)

As part of an audit in accordance with HKSAs, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements (continued)

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in the independent auditor's report is Leung Chui Shan.

Deloitte Touche Tohmatsu
Certified Public Accountants

Hong Kong
16 March 2023

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 December 2022

	NOTES	2021 RMB'000 (restated)	2022 RMB'000
Revenue	7	613,511	**789,701**
Cost of sales		(356,038)	**(599,808)**
Gross profit		257,473	**189,893**
Other income	8	110,370	**83,682**
Other gain and loss	9	19,730	**(14,888)**
General and administrative expenses		(42,304)	**(77,915)**
Finance costs		(24,167)	**(85,106)**
Share of results of joint ventures	10	656,758	**353,561**
Profit before tax		977,860	**449,227**
Income tax expense	11	(159,330)	**(122,486)**
Profit for the year	12	818,530	**326,741**
Other comprehensive (expense) income			
Item that will not be reclassified to profit or loss:			
Fair value loss on investment in equity instrument at fair value through other comprehensive income, net of tax		(9,810)	**(90)**
Item that may be reclassified subsequently to profit or loss:			
Exchange gain (loss) arising on translation of foreign operations		46,870	**(187,084)**
Other comprehensive income (expense) for the year		37,060	**(187,174)**
Total comprehensive income for the year		855,590	**139,567**
Profit for the year attributable to:			
Owners of the Company		711,434	**278,572**
Non-controlling interests		107,096	**48,169**
		818,530	**326,741**
Total comprehensive income for the year attributable to:			
Owners of the Company		748,494	**91,398**
Non-controlling interests		107,096	**48,169**
		855,590	**139,567**
		RMB cents (restated)	**RMB cents**
Earnings per share	14		
Basic		23.09	**9.04**

Consolidated Statement of Financial Position

As at 31 December 2022

	NOTES	1 January 2021 RMB'000 (restated)	31 December 2021 RMB'000 (restated)	31 December 2022 RMB'000
ASSETS				
Non-current Assets				
Property and equipment	17	330,077	313,087	**289,976**
Right-of-use assets	18	–	4,999	**21,872**
Construction in progress	19	4,594	4,742	**6,956**
Concession intangible assets	20	5,756,796	5,526,966	**5,675,057**
Other intangible assets		2,866	2,389	**1,777**
Interests in joint ventures	21	4,673,688	4,971,183	**4,519,423**
Equity instrument at fair value through other comprehensive income	22	31,000	20,100	**20,000**
Deposit paid for acquisition of property and equipment		182	455	**578**
Other receivables	23	460,000	450,000	**–**
Deferred tax assets	33	381,641	302,751	**210,959**
Amount due from a joint venture	24	322,792	–	**–**
		11,963,636	11,596,672	**10,746,598**
Current Assets				
Inventories		377	527	**427**
Trade and other receivables	23	6,047	657,806	**322,134**
Amount due from a joint venture	24	27,041	263,636	**210,385**
Structured deposits	25	801,503	351,381	**451,440**
Restricted bank deposits	26	–	12,972	**15,048**
Time deposit with original maturity over three months		240,000	–	**–**
Bank balances and cash	26	1,724,016	1,860,108	**474,015**
		2,798,984	3,146,430	**1,473,449**
Total Assets		14,762,620	14,743,102	**12,220,047**
EQUITY AND LIABILITIES				
Capital and Reserves				
Share capital	27	270,603	270,603	**270,603**
Reserves		7,910,235	8,090,723	**4,265,459**
Equity attributable to owners of the Company		8,180,838	8,361,326	**4,536,062**
Non-controlling interests		3,100,711	3,197,450	**2,849,725**
Total Equity		11,281,549	11,558,776	**7,385,787**

Consolidated Statement of Financial Position

As at 31 December 2022

	NOTES	1 January 2021 RMB'000 (restated)	31 December 2021 RMB'000 (restated)	31 December 2022 RMB'000
Non-current Liabilities				
Other payables		268,321	–	–
Lease liabilities	31	–	3,335	**13,885**
Bank loans	32	754,002	1,053,922	**2,811,290**
Deferred tax liabilities	33	76,025	130,746	**133,408**
		1,098,348	1,188,003	**2,958,583**
Current Liabilities				
Trade and other payables	30	1,910,864	1,101,814	**715,907**
Lease liabilities	31	–	1,674	**8,872**
Bank overdrafts		943	112	–
Bank loans	32	324,347	882,353	**1,145,512**
Tax payables		146,569	10,370	**5,386**
		2,382,723	1,996,323	**1,875,677**
Total Liabilities		3,481,071	3,184,326	**4,834,260**
Total Equity and Liabilities		14,762,620	14,743,102	**12,220,047**
Cash and Cash Equivalents				
Bank balances and cash		1,724,016	1,860,108	**474,015**
Bank overdrafts		(943)	(112)	–
		1,723,073	1,859,996	**474,015**

Xiangwen LIAO*
Chairman

Jianming Wu*
Director

*   *For identification purpose only*

Consolidated Statement of Changes in Equity

For the year ended 31 December 2022

	Attributable to owners of the Company									
	Share capital	*Share premium*	*People's Republic of China ("PRC") statutory reserves*	*Investment revaluation reserve*	*Translation reserve*	*Capital reserve*	*Retained profits*	*Sub-total*	*Non-controlling interests*	*Total*
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000 (Note 28)*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
As at 1 January 2021 (audited and originally stated)	270,603	2,337,689	108,590	23,183	(298,094)	–	2,536,145	4,978,116	23,586	5,001,702
Effect of business combination of an entity under common control (Note 2)	–	–	–	–	–	4,437,000	(1,234,278)	3,202,722	3,077,125	6,279,847
As at 1 January 2021 (restated)	270,603	2,337,689	108,590	23,183	(298,094)	4,437,000	1,301,867	8,180,838	3,100,711	11,281,549
Fair value loss on investment in equity instrument at fair value through other comprehensive income, net of tax	–	–	–	(9,810)	–	–	–	(9,810)	–	(9,810)
Exchange gain on translation of foreign operations	–	–	–	–	46,870	–	–	46,870	–	46,870
Profit for the year	–	–	–	–	–	–	711,434	711,434	107,096	818,530
Total comprehensive (expense) income for the year	–	–	–	(9,810)	46,870	–	711,434	748,494	107,096	855,590
Transfer between reserves	–	–	500	–	–	–	(500)	–	–	–
Dividends recognised as distribution during the year (Note 15)	–	–	–	–	–	–	(568,006)	(568,006)	–	(568,006)
Dividends paid to non-controlling interests	–	–	–	–	–	–	–	–	(10,357)	(10,357)
As at 31 December 2021	**270,603**	**2,337,689**	**109,090**	**13,373**	**(251,224)**	**4,437,000**	**1,444,795**	**8,361,326**	**3,197,450**	**11,558,776**
Fair value loss on investment in equity instrument at fair value through other comprehensive income, net of tax	**–**	**–**	**–**	**(90)**	**–**	**–**	**–**	**(90)**	**–**	**(90)**
Exchange loss on translation of foreign operations	**–**	**–**	**–**	**–**	**(187,084)**	**–**	**–**	**(187,084)**	**–**	**(187,084)**
Profit for the year	**–**	**–**	**–**	**–**	**–**	**–**	**278,572**	**278,572**	**48,169**	**326,741**
Total comprehensive (expense) income for the year	**–**	**–**	**–**	**(90)**	**(187,084)**	**–**	**278,572**	**91,398**	**48,169**	**139,567**
Capital reduction of and capital contribution to a subsidiary (Note 39(c))	**–**	**–**	**–**	**–**	**–**	**(3,407,020)**	**–**	**(3,407,020)**	**(392,980)**	**(3,800,000)**
Transfer between reserves	**–**	**–**	**500**	**–**	**–**	**–**	**(500)**	**–**	**–**	**–**
Dividends recognised as distribution during the year (Note 15)	**–**	**–**	**–**	**–**	**–**	**–**	**(509,642)**	**(509,642)**	**–**	**(509,642)**
Dividends paid to non-controlling interests	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(2,914)**	**(2,914)**
As at 31 December 2022	**270,603**	**2,337,689**	**109,590**	**13,283**	**(438,308)**	**1,029,980**	**1,213,225**	**4,536,062**	**2,849,725**	**7,385,787**

For the purpose of presenting the consolidated statement of changes in equity of the Group in Renminbi ("RMB") (the presentation currency of the Group), the equity transactions and accumulated earnings denominated in Hong Kong Dollar ("HKD") are translated at the exchange rates at the transaction dates. Before the change in functional currency of the Company from HKD to RMB during the year ended 30 June 2009, the exchange differences recognised in translation reserve represented the difference between the equity transactions and accumulated earnings translated at the exchange rates at the transaction dates and the assets and liabilities translated at the closing rates at the end of each reporting period. Subsequent to the change in functional currency of the Company, the exchange differences recognised in translation reserve represented translation of its foreign operations.

Consolidated Statement of Cash Flows

For the year ended 31 December 2022

	2021 RMB'000 (restated)	**2022** **RMB'000**
OPERATING ACTIVITIES		
Profit before tax	977,860	**449,227**
Adjustments for:		
Dividend income from equity instrument at fair value through other comprehensive income	(604)	**(500)**
Interest income	(99,785)	**(64,852)**
Investment income from structured deposits	(6,947)	**(9,385)**
Interest expense	24,082	**85,106**
Write back of unrealised loss related to partial disposal of a joint venture in prior year	(12,056)	**–**
Gain on early termination of lease	–	**(57)**
Net exchange (gain) loss	(7,571)	**14,632**
Depreciation of property and equipment	36,435	**21,428**
Depreciation of right-of-use assets	147	**5,170**
Amortisation of intangible assets	183,870	**157,831**
(Gain) loss on disposal of property and equipment	(103)	**313**
Loss on written-off of property and equipment	–	**156**
Share of results of joint ventures	(656,758)	**(353,561)**
Operating cash flows before movements in working capital	438,570	**305,508**
(Increase) decrease in inventories	(150)	**100**
(Increase) decrease in trade and other receivables	(151,745)	**52,557**
Decrease in trade and other payables	(768,030)	**(259,505)**
Cash (used in) generated from operating activities	(481,355)	**98,660**
Income tax paid, net	(151,627)	**(11,481)**
NET CASH (USED IN) GENERATED FROM OPERATING ACTIVITIES	(632,982)	**87,179**
INVESTING ACTIVITIES		
Withdrawal of structured deposits	1,495,000	**1,368,000**
Dividends received (net of PRC withholding tax)	777,048	**602,919**
Withdrawal of time deposits with original maturity over three months	240,000	**–**
Interest received	128,099	**65,183**
Investment income received from structured deposit	7,069	**9,326**
Repayment from a fellow subsidiary	10,000	**–**
Placement of structured deposits	(1,045,000)	**(1,468,000)**
Advance to a joint venture	(354,000)	**52,920**
(Increase) decrease in amount due from an intermediate holding company	(500,119)	**–**
Payment for construction in progress	(18,807)	**(4,267)**
Increase in restricted bank deposits	(12,972)	**(2,076)**
Purchases of property and equipment	(957)	**(8,697)**
Purchase for intangible assets	(176)	**(305,310)**
NET CASH FROM INVESTING ACTIVITIES	725,185	**309,998**

Consolidated Statement of Cash Flows

For the year ended 31 December 2022

	2021 RMB'000 (restated)	2022 RMB'000
FINANCING ACTIVITIES		
New bank loans raised	2,465,686	**2,378,554**
Increase in amounts due to related parties	27,345	**24,350**
Increase in amount due to an intermediate holding company	24,505	**5,809**
Bank loans repaid	(1,575,163)	**(541,520)**
Dividends paid to:		
— owners of the Company	(868,522)	**(509,642)**
— non-controlling interests of a subsidiary	(10,357)	**(2,914)**
Interest paid on bank loans	(20,497)	**(84,587)**
Repayment of lease liability	(137)	**(4,239)**
Interest paid on lease liability	(16)	**(519)**
Repayment of capital reduction to an intermediate holding company	–	**(3,050,000)**
NET CASH FROM (USED IN) FINANCING ACTIVITIES	42,844	**(1,784,708)**
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	135,047	**(1,387,531)**
CASH AND CASH EQUIVALENTS BROUGHT FORWARD	1,723,073	**1,859,996**
EFFECT OF FOREIGN EXCHANGE RATE CHANGES	1,876	**1,550**
CASH AND CASH EQUIVALENTS CARRIED FORWARD	1,859,996	**474,015**
ANALYSIS OF THE BALANCES OF CASH AND CASH EQUIVALENTS		
— Bank balances and cash	1,860,108	**474,015**
— Bank overdrafts	(112)	**–**
	1,859,996	**474,015**

Note: Cash and cash equivalents comprise cash at banks and cash on hand, and deposits with banks subjected to insignificant risk of change in value, and with a maturity of three months or less from date of placing.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2022

1. General Information

Shenzhen Investment Holdings Bay Area Development Company Limited (the "Company") is an exempted company with limited liability incorporated in the Cayman Islands and its shares are listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). As at 31 December 2022, the Company's immediate holding company and ultimate holding company are Shenzhen Investment International Capital Holdings Infrastructure Co., Ltd. (深圳投控國際資本控股基建有限公司) ("SIICHIC"), a company incorporated in the British Virgin Islands with limited liability, and Shenzhen Investment Holdings Co., Ltd (深圳市投資控股有限公司) ("SIHC"), a company established in the PRC with limited liability, respectively.

The addresses of the registered office and principal place of business of the Company are disclosed in the section of corporate information in the annual report.

The Company is an investment holding company. Details of the principal activities of the principal subsidiaries and the joint ventures are set out in notes 36 and 21, respectively.

The Company's functional currency and presentation currency are Renminbi ("RMB").

2. Merger Accounting for Business Combination Involving an Entity Under Common Control

On 18 August 2022, the Company entered into a subscription agreement with Shenzhen Expressway Corporation Limited ("Shenzhen Expressway"), an intermediate holding company of the Company, pursuant to which the Company has conditionally agreed to inject RMB2,998,000,000 to Shenzhen Guangshen Coastal Expressway Investment Company Limited (the "Coastal Company") to obtain 51% of the enlarged equity interest in the Coastal Company, and the remaining 49% continue to be held by Shenzhen Expressway upon completion (the "Subscription"). The Subscription was settled by way of cash paid by the Group to the Coastal Company, which remains as bank balances of the Group.

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

The Subscription is accounted for as a business combination under common control as the Company and its subsidiaries (the "Group") and the Coastal Company are both controlled by SIHC before and after the Subscription and that control is not transitory.

The net assets of the Coastal Company 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.

2. Merger Accounting for Business Combination Involving an Entity Under Common Control (continued)

The consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows of the Group for the two years ended 31 December 2021 and 2022 include the results of operations, changes in equity and cash flows of the Coastal Company as if the current group structure upon completion of the Subscription had been in existence throughout the two years ended 31 December 2021 and 2022. The consolidated statement of financial position of the Group as at 31 December 2021 has been restated to include the assets and liabilities of the Coastal Company as if the current group structure had been in existence as at 31 December 2021.

(i) Effect on the consolidated statement of profit or loss and other comprehensive income for the year ended 31 December 2021:

	The Group (before business combination under common control) RMB'000 (audited and originally stated)*	**Effect of merger accounting for the Coastal Company** RMB'000	**Consolidated** RMB'000 (restated)
Revenue	–	613,511	613,511
Cost of sales	–	(356,038)	(356,038)
Gross profit	–	257,473	257,473
Other income	84,950	25,420	110,370
Other gain and loss	19,627	103	19,730
General and administrative expenses	(42,158)	(146)	(42,304)
Finance costs	(20,651)	(3,516)	(24,167)
Share of results of joint ventures	656,758	–	656,758
Profit before tax	698,526	279,334	977,860
Income tax expense	(80,440)	(78,890)	(159,330)
Profit for the year	618,086	200,444	818,530
Other comprehensive (expense) income			
Item that will not reclassified subsequently to profit or loss:			
Fair value loss on investment in equity instrument at fair value through other comprehensive income, net of tax	(9,810)	–	(9,810)
Item that may be reclassified subsequently to profit or loss:			
Exchange gain arising on translating foreign operations	46,870	–	46,870
Other comprehensive income for the year	37,060	–	37,060
Total comprehensive income for the year	655,146	200,444	855,590

2. Merger Accounting for Business Combination Involving an Entity Under Common Control (continued)

(i) Effect on the consolidated statement of profit or loss and other comprehensive income for the year ended 31 December 2021: (continued)

	The Group (before business combination under common control) RMB'000 (audited and originally stated)*	Effect of merger accounting for the Coastal Company RMB'000	Consolidated RMB'000 (restated)
Profit for the year attributable to:			
Owners of the Company	609,208	102,226	711,434
Non-controlling interests	8,878	98,218	107,096
	618,086	200,444	818,530
Total comprehensive income for the year attributable to:			
Owners of the Company	646,268	102,226	748,494
Non-controlling interests	8,878	98,218	107,096
	655,146	200,444	855,590

(ii) Effect on the consolidated statement of financial position as at 31 December 2021:

	The Group (before business combination under common control) RMB'000 (audited and originally stated)*	Effect of merger accounting for the Coastal Company RMB'000	Consolidated RMB'000 (restated)
ASSETS			
Non-current assets			
Property and equipment	1,768	311,319	313,087
Right-of-use assets	4,999	–	4,999
Construction in progress	–	4,742	4,742
Concession intangible assets	–	5,526,966	5,526,966
Other intangible assets	–	2,389	2,389
Interests in joint ventures	4,971,183	–	4,971,183
Equity instrument at fair value through other comprehensive income	20,100	–	20,100
Deposits paid for acquisition of property and equipment	–	455	455
Other receivables	–	450,000	450,000
Deferred tax assets	–	302,751	302,751
	4,998,050	6,598,622	11,596,672

2. Merger Accounting for Business Combination Involving an Entity Under Common Control (continued)

(ii) Effect on the consolidated statement of financial position as at 31 December 2021: (continued)

	The Group (before business combination under common control) RMB'000 (audited and originally stated)*	Effect of merger accounting for the Coastal Company RMB'000	Consolidated RMB'000 (restated)
Current assets			
Inventories	–	527	527
Trade and other receivables	6,356	651,450	657,806
Amount due from a joint venture	263,636	–	263,636
Structured deposits	351,381	–	351,381
Restructured deposits	–	12,972	12,972
Bank balances and cash	1,552,319	307,789	1,860,108
	2,173,692	972,738	3,146,430
Total assets	7,171,742	7,571,360	14,743,102

	The Group (before business combination under common control) RMB'000 (audited and originally stated)*	Effect of merger accounting for the Coastal Company RMB'000	Adjustments RMB'000	Consolidated RMB'000 (restated)
EQUITY AND LIABILITIES				
Capital and reserves				
Share capital	270,603	4,600,000	(4,600,000)	270,603
Reserves	4,785,775	1,880,291	1,424,657	8,090,723
Equity attributable to owners of the Company	5,056,378	6,480,291	(3,175,343)	8,361,326
Non-controlling interests	22,107	–	3,175,343	3,197,450
Total equity	5,078,485	6,480,291	–	11,558,776
Non-current liabilities				
Lease liabilities	3,335	–	–	3,335
Bank loans	1,053,922	–	–	1,053,922
Deferred tax liabilities	130,746	–	–	130,746
	1,188,003	–	–	1,188,003

2. Merger Accounting for Business Combination Involving an Entity Under Common Control (continued)

(ii) Effect on the consolidated statement of financial position as at 31 December 2021: (continued)

	The Group (before business combination under common control) RMB'000 (audited and originally stated)*	Effect of merger accounting for the Coastal Company RMB'000	Adjustments RMB'000	Consolidated RMB'000 (restated)
Current liabilities				
Trade and other payables	10,857	1,090,957	–	1,101,814
Lease liabilities	1,674	–	–	1,674
Bank overdrafts	–	112	–	112
Bank loans	882,353	–	–	882,353
Tax payables	10,370	–	–	10,370
	905,254	1,091,069	–	1,996,323
Total liabilities	2,093,257	1,091,069	–	3,184,326
Total equity and liabilities	7,171,742	7,571,360	–	14,743,102

2. Merger Accounting for Business Combination Involving an Entity Under Common Control (continued)

(iii) Effect on the consolidated statement of financial position as at 1 January 2021:

	The Group (before business combination under common control) RMB'000 (audited and originally stated)*	Effect of merger accounting for the Coastal Company RMB'000	Consolidated RMB'000 (restated)
ASSETS			
Non-current assets			
Property and equipment	2,111	327,966	330,077
Construction in progress	–	4,594	4,594
Concession intangible assets	–	5,756,796	5,756,796
Other intangible assets	–	2,866	2,866
Interests in joint ventures	4,673,688	–	4,673,688
Equity instrument at fair value through other comprehensive income	31,000	–	31,000
Deposits paid for acquisition of property and equipment	–	182	182
Other receivables	–	460,000	460,000
Deferred tax assets	–	381,641	381,641
Amount due from a joint venture	322,792	–	322,792
	5,029,591	6,934,045	11,963,636
Current assets			
Inventories	–	377	377
Trade and other receivables	1,753	4,294	6,047
Amount due from a joint venture	27,041	–	27,041
Structured deposits	801,503	–	801,503
Time deposit with original maturity over three months	240,000	–	240,000
Bank balances and cash	519,042	1,204,974	1,724,016
	1,589,339	1,209,645	2,798,984
Total assets	6,618,930	8,143,690	14,762,620

2. Merger Accounting for Business Combination Involving an Entity Under Common Control (continued)

(iii) Effect on the consolidated statement of financial position as at 1 January 2021: (continued)

	The Group (before business combination under common control) RMB'000 (audited and originally stated)*	**Effect of merger accounting for the Coastal Company** RMB'000	**Adjustments** RMB'000	**Consolidated** RMB'000 (restated)
EQUITY AND LIABILITIES				
Capital and reserves				
Share capital	270,603	4,600,000	(4,600,000)	270,603
Reserves	4,707,513	1,679,847	1,522,875	7,910,235
Equity attributable to owners of the Company	4,978,116	6,279,847	(3,077,125)	8,180,838
Non-controlling interests	23,586	–	3,077,125	3,100,711
Total equity	5,001,702	6,279,847	–	11,281,549
Non-current liabilities				
Other payables	–	268,321	–	268,321
Bank loans	754,002	–	–	754,002
Deferred tax liabilities	76,025	–	–	76,025
	830,027	268,321	–	1,098,348
Current liabilities				
Trade and other payables	316,285	1,594,579	–	1,910,864
Bank overdrafts	–	943	–	943
Bank loans	324,347	–	–	324,347
Tax payables	146,569	–	–	146,569
	787,201	1,595,522	–	2,382,723
Total liabilities	1,617,228	1,863,843	–	3,481,071
Total equity and liabilities	6,618,930	8,143,690	–	14,762,620

2. Merger Accounting for Business Combination Involving an Entity Under Common Control (continued)

(iv) Effect on the consolidated statement of cash flows for the year ended 31 December 2021:

	The Group (before business combination under common control) RMB'000 (audited and originally stated)*	**Effect of merger accounting for the Coastal Company** RMB'000	**Consolidated** RMB'000 (restated)
OPERATING ACTIVITIES			
Profit before tax	698,526	279,334	977,860
Adjustments for:			
Dividend income from equity instrument at fair value through other comprehensive income	(604)	–	(604)
Interest income	(75,310)	(24,475)	(99,785)
Investment income from structured deposits	(6,947)	–	(6,947)
Interest expense	20,566	3,516	24,082
Write back of unrealised loss related to partial disposal of a joint venture in prior year	(12,056)	–	(12,056)
Net exchange gain	(7,571)	–	(7,571)
Depreciation of property and equipment	887	35,548	36,435
Depreciation of right-of-use assets	147	–	147
Amortisation of intangible assets	–	183,870	183,870
Gain on disposal of property and equipment	–	(103)	(103)
Share of results of joint ventures	(656,758)	–	(656,758)
Operating cash flows before movements in working capital	(39,120)	477,690	438,570
Increase in inventories	–	(150)	(150)
Increase in trade and other receivables	(4,708)	(147,037)	(151,745)
Decrease (increase) in trade and other payables	12,407	(780,437)	(768,030)
Cash used in operating activities	(31,421)	(449,934)	(481,355)
Income tax paid, net	(151,627)	–	(151,627)
NET CASH USED IN OPERATING ACTIVITIES	(183,048)	(449,934)	(632,982)

2. Merger Accounting for Business Combination Involving an Entity Under Common Control (continued)

(iv) Effect on the consolidated statement of cash flows for the year ended 31 December 2021: (continued)

	The Group (before business combination under common control) RMB'000 (audited and originally stated)*	**Effect of merger accounting for the Coastal Company** RMB'000	**Consolidated** RMB'000 (restated)
INVESTING ACTIVITIES			
Withdrawal of structured deposits	1,495,000	–	1,495,000
Dividends received (net of PRC withholding tax)	777,048	–	777,048
Withdrawal of time deposits with original maturity over three months	240,000	–	240,000
Interest received	103,624	24,475	128,099
Investment income received from structured deposit	7,069	–	7,069
Placement of structured deposits	–	10,000	10,000
Advance to a joint venture	(1,045,000)	–	(1,045,000)
Purchases of property and equipment	(354,000)	–	(354,000)
Repayment from a fellow subsidiary	–	(500,119)	(500,119)
Increase in amount due from an intermediate holding company	–	(18,807)	(18,807)
Payment for construction in progress	–	(12,972)	(12,972)
Increase in restricted bank deposits	(544)	(413)	(957)
Purchase for intangible assets	–	(176)	(176)
NET CASH FROM (USED IN) INVESTING ACTIVITIES	1,223,197	(498,012)	725,185

2. Merger Accounting for Business Combination Involving an Entity Under Common Control (continued)

(iv) Effect on the consolidated statement of cash flows for the year ended 31 December 2021: (continued)

	The Group (before business combination under common control) RMB'000 (audited and originally stated)*	Effect of merger accounting for the Coastal Company RMB'000	Consolidated RMB'000 (restated)
FINANCING ACTIVITIES			
New bank loans raised	2,465,686	–	2,465,686
Bank loans repaid	–	27,345	27,345
Interest paid on bank loans	–	24,505	24,505
Repayment of lease liability	(1,575,163)	–	(1,575,163)
Interest paid on lease liability			
Dividends paid to:	(868,522)	–	(868,522)
— owners of the Company	(10,357)	–	(10,357)
— non-controlling interests of a subsidiary	(20,239)	(258)	(20,497)
Increase in amounts due to related parties	(137)	–	(137)
Increase in amount due to an intermediate holding company	(16)	–	(16)
NET CASH (USED IN) FROM FINANCING ACTIVITIES	(8,748)	51,592	42,844
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	1,031,401	(896,354)	135,047
CASH AND CASH EQUIVALENTS BROUGHT FORWARD	519,042	1,204,031	1,723,073
EFFECT OF FOREIGN EXCHANGE RATE CHANGES	1,876	–	1,876
CASH AND CASH EQUIVALENTS CARRIED FORWARD	1,552,319	307,677	1,859,996

(v) The effect of the restatement on the Group's basic earnings per share for the year ended 31 December 2021 is as follows:

	RMB cents
As audited and originally stated	19.77
Adjustments arising from merger accounting for the Coastal Company	3.32
Restated	23.09

* Certain figures (including the reclassification of depreciation as general and administrative expenses and deposits and prepayments as trade and other receivables) have been restated to conform with current year's classification and presentation.

3. Application of Amendments to International Financial Reporting Standards ("IFRSs")

Amendments to IFRSs that are mandatorily effective for the current year

In the current year, the Group has applied the following amendments to IFRSs issued by the International Accounting Standards Board ("IASB") for the first time, which are mandatorily effective for the Group's annual period beginning on 1 January 2022 for the preparation of the consolidated financial statements:

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

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

New and amendments to IFRSs in issue but not yet effective

The Group has not early applied the following new and amendments to IFRSs that have been issued but are not yet effective:

IFRS 17 (including the June 2020 and December 2021 Amendments to IFRS 17)	Insurance Contracts[1]
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[3]
Amendments to IFRS 16	Lease Liability in a Sale and Leaseback
Amendments to IAS 1	Classification of Liabilities as Current or Non-current[2]
Amendments to IAS 1	Non-current Liabilities with Covenants[2]
Amendments to IAS 1 and IFRS Practice Statement 2	Disclosure of Accounting Policies[1]
Amendments to IAS 8	Definition of Accounting Estimates[1]
Amendments to IAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction[1]

1 Effective for annual periods beginning on or after 1 January 2023.
2 Effective for annual periods beginning on or after 1 January 2024.
3 Effective for annual periods beginning on or after a date to be determined.

Except for the amendments to IFRSs mentioned below, the directors anticipate that the application of all other new and amendments to IFRSs will have no material impact on the consolidated financial statements in the foreseeable future.

3. Application of Amendments to International Financial Reporting Standards ("IFRSs") (continued)

New and amendments to IFRSs in issue but not yet effective (continued)

Amendments to IAS 1 "Classification of Liabilities as Current or Non-current" (the "2020 Amendments") and Amendments to IAS 1 "Non-current Liabilities with Covenants" (the "2022 Amendments")

The 2020 Amendments provide clarification and additional guidance on the assessment of right to defer settlement for at least twelve months from reporting date for classification of liabilities as current or non-current, which:

- clarify that if a liability has terms that could, at the option of the counterparty, result in its settlement by the transfer of the entity's own equity instruments, these terms do not affect its classification as current or non-current only if the entity recognises the option separately as an equity instrument applying IAS 32 "Financial Instruments: Presentation".

- specify that the classification of liabilities as current or non-current should be based on rights that are in existence at the end of the reporting period. Specifically, the amendments clarify that the classification should not be affected by management intentions or expectations to settle the liability within 12 months.

For rights to defer settlement for at least twelve months from reporting date which are conditional on the compliance with covenants, the requirements introduced by the 2020 Amendments have been modified by the 2022 Amendments. The 2022 Amendments specify that only covenants with which an entity is required to comply with on or before the end of the reporting period affect the entity's right to defer settlement of a liability for at least twelve months after the reporting date. Covenants which are required to comply with only after the reporting period do not affect whether that right exists at the end of the reporting period.

In addition, the 2022 Amendments specify the disclosure requirements about information that enables users of financial statements to understand the risk that the liabilities could become repayable within twelve months after the reporting period, if the entity classify liabilities arising from loan arrangements as non-current when the entity's right to defer settlement of those liabilities is subject to the entity complying with covenants within twelve months after the reporting period.

The 2022 Amendments also defer the effective date of applying the 2020 Amendments to annual reporting periods beginning on or after 1 January 2024. The 2022 Amendments, together with the 2020 Amendments, are effective for annual reporting periods beginning on or after 1 January 2024, with early application permitted. If an entity applies the 2020 amendments for an earlier period after the issue of the 2022 Amendments, the entity should also apply the 2022 Amendments for that period.

3. Application of Amendments to International Financial Reporting Standards ("IFRSs") (continued)

New and amendments to IFRSs in issue but not yet effective (continued)

Amendments to IAS 1 "Classification of Liabilities as Current or Non-current" (the "2020 Amendments") and Amendments to IAS 1 "Non-current Liabilities with Covenants" (the "2022 Amendments")(continued)

As at 31 December 2022, the Group's right to defer settlement for borrowings of RMB644,007,000 are subject to compliance with certain financial ratios within 12 months from the reporting date. Such borrowings were classified as non-current as the Group met such ratios at 31 December 2022. Upon the application of the 2022 Amendments, such borrowings will still be classified as non-current as the covenants which the Group is required to comply with only after the reporting period do not affect whether that right exists at the end of the reporting date and such borrowing will still be classified as non-current.

Except as described above, the application of the 2020 and 2022 Amendments will not affect the classification of the Group's other liabilities as at 31 December 2022.

Amendments to IAS 12 "Deferred Tax related to Assets and Liabilities arising from a Single Transaction"

The amendments narrow the scope of the recognition exemption of deferred tax liabilities and deferred tax assets in paragraphs 15 and 24 of IAS 12 "Income Taxes" so that it no longer applies to transactions that, on initial recognition, give rise to equal taxable and deductible temporary differences.

As disclosed in note 4 to the consolidated financial statements, for leasing transactions in which the tax deductions are attributable to the lease liabilities, the Group applies IAS 12 requirements to the relevant assets and liabilities as a whole. Temporary differences relating to relevant assets and liabilities are assessed on a net basis.

Upon the application of the amendments, the Group will recognise a deferred tax asset (to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised) and a deferred tax liability for all deductible and taxable temporary differences associated with the right-of-use assets and the lease liabilities.

The amendments are effective for the Group's annual reporting periods beginning on or after 1 January 2023, with early application permitted. As at 31 December 2022, the carrying amounts of right-of-use assets and lease liabilities which are subject to the amendments amounted to RMB21,872,000 and RMB22,757,000, respectively. The Group is still in the process of assessing the full impact of the application of the amendments. The cumulative effect of initially applying the amendments will be recognised as an adjustment to the opening balance of accumulated profits at the beginning of the earliest comparative period presented.

4. Basis of Preparation of Consolidated Financial Statements and Significant Accounting Policies

4.1 Basis of preparation of consolidated financial statements

Statement of compliance

The consolidated financial statements have been prepared in accordance with IFRSs issued by the IASB. For the purpose of preparation of the consolidated financial statements, information is considered material if such information is reasonably expected to influence decisions made by primary users. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange ("Listing Rules") and by the Hong Kong Companies Ordinance.

Going concern assessment

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.

Basis of preparation

The consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments that are measured at fair values at the end of each reporting period, as explained in the accounting policies set out below.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of IFRS 2 "Share-based Payment", leasing transactions that are accounted for in accordance with IFRS 16 "Leases", and measurements that have some similarities to fair value but are not fair value, such as net realisable value in IAS 2 "Inventories" or value in use in IAS 36 "Impairment of Assets".

For financial instruments which are transacted at fair value and a valuation technique that unobservable inputs are to be used to measure fair value in subsequent periods, the valuation technique is calibrated so that at initial recognition the results of the valuation technique equals the transaction price.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;

- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and

- Level 3 inputs are unobservable inputs for the asset or liability.

4. Basis of Preparation of Consolidated Financial Statements and Significant Accounting Policies (continued)

4.2 Significant accounting policies

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company and its subsidiaries. Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Group gains control until the date when the Group ceases to control the subsidiary.

Profit or loss and each item of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Non-controlling interests in subsidiaries are presented separately from the Group's equity therein, which represent present ownership interests entitling their holders to a proportionate share of net assets of the relevant subsidiaries upon liquidation.

Merger accounting for business combination involving businesses under common control

The consolidated financial statements incorporate the financial statements items of the combining businesses in which the common control combination occurs as if they had been combined from the date when the combining businesses first came under the control of the controlling party.

The net assets of the combining businesses are consolidated using the existing book values from the controlling party's perspective. No amount is recognised in respect of goodwill or bargain purchase gain at the time of common control combination.

4. Basis of Preparation of Consolidated Financial Statements and Significant Accounting Policies (continued)

4.2 Significant accounting policies (continued)

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

The consolidated statement of profit or loss and other comprehensive income includes the results of each of the combining businesses from the earliest date presented or since the date when the combining businesses first came under the common control, where this is a shorter period.

The comparative amounts in the consolidated financial statements are presented as if the businesses had been combined at the beginning of the previous reporting period or when they first came under common control, whichever is shorter.

Interests in joint ventures

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

The results and assets and liabilities of joint ventures are incorporated in these consolidated financial statements using the equity method of accounting. The financial statements of joint ventures used for equity accounting purposes are prepared using uniform accounting policies as those of the Group for like transactions and events in similar circumstances. Appropriate adjustments have been made to conform the joint venture's accounting policies to those of the Group. Under the equity method, an investment in a joint venture is initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the joint venture. Changes in net assets of the joint venture other than profit or loss and other comprehensive income are not accounted for unless such changes resulted in changes in ownership interest held by the Group. When the Group's share of losses of a joint venture exceeds the Group's interest in that joint venture (which includes any long-term interests that, in substance, form part of the Group's net investment in the joint venture), the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the joint venture.

An investment in a joint venture is accounted for using the equity method from the date on which the investee becomes a joint venture. On acquisition of the investment in a joint venture, any excess of the cost of the investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill, which is included within the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognised immediately in profit or loss in the period in which the investment is acquired.

The Group assesses whether there is an objective evidence that the interest in a joint venture may be impaired. When any objective evidence exists, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with IAS 36 as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs of disposal) with its carrying amount. Any impairment recognised is not allocated to any asset, including goodwill, that forms part of the carrying amount of the investment. Any reversal of that impairment is recognised in accordance with IAS 36 to the extent that the recoverable amount of the investment subsequently increases.

4. Basis of Preparation of Consolidated Financial Statements and Significant Accounting Policies (continued)

4.2 Significant accounting policies (continued)

Interests in joint ventures (continued)

When the Group ceases to have joint control over a joint venture, it is accounted for as a disposal of the entire interest in the investee with a resulting gain or loss being recognised in profit or loss. When the Group retains an interest in the former joint venture and the retained interest is a financial asset within the scope of IFRS 9 "Financial Instruments", the Group measures the retained interest at fair value at that date and the fair value is regarded as its fair value on initial recognition. The difference between the carrying amount of the joint venture and the fair value of any retained interest and any proceeds from disposing of the relevant interest in the joint venture is included in the determination of the gain or loss on disposal of the joint venture. In addition, the Group accounts for all amounts previously recognised in other comprehensive income in relation to that joint venture on the same basis as would be required if that joint venture had directly disposed of the related assets or liabilities. Therefore, if a gain or loss previously recognised in other comprehensive income by that joint venture would be reclassified to profit or loss on the disposal of the related assets or liabilities, the Group reclassifies the gain or loss from equity to profit or loss (as a reclassification adjustment) upon partial disposal of the relevant joint venture.

When the Group reduces its ownership interest in a joint venture but the Group continues to use the equity method, the Group reclassifies to profit or loss the proportion of the gain or loss that had previously been recognised in other comprehensive income relating to that reduction in ownership interest if that gain or loss would be reclassified to profit or loss on the disposal of the related assets or liabilities.

The Group has incurred additional development expenditure for the construction and development of the toll expressways operated by the joint ventures, which were not accounted for by those entities. Such cost are included in additional cost of investments in joint ventures and are amortised over the joint venture period on the same basis as that adopted by the relevant joint ventures in respect of amortisation of its project cost, commencing from the date of operation of the project undertaken. On disposal of a joint venture, the attributable amount of the unamortised additional cost of investments is included in the determination of the profit or loss on disposal.

When a group entity transacts with a joint venture of the Group, profits and losses resulting from the transactions with the joint venture are recognised in the Group's consolidated financial statements only to the extent of interests in the joint venture that are not related to the Group.

4. Basis of Preparation of Consolidated Financial Statements and Significant Accounting Policies (continued)

4.2 Significant accounting policies (continued)

Property and equipment

Property and equipment are tangible assets that are held for use in the supply of goods or services, or for administrative purposes. Property and equipment are stated in the consolidated statement of financial position at cost less subsequent accumulated depreciation and subsequent accumulated impairment losses, if any.

Depreciation is recognised so as to write off the cost of assets over their estimated useful lives, using the straight-line method. The estimated useful lives and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

An item of property and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

Construction in progress

The cost of construction in progress is determined according to the actual expenditure for the construction, including all necessary construction expenditure incurred during the construction period, borrowing costs that should be capitalised before the construction is ready for its intended use and other relevant expenses. The amount is carried at cost, less any recognised impairment loss. Construction in progress is transferred to property and equipment or intangible assets when the asset is ready for its intended use. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

Concession intangible assets

Concession intangible assets with finite useful lives are carried at costs less accumulated amortisation and any accumulated impairment losses.

Concession intangible assets refer to the rights granted by the respective concession grantors, which entitle the Group to receive the toll fees from users.

When the Group has a right to charge for usage of concession infrastructure (as a consideration for providing construction service in a service concession arrangement), it recognises an intangible asset at fair value upon initial recognition. The concession intangible assets of the toll road that the Group has delivered but not yet completed the final settlement account are temporarily estimated based on the book value of the toll road project. When the final account is completed, the book value will be adjusted to the actual value.

4. Basis of Preparation of Consolidated Financial Statements and Significant Accounting Policies (continued)

4.2 Significant accounting policies (continued)

Concession intangible assets (continued)

When toll roads are ready for their intended use, amortisation of the intangible assets is calculated based on the traffic volume amortisation method. Amortisation is provided on projected units-of-usage, which is calculated based on the total projected traffic volume during the operating period of the concessions and the book value of the concession intangible assets combined with the actual traffic volume during each accounting period.

Subsequent expenditures incurred for the toll roads are included in the cost of the concession intangible assets when it is probable that the associated economic benefits will flow to the Group and the related cost can be reliably measured. All the other subsequent expenditures are recognised in profit or loss in the period in which they are incurred.

Revenue from contracts with customers

The Group recognises revenue when (or as) a performance obligation is satisfied, i.e. when "control" of the goods or services underlying the particular performance obligation is transferred to the customer.

A performance obligation represents a good or service (or a bundle of goods or services) that is distinct or a series of distinct goods or services that are substantially the same.

Control is transferred over time and revenue is recognised over time by reference to the progress towards complete satisfaction of the relevant performance obligation if one of the following criteria is met:

- the customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs;
- the Group's performance creates or enhances an asset that the customer controls as the Group performs; or
- the Group's performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

Otherwise, revenue is recognised at a point in time when the customer obtains control of the distinct good or service.

Toll revenue is from operating toll roads, and is recognised in accordance with the amount collected and receivable when a vehicle is passing through.

4. Basis of Preparation of Consolidated Financial Statements and Significant Accounting Policies (continued)

4.2 Significant accounting policies (continued)

Revenue from contracts with customers (continued)

Over time revenue recognition: measurement of progress towards complete satisfaction of a performance obligation

Input method

The progress towards complete satisfaction of a performance obligation is measured based on input method, which is to recognise revenue on the basis of the Group's efforts or inputs to the satisfaction of a performance obligation relative to the total expected inputs to the satisfaction of that performance obligation, that best depict the Group's performance in transferring control of goods or services.

Construction revenue is determined by reference to the performance progress and recognised according to the proportion of the cost incurred to the estimated total cost.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets until such time as the assets are substantially ready for their intended use or sale.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

Leases

Definition of a lease

A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

For contracts entered into or modified on or after the date of initial application of IFRS 16 or arising from business combinations, the Group assesses whether a contract is or contains a lease based on the definition under IFRS 16 at inception, modification date or acquisition date, as appropriate. Such contract will not be reassessed unless the terms and conditions of the contract are subsequently changed.

4. Basis of Preparation of Consolidated Financial Statements and Significant Accounting Policies (continued)

4.2 Significant accounting policies (continued)

Leases (continued)

The Group as a lessee

Short-term leases

The Group applies the short-term lease recognition exemption to leases of car parks, office and staff quarters that have a lease term of 12 months or less from the commencement date and do not contain a purchase option. Lease payments on short-term leases are recognised as expense on a straight-line basis over the lease term.

Right-of-use asset

The cost of right-of-use asset includes:

- the amount of the initial measurement of the lease liability; and
- any initial direct costs incurred by the Group.

Right-of-use asset is measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liability.

Right-of-use asset in which the Group is reasonably certain to obtain ownership of the underlying leased asset at the end of the lease term is depreciated from commencement date to the end of the useful life. Otherwise, right-of-use asset is depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term.

The Group presents right-of-use asset as a separate line item on the consolidated statement of financial position.

Refundable rental deposit

Refundable rental deposit paid is accounted under IFRS 9 and initially measured at fair value. Adjustments to fair value at initial recognition are considered as additional lease payments and included in the cost of right-of-use asset.

Lease liability

At the commencement date of a lease, the Group recognises and measures the lease liability at the present value of lease payments that are unpaid at that date. In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable.

The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable.

After the commencement date, lease liability is adjusted by interest accretion and lease payments.

The Group presents lease liability as a separate line item on the consolidated statement of financial position.

4. Basis of Preparation of Consolidated Financial Statements and Significant Accounting Policies (continued)

4.2 Significant accounting policies (continued)

Leases (continued)

The Group as a lessee (continued)

Lease modifications

The Group accounts for a lease modification as a separate lease if:

- the modification increases the scope of the lease by adding the right to use one or more underlying assets; and

- the consideration for the leases increases by an amount commensurate with the stand-alone price for the increase in scope and any appropriate adjustments to that stand-alone price to reflect the circumstances of the particular contract.

For a lease modification that is not accounted for as a separate lease, the Group remeasures the lease liability based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

The Group accounts for the remeasurement of lease liability by making corresponding adjustments to the relevant right-of-use asset.

The Group as a lessor

Leases for which the Group is a lessor are classified as finance or operating leases. Whenever the terms of the lease transfer substantially all the risks and rewards incidental to ownership of an underlying asset to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

Rental income from operating leases is recognised in profit or loss on a straight-line basis over the term of the relevant lease.

Cash and cash equivalents

Cash and cash equivalents presented on the consolidated statement of financial position include:

(a) cash, which comprises of cash on hand and demand deposits, excluding bank balances that are subject to regulatory restrictions that result in such balances no longer meeting the definition of cash; and

(b) cash equivalents, which comprises of short-term (generally with original maturity of three months or less), highly liquid investments that are readily convertible to a known amount of cash and which are subject to an insignificant risk of changes in value. Cash equivalents are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes.

For the purposes of the consolidated statement of cash flows, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts which are repayable on demand and form an integral part of the Group's cash management. Such overdrafts are presented as short-term borrowings in the consolidated statement of financial position.

4. Basis of Preparation of Consolidated Financial Statements and Significant Accounting Policies (continued)

4.2 Significant accounting policies (continued)

Inventories

Inventories are stated at the lower of cost and net realisable value. Costs of inventories are determined on a first-in, first-out method. Costs necessary to make the sale include incremental costs directly attributable to the sale and non-incremental costs which the Group must incur to make the sale.

Government grants

Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received.

Government grants related to income that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in profit or loss in the period in which they become receivable. Such grants are presented under "other income".

Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency of that entity (foreign currencies) are recognised at the rates of exchange prevailing on the dates of the transactions. At the end of the reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are recognised in profit or loss in the period in which they arise, except for exchange differences on monetary items receivable from or payable to a foreign operation for which settlement is neither planned nor likely to occur (therefore forming part of the net investment in the foreign operation), which are recognised initially in other comprehensive income and reclassified from equity to profit or loss on disposal or partial disposal of the Group's interests in associates/joint ventures.

For the purposes of presenting the consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated into the presentation currency of the Group (i.e. RMB) using exchange rates prevailing at the end of each reporting period. Income and expenses items are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during the period, in which case the exchange rates at the dates of transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity under the heading of translation reserve.

On the disposal of a foreign operation (that is, a disposal of the Group's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation, or a partial disposal of an interest in a joint arrangement that includes a foreign operation of which the retained interest becomes a financial asset), all of the exchange differences accumulated in equity in respect of that operation attributable to the owners of the Company are reclassified to profit or loss.

4. Basis of Preparation of Consolidated Financial Statements and Significant Accounting Policies (continued)

4.2 Significant accounting policies (continued)

Retirement benefit costs

Payments to defined contribution retirement benefit schemes are recognised as an expense when employees have rendered service entitling them to the contributions.

Short-term employee benefits

Short-term employee benefits are recognised at the undiscounted amount of the benefits expected to be paid as and when employees rendered the services. All short-term employee benefits are recognised as an expense unless another IFRS requires or permits the inclusion of the benefit in the cost of an asset.

A liability is recognised for benefits accruing to employees after deducting any amount already paid.

Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on the taxable profit for the year. Taxable profit differs from profit before tax because of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantially enacted by the end of the reporting period.

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset is realised, based on tax rate (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

4. Basis of Preparation of Consolidated Financial Statements and Significant Accounting Policies (continued)

4.2 Significant accounting policies (continued)

Taxation (continued)

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

For the purposes of measuring deferred tax for leasing transactions in which the Group recognises the right-of-use asset and the related lease liability, the Group first determines whether the tax deductions are attributable to the right-of-use asset or the lease liability.

For leasing transactions in which the tax deductions are attributable to the lease liabilities, the Group applies IAS 12 "Income Taxes" requirements to the leasing transaction as a whole. Temporary differences relating to right-of-use assets and lease liabilities are assessed on a net basis. Excess of depreciation on right-of-use assets over the lease payments for the principal portion of lease liabilities results in net deductible temporary differences.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied to the same taxable entity by the same taxation authority.

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

Financial instruments

Financial assets and financial liabilities are recognised when a group entity becomes a party to the contractual provisions of the instrument. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the market place.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets or financial liabilities at fair value through profit or loss ("FVTPL")) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at FVTPL are recognised immediately in profit or loss.

The effective interest method is a method of calculating the amortised cost of a financial asset or financial liability and of allocating interest income and interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts and payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset or financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

4. Basis of Preparation of Consolidated Financial Statements and Significant Accounting Policies (continued)

4.2 Significant accounting policies (continued)

Financial instruments (continued)

Financial assets

Classification and subsequent measurement of financial assets

Financial assets that meet the following conditions are subsequently measured at amortised cost:

- the financial asset is held within a business model whose objective is to collect contractual cash flows; and

- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets that meet the following conditions are subsequently measured at fair value through other comprehensive income ("FVTOCI"):

- the financial asset is held within a business model whose objective is achieved by both selling and collecting contractual cash flows; and

- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All other financial assets are subsequently measured at FVTPL, except that at initial recognition of a financial asset the Group may irrevocably elect to present subsequent changes in fair value of an equity investment in other comprehensive income if that equity investment is neither held for trading nor contingent consideration recognised by an acquirer in a business combination to which IFRS 3 "Business Combinations" applies.

Amortised cost and interest income

Interest income is recognised using the effective interest method for financial assets measured subsequently at amortised cost. For financial instruments other than purchased or originated credit-impaired financial assets, interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired (see below). For financial assets that have subsequently become credit-impaired, interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset from the next reporting period. If the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset from the beginning of the reporting period following the determination that the asset is no longer credit-impaired.

4. Basis of Preparation of Consolidated Financial Statements and Significant Accounting Policies (continued)

4.2 Significant accounting policies (continued)

Financial instruments (continued)

Financial assets (continued)

Classification and subsequent measurement of financial assets (continued)

Equity instruments designated as at FVTOCI

Investments in equity instruments at FVTOCI are subsequently measured at fair value with gains and losses arising from changes in fair value recognised in other comprehensive income and accumulated in the investment revaluation reserve; and are not subject to impairment assessment. The cumulative gain or loss will not be reclassified to profit or loss on disposal of the equity investments, and will be transferred to retained profits.

Dividends from these investments in equity instruments are recognised in profit or loss when the Group's right to receive the dividends is established, unless the dividends clearly represent a recovery of part of the cost of the investment. Dividends are included in the "other income" line item in profit or loss.

Financial assets at FVTPL

Financial assets that do not meet the criteria for being measured at amortised cost or FVTOCI or designated as FVTOCI are measured at FVTPL.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any fair value gains or losses recognised in profit or loss. The net gain or loss recognised in profit or loss excludes any dividend or interest earned on the financial asset and is included in the "other income" line item.

Impairment of financial assets

The Group performs impairment assessment under expected credit loss ("ECL") model on financial assets (including trade and other receivables, amount due from a joint venture, restricted bank deposits and bank balances and cash) and other item (financial guarantee contract) which are subject to impairment assessment under IFRS 9. The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition.

Lifetime ECL represents the ECL that will result from all possible default events over the expected life of the relevant instrument. In contrast, 12-month ECL represents the portion of lifetime ECL that is expected to result from default events that are possible within 12 months after the reporting date. Assessments are done based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current conditions at the reporting date as well as the forecast of future conditions.

The Group always recognises lifetime ECL for trade receivables. The ECL on these assets are assessed individually.

For all other financial instruments, the Group measures the loss allowance equal to 12-month ECL, unless there has been a significant increase in credit risk since initial recognition, in which case the Group recognises lifetime ECL. The assessment of whether lifetime ECL should be recognised is based on significant increases in the likelihood or risk of a default occurring since initial recognition.

4. Basis of Preparation of Consolidated Financial Statements and Significant Accounting Policies (continued)

4.2 Significant accounting policies (continued)

Financial instruments (continued)

Financial assets (continued)

Impairment of financial assets (continued)

Significant increase in credit risk

In assessing whether the credit risk has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly:

- an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;
- significant deterioration in external market indicators of credit risk, e.g. a significant increase in the credit spread, the credit default swap prices for the debtor;
- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;
- an actual or expected significant deterioration in the operating results of the debtor;
- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

Irrespective of the outcome of the above assessment, the Group presumes that the credit risk has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

For financial guarantee contract, the date that the Group becomes a party to the irrevocable commitment is considered to be the date of initial recognition for the purposes of assessing impairment. In assessing whether there has been a significant increase in the credit risk since initial recognition of financial guarantee contract, the Group considers the changes in the risk that the specified debtor will default on the contract.

The Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

4. Basis of Preparation of Consolidated Financial Statements and Significant Accounting Policies (continued)

4.2 Significant accounting policies (continued)

Financial instruments (continued)

Financial assets (continued)

Impairment of financial assets (continued)

Definition of default

For internal credit risk management, the Group considers an event of default occurs when information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collaterals held by the Group).

Irrespective of the above, the Group considers that default has occurred when a financial asset is more than 90 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

Credit-impaired financial assets

A financial asset is credit-impaired when one or more events of default that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

- significant financial difficulty of the issuer or the borrower;
- a breach of contract, such as a default or past due event;
- the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider; or
- it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation.

Write-off policy

The Group writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, for example, when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. A write-off constitutes a derecognition event. Any subsequent recoveries are recognised in profit or loss.

Measurement and recognition of ECL

The measurement of ECL is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data and forward-looking information. Estimation of ECL reflects an unbiased and probability-weighted amount that is determined with the respective risks of default occurring as the weights.

Generally, the ECL is the difference between all contractual cash flows that are due to the Group in accordance with the contract and the cash flows that the Group expects to receive, discounted at the effective interest rate determined at initial recognition.

4. Basis of Preparation of Consolidated Financial Statements and Significant Accounting Policies (continued)

4.2 Significant accounting policies (continued)

Financial instruments (continued)

Financial assets (continued)

Impairment of financial assets (continued)

Measurement and recognition of ECL (continued)

For a financial guarantee contract, the Group is required to make payments only in the event of a default by the debtor in accordance with the terms of the instrument that is guaranteed. Accordingly, the ECL is the present value of the expected payments to reimburse the holder for a credit loss that it incurs less any amounts that the Group expects to receive from the holder, the debtor or any other party.

For ECL on financial guarantee contract for which the effective interest rate cannot be determined, the Group will apply a discount rate that reflects the current market assessment of the time value of money and the risks that are specific to the cash flows but only if, and to the extent that, the risks are taken into account by adjusting the discount rate instead of adjusting the cash shortfalls being discounted.

Interest income is calculated based on the gross carrying amount of the financial asset unless the financial asset is credit-impaired, in which case interest income is calculated based on amortised cost of the financial asset.

Except for financial guarantee contract, the Group recognises an impairment gain or loss in profit or loss for all financial instruments by adjusting their carrying amount.

Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit and loss.

On derecognition of an investment in equity instrument which the Group has elected on initial recognition to measure at FVTOCI, the cumulative gain or loss previously accumulated in the investment revaluation reserve is not reclassified to profit or loss, but is transferred to retained profits.

4. Basis of Preparation of Consolidated Financial Statements and Significant Accounting Policies (continued)

4.2 Significant accounting policies (continued)

Financial instruments (continued)

Financial liabilities and equity

Classification as debt or equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. Equity instruments issued by the Company are recognised at the proceeds received, net of direct issue costs.

Financial liabilities

All financial liabilities including trade and other payables, bank overdrafts, bank loans and dividend payables are subsequently measured at amortised cost, using the effective interest method.

Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payments when due in accordance with the terms of a debt instrument. Financial guarantee contract liabilities are measured initially at their fair values. It is subsequently measured at the higher of:

- the amount of the loss allowance determined in accordance with IFRS 9; and
- the amount initially recognised less, where appropriate, cumulative amortisation recognised over the guarantee period.

Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

4. Basis of Preparation of Consolidated Financial Statements and Significant Accounting Policies (continued)

4.2 Significant accounting policies (continued)

Impairment on property and equipment, right-of-use assets and concession intangible assets

At the end of the reporting period, the Group reviews the carrying amounts of its property and equipment, right-of-use assets and concession intangible assets to determine whether there is any indication that those assets have suffered an impairment. If any such indication exists, the recoverable amount of the relevant asset is estimated in order to determine the extent of the impairment (if any).

The recoverable amount of property and equipment, right-of-use assets and concession intangible assets are estimated individually. When it is not possible to estimate the recoverable amount individually, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

In testing a cash-generating unit for impairment, corporate assets are allocated to the relevant cash-generating unit when a reasonable and consistent basis of allocation can be established, or otherwise they are allocated to the smallest group of cash generating units for which a reasonable and consistent allocation basis can be established. The recoverable amount is determined for the cash-generating unit or group of cash-generating units to which the corporate asset belongs, and is compared with the carrying amount of the relevant cash-generating unit or group of cash-generating units.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset (or a cash-generating unit) for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or a cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or a cash-generating unit) is reduced to its recoverable amount. For corporate assets or portion of corporate assets which cannot be allocated on a reasonable and consistent basis to a cash-generating unit, the Group compares the carrying amount of a group of cash-generating units, including the carrying amounts of the corporate assets or portion of corporate assets allocated to that group of cash-generating units, with the recoverable amount of the group of cash-generating units. In allocating the impairment loss, the impairment is allocated first to reduce the carrying amount of any goodwill (if applicable) and then to the other assets on a pro-rata basis based on the carrying amount of each asset in the unit or the group of cash-generating units. The carrying amount of an asset is not reduced below the highest of its fair value less costs of disposal (if measurable), its value in use (if determinable) and zero. The amount of the impairment that would otherwise have been allocated to the asset is allocated pro rata to the other assets of the unit or the group of cash-generating units. An impairment is recognised immediately in profit or loss.

Where an impairment subsequently reverses, the carrying amount of the asset (or cash-generating unit or a group of cash-generating units) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment been recognised for the asset (or a cash-generating unit or a group of cash-generating units) in prior years. A reversal of an impairment is recognised immediately in profit or loss.

5. Critical Accounting Judgements and Key Sources of Estimation Uncertainty

In the application of the Group's accounting policies, which are described in note 4, the Directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the year in which the estimate is revised if the revision affects only that period, or in the year of the revision and future periods if the revision affects both current and future periods.

Critical judgements in applying accounting policies

The followings are the critical judgements, apart from those involving estimations, that the Directors have made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in the consolidated financial statements.

Classification of Guangzhou-Shenzhen-Zhuhai Superhighway Company Limited ("GS JV"), Guangdong Guangzhou-Zhuhai West Superhighway Company Limited ("GZ West JV") and Guangzhou Zhentong Development Company Limited (廣州臻通實業發展有限公司) ("Xintang JV") as joint ventures

All GS JV, GZ West JV and Xintang JV are limited liability companies whose legal form confers separation between the parties to the joint arrangement and the Company itself. Furthermore, there are no contractual arrangements or any other facts and circumstances that specify that the parties to the joint arrangement have rights to the assets and obligations for the liabilities of the joint arrangement. Accordingly, GS JV, GZ West JV and Xintang JV are classified as joint ventures of the Group. Details are set out in note 21.

Key sources of estimation uncertainty

The followings are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting periods that may have a significant risk of causing a material adjustment to the carrying amounts of assets within the next financial year.

Interests in joint ventures/share of results of joint ventures

(i) Amortisation of concession intangible assets of the joint ventures

Amortisation of concession intangible assets of the joint ventures of the Group is calculated based on units-of-usage basis, i.e. the ratio of actual traffic volume of the underlying toll expressways for a particular period over the total expected traffic volume of the underlying toll expressways over the remaining concession periods of the service concession agreements. The total expected traffic volume over the remaining concession period was estimated by the management with reference to a traffic volume forecast report prepared by a third party traffic consultant in past year taken into consideration of various factors such as the annual growth rate of the traffic volume, the actual traffic volume in the recent periods, the change of the transportation network of the region and government policies relating to the toll expressway operation in the PRC. As part of the established policy of the Group, the management has reviewed the total expected traffic volume at the end of the reporting periods. Adjustments may need to be made to the carrying amounts of concession intangible assets should there be a material difference between the total expected traffic volume and the actual results.

5. Critical Accounting Judgements and Key Sources of Estimation Uncertainty (continued)

Key sources of estimation uncertainty (continued)

Interests in joint ventures/share of results of joint ventures (continued)

(i) Amortisation of concession intangible assets of the joint ventures (continued)

As at 31 December 2022, the interests in joint ventures amounted to RMB4,519,423,000 (2021: RMB4,971,183,000) and the share of results of joint ventures for the year then ended 31 December 2022 amounted to RMB353,561,000 (2021: RMB656,758,000). Included in the share of results of joint ventures was an amount of RMB560,747,000 (2021: RMB639,763,000), which represented the share of amortisation of concession intangible assets of the joint ventures of the Group. The management considers that the amortisation is calculated by reference to the best estimates of the total expected traffic volumes of the underlying toll expressways and they should not be materially different from the actual traffic volumes in future.

(ii) Resurfacing obligations of the joint ventures

The joint ventures of the Group have contractual obligations under the contractual service arrangements to maintain the toll expressways to a specified level of serviceability over the respective concession periods. These obligations to maintain or restore the toll expressways, except for upgrade services, are to be recognised and measured as resurfacing obligations. Resurfacing obligations had been made at the present value of expenditures expected to be incurred by the joint ventures to settle the obligations.

As at 31 December 2022, the interests in joint ventures amounted to RMB4,519,423,000 (2021: RMB4,971,183,000) and share of results of joint ventures for the year then ended 31 December 2022 amounted to RMB353,561,000 (2021: RMB656,758,000). Based on the proportion of the Group's interests over the joint ventures, an amount of RMB293,999,000 (2021: RMB276,056,000) relates to represented the resurfacing obligations of the joint ventures.

The provision at the end of the reporting period is determined based on the number of major resurfacing works to be undertaken over the concession periods under the service concession agreements and the expected costs to be incurred for each event. The costs are then discounted to the present value based on a pre-tax discount rate to derive the provision amount.

The expected costs for maintenance and resurfacing and the timing of such events to take place involve estimates made by the management, which were based on the resurfacing plans of the Group, historical costs incurred for similar activities and the latest quotations from the service provider.

If the expected expenditures, resurfacing plans and discount rate were different from the management's current estimates, the change in resurfacing obligations is required to be accounted for prospectively.

The management is of the view that the discount rate currently used in the current estimate should reflect the time value of money and the risks specific to the obligations.

5. Critical Accounting Judgements and Key Sources of Estimation Uncertainty (continued)

Key sources of estimation uncertainty (continued)

Amortisation of concession intangible assets of the Coastal Company

Amortisation of concession intangible assets of the Coastal Company of the Group is calculated based on units-of-usage basis, i.e. the ratio of actual traffic volume of the underlying toll expressway for a particular period over the total expected traffic volume of the underlying toll expressway over the remaining concession period of the service concession agreement. The total expected traffic volume over the remaining concession period was estimated by the management with reference to a report prepared by a third party traffic consultant in past year taken into consideration of various factors such as the annual growth rate of the traffic volume, the actual traffic volume in the recent periods, the change of the transportation network of the region and government policies relating to the toll expressway operation in the PRC. As part of the established policy of the Group, the management has reviewed the total expected traffic volume at the end of the reporting periods. Adjustments may need to be made to the carrying amounts of concession intangible assets should there be a material difference between the total expected traffic volume and the actual results.

As at 31 December 2022, the concession intangible assets of the Group amounted to RMB5,675,057,000 (2021: RMB5,526,966,000) and the amortisation of concession intangible assets for the year ended 31 December 2022 amounted to RMB159,346,000 (2021: RMB183,217,000). The management considers that the amortisation is calculated by reference to the best estimates of the total expected traffic volumes of the underlying toll expressway and they should not be materially different from the actual traffic volumes in future.

6. Segment Information

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

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

— Shenzhen Section of Coastal Expressway ("Coastal Expressway (Shenzhen Section)")

— Guangzhou — Shenzhen Superhighway ("GS Superhighway")

— Guangzhou — Zhuhai West Superhighway ("GZ West Superhighway")

— Xintang Interchange

6. Segment Information (continued)

Information regarding the above segments is reported below.

Segment revenue and results

	2021 (restated)					2022				
	Segment revenue RMB'000	EBITDA RMB'000	Depreciation and amortisation RMB'000	Interest and tax RMB'000	Segment results RMB'000	Segment revenue RMB'000	EBITDA RMB'000	Depreciation and amortisation RMB'000	Interest and tax RMB'000	Segment results RMB'000
Toll expressway projects										
GS Superhighway	1,289,560	1,193,530	(468,721)	(258,666)	466,143	1,016,109	940,532	(426,114)	(196,748)	317,670
GZ West Superhighway	665,803	560,385	(237,528)	(159,973)	162,884	522,389	412,197	(200,994)	(117,324)	93,879
Coastal Expressway	591,111	502,268	(219,418)	(82,406)	200,444	481,038	387,942	(180,737)	(118,392)	88,813
	2,546,474	2,256,183	(925,667)	(501,045)	829,471	2,019,536	1,740,671	(807,845)	(432,464)	500,362
Land development and utilisation project										
Xintang Interchange	18,632	(5,329)	(90)	(24,706)	(30,125)	30,521	7,214	(160)	(12,603)	(5,549)
Total	2,565,106	2,250,854	(925,757)	(525,751)	799,346	2,050,057	1,747,885	(808,005)	(445,067)	494,813
Corporate interest income from bank deposits					36,325					33,802
Corporate investment income from structured deposits					6,947					9,385
Corporate interest income from loans made by the Group to a joint venture					38,985					16,105
Other income and other gain					14,749					6,802
Corporate general and administrative expenses and depreciation					(42,158)					(77,895)
Corporate finance costs					(20,651)					(58,507)
Corporate income tax expense					(40,303)					(8,284)
Net exchange gain (loss) (net of related income tax) (Note)					25,290					(89,480)
Profit for the year					818,530					326,741
Profit for the year attributable to non-controlling interests					(107,096)					(48,169)
Profit for the year attributable to owners of the Company					711,434					278,572

Note: Net exchange (loss) gain (net of related income tax) is composed of the Group's share of the exchange loss (net of related income tax) of a joint venture of RMB74,849,000 (2021: gain of RMB17,719,000) and the net exchange loss of the Group of RMB14,631,000 (2021: gain of RMB7,571,000).

The segment revenue represents the Group's toll revenue received and receivable (net of value-added tax) from the operations of a toll expressway and the Group's share of joint ventures' toll revenue received and receivable (net of value-added tax) from the operations of toll expressways and revenue from sales of properties received and receivable (net of value-added tax) from land development and utilisation project in the PRC based on the profit-sharing ratios specified in the relevant joint venture agreements but excludes the Group's construction revenue of RMB308,663,000 (2021: RMB22,400,000). All of the segment revenue reported above is earned from external customers.

6. Segment Information (continued)

Segment revenue and results (continued)

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

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

	2021 RMB'000 (restated)	***2022 RMB'000***
Total segment results	799,346	**494,813**
Add:		
Net exchange gain (loss) (net of related income tax)	17,719	**(74,848)**
Withholding tax attributed to the dividend received from and the undistributed earnings of the joint ventures	40,137	**22,409**
Less:		
Segment results of the Coastal Company	(200,444)	**(88,813)**
Share of results of joint ventures as presented in consolidated statement of profit or loss and other comprehensive income	656,758	**353,561**

Other segment information

The below other segment information, included in the measure of segment profit or loss, represents the Group's share of interest income from bank deposits, amount due from a joint venture and loan to a fellow subsidiary and investment income from structured deposits. Such amount relating to the joint ventures are eliminated under equity method of accounting to reconcile from "Segment total" to "Consolidated total".

Year	*GS Superhighway RMB'000*	*GZ West Superhighway RMB'000*	*Costal Expressway (Shenzhen Section) RMB'000*	*Xintang Interchange RMB'000*	*Segment total RMB'000*	*Elimination RMB'000*	*Unallocated RMB'000*	*Consolidated total RMB'000*
2021 (restated)	10,237	1,496	24,475	564	36,772	(12,297)	82,257	106,732
2022	**10,359**	**2,069**	**14,945**	**618**	**27,991**	**(13,046)**	**59,292**	**74,237**

6. Segment Information (continued)

Geographical information

The operations of the Group and its joint ventures are located in the PRC. All of the Group and its joint ventures' revenue from external customers was generated from the services provided in the PRC. The non-current assets excluding equity instrument at FVTOCI, other receivables and deferred tax assets amounting to RMB12,738,000 (2021: RMB1,044,000) are located in Hong Kong and the remaining balances are located in the PRC.

Segment assets and liabilities

Segment assets and liabilities are not disclosed in the consolidated financial statements as they are not regularly provided to CODM for the purpose of resource allocation and performance assessment.

Information about major customers

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

7. Revenue

	2021 RMB'000 (restated)	2022 RMB'000
Toll revenue	591,111	**481,038**
Construction revenue	22,400	**308,663**
Total	613,511	**789,701**

Toll revenue is recognised in a point of time in accordance with the amount receivable when a vehicle is passing through toll roads. Construction revenue is recognised in over-time, which is determined by reference to the performance progress and recognised according to the proportion of the cost incurred to the estimated total cost.

8. Other Income

	2021 RMB'000 (restated)	2022 RMB'000
Interest income from:		
Bank deposits	40,231	**35,322**
Amount due from a joint venture	38,985	**16,105**
Loan to a fellow subsidiary	20,569	**13,425**
Investment income from structured deposits	6,947	**9,385**
Government grants (Note)	24	**596**
Dividend income from equity instrument at FVTOCI	604	**500**
Rental income	614	**–**
Others	2,396	**8,349**
	110,370	**83,682**

Note: The Group recognised government grants of RMB438,000 in respect of COVID-19 related subsidies, of which RMB438,000 related to Employment Support Scheme provided by the Hong Kong Government for the year ended 31 December 2022 (2021: nil).

9. Other Gain and Loss

	2021 RMB'000 (restated)	**2022** **RMB'000**
Net exchange gain (loss)	7,571	**(14,631)**
Write back of unrealised loss related to partial disposal of a joint venture in prior year	12,056	**–**
Gain on early termination of lease	–	**56**
Gain (loss) on disposal of property and equipment	103	**(313)**
	19,730	**(14,888)**

10. Share of Results of Joint Ventures

	2021 RMB'000 (restated)	**2022** **RMB'000**
Share of results of joint ventures before share of imputed interest expenses incurred by a joint venture on interest-free registered capital contributions made by the Group and amortisation of additional cost of investments in joint ventures (Note 21)	752,059	**435,409**
Amortisation of additional cost of investments in joint ventures	(95,301)	**(81,848)**
Share of imputed interest expenses incurred by a joint venture on interest-free registered capital contributions made by the Group	(59,280)	**(63,002)**
Imputed interest income recognised by the Group on interest-free registered capital contributions made by the Group	59,280	**63,002**
	656,758	**353,561**

11. Income Tax Expense

	2021 RMB'000 (restated)	**2022** **RMB'000**
The tax charge comprises:		
PRC Enterprise Income Tax ("EIT")		
The Group	30,412	**28,022**
Refund of EIT of a subsidiary recognised in prior year	(5,783)	**–**
Deferred tax (Note 33)	134,701	**94,464**
	159,330	**122,486**

No provision for Hong Kong Profits Tax has been made as there was no assessable profit derived from or arising in Hong Kong for both years.

The EIT charge of the Group for the year ended 31 December 2022 included an amount of RMB20,797,000 (2021: RMB9,141,000) representing the 5% withholding tax imposed on dividends declared during the year by joint ventures of the Group of which the corresponding amount had already been provided for deferred tax in prior years in respect of undistributed earnings of a joint venture.

11. Income Tax Expense (continued)

The income tax expense for the year can be reconciled to the profit before tax per consolidated statement of profit or loss and other comprehensive income as follows:

	2021 RMB'000 (restated)	2022 RMB'000
Profit before tax	977,860	**449,227**
Tax at PRC income tax rate of 25% (2021: 25%)	244,465	**112,306**
Effect of different tax rates on income tax expense	(95)	**(7,188)**
Tax effect of income not taxable for tax purposes	(9,199)	**(1,614)**
Tax effect of expenses not deductible for tax purposes	18,048	**37,326**
Tax effect of share of results of joint ventures	(164,189)	**(88,390)**
Tax effect of a written off on tax losses previously recognised	5,348	**46,577**
Withholding tax	64,952	**23,469**
Income tax expense	159,330	**122,486**

12. Profit for the Year

	2021 RMB'000 (restated)	2022 RMB'000
Profit for the year has been arrived at after charging:		
Auditor's remuneration	2,026	**2,207**
Directors' emoluments (Note 13)	8,967	**10,567**
Other staff costs	53,199	**77,001**
Total staff costs	62,166	**87,568**
Depreciation of property and equipment	36,435	**21,428**
Depreciation of right-of-use assets	147	**5,170**
Amortisation of intangible assets	183,870	**157,831**
Loss on written-off of property and equipment	–	**156**
Short-term lease expense	2,405	**1,556**
Interest on bank loans and finance charges	20,893	**58,166**
Imputed interest arising from construction payables to an intermediate holding company	3,258	**26,421**
Interest on lease liability	16	**519**
Total finance costs	24,167	**85,106**

13. Directors' and Five Highest Paid Individuals' Emoluments

Directors' emoluments

The emoluments paid or payable to the Directors were as follows:

	2021 (restated)					**2022**				
	Directors' fees RMB'000	*Salaries and other benefits RMB'000*	*Discretionary bonus RMB'000*	*Contribution to retirement benefits plans RMB'000*	*Total RMB'000*	***Directors' fees RMB'000***	***Salaries and other benefits RMB'000***	***Discretionary bonus RMB'000***	***Contribution to retirement benefits plans RMB'000***	***Total RMB'000***
Executive Directors										
Wei HU* (Note a)	–	–	–	–	–	**216**	**324**	**–**	**16**	**556**
Tianliang ZHANG*	166	999	1,154	391	2,710	**172**	**919**	**1,139**	**159**	**2,389**
Cheng WU*	166	875	940	345	2,326	**172**	**794**	**884**	**159**	**2,009**
Ji LIU*	166	873	941	345	2,325	**172**	**794**	**922**	**159**	**2,047**
Jianming WU* (Note b)	–	–	–	–	–	**156**	**842**	**446**	**134**	**1,578**
Non-executive Directors										
Zhengyu LIU* (Note c)	–	–	–	–	–	**–**	**–**	**–**	**–**	**–**
Junye CAI*	291	–	–	–	291	**302**	**–**	**–**	**–**	**302**
Weiguo ZONG*	291	–	–	–	291	**302**	**–**	**–**	**–**	**302**
Independent Non-executive Directors										
Brian David Man Bun LI	350	–	–	–	350	**379**	**–**	**–**	**–**	**379**
Yu Lung CHING	350	–	–	–	350	**379**	**–**	**–**	**–**	**379**
Tony Chung Nin KAN	324	–	–	–	324	**353**	**–**	**–**	**–**	**353**
Peng XUE* (Note d)	–	–	–	–	–	**273**	**–**	**–**	**–**	**273**
	2,104	2,747	3,035	1,081	8,967	**2,876**	**3,673**	**3,391**	**627**	**10,567**

The Executive Directors' emoluments shown above were paid for their services in connection with the management of the affairs of the Company and the Group. The emoluments of the Non-executive Directors and Independent Non-executive Directors shown above were paid for their services as Directors of the Company.

Notes:

(a) Mr. Wei HU* was appointed as an Executive Director and the Chairman of the Board of Directors of the Company on 31 December 2021 and ceased to act as the above positions on 6 January 2023.

(b) Mr. Jianming WU* was appointed as an Executive Director of the Company on 4 February 2022.

(c) Mr. Zhengyu LIU* ceased to act as a Non-executive Director and the Chairman of the Board of Directors of the Company on 31 December 2021.

(d) Mr. Peng XUE* was appointed as an Independent Non-executive Director of the Company on 4 February 2022.

* *For identification purpose only*

13. Directors' and Five Highest Paid Individuals' Emoluments (continued)

Five highest paid individuals' emoluments

Of the five individuals with the highest emoluments in the Group, 4 (2021: 3) were Directors whose details of their emoluments are disclosed above.

The emoluments of the remaining 1 (2021: 2) highest paid employees were as follows:

	2021 RMB'000	2022 RMB'000
Salaries and other benefits	2,084	**1,205**
Discretionary bonus	281	**85**
Contribution to retirement benefits plans	30	**16**
	2,395	**1,306**

The number of the highest paid employees who are not Directors whose remuneration fell within the following band is as follows:

	2021 No. of employees	2022 No. of employees
HK$1,000,001 to HK$1,500,000	2	**1**

During the years ended 31 December 2021 and 2022, no emoluments were paid by the Group to any of the persons who are Directors or the five highest paid individuals of the Group as an inducement to join or upon joining the Group or as compensation for loss of office. None of the Directors has waived any emoluments during both years.

14. Earnings Per Share

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

	2021 RMB'000	2022 RMB'000
Earnings for the purpose of basic earnings per share	711,434	**278,572**

	Number of shares	
	2021	2022
Number of ordinary shares for the purpose of basic earnings per share	3,081,690,283	**3,081,690,283**

No diluted earnings per share have been presented as there was no potential ordinary shares in issue during both years.

15. Dividends

	2021 RMB'000	2022 RMB'000
Dividends recognised as a distribution during the year:		
Final dividend for the year ended 31 December 2021 paid of RMB10.45 cents (equivalent to HK12.880879 cents) (2021: for the year ended 31 December 2020 paid of RMB9.1 cents (equivalent to HK10.936835 cents) per share	281,511	**332,495**
Interim dividend for the year ended 31 December 2022 paid of RMB5.75 cents (equivalent to HK6.67299 cents) (2021: for the year ended 31 December 2021 paid of RMB9.3 cents (equivalent to HK11.147631 cents)) per share	286,495	**177,147**
	568,006	**509,642**
Proposed dividend:		
Final dividend for the year ended 31 December 2022 proposed of RMB3.25 cents (equivalent to HK3.688685) (2021: for the year ended 31 December 2021 proposed of RMB10.45 cents (equivalent to HK12.880879 cents)) per share	322,037	**100,155**

A final dividend in respect of the year ended 31 December 2022 of RMB3.25 cents (equivalent to HK3.688685 cents) per share is proposed by the Board of the Directors. The dividend is subject to approval by shareholders at the forthcoming annual general meeting and have not been included as liabilities in these consolidated financial statements. The proposed final dividend is calculated based on the total number of issued shares at the date of approval of these consolidated financial statements.

16. Retirement Benefits Plans

The Group has established the Mandatory Provident Fund Scheme (the "MPF Scheme") for its Hong Kong employees. The assets of the scheme are held separately in funds which are under the control of independent trustees. The retirement benefit scheme contributions charged to profit or loss represent contributions paid or payable by the Group to the scheme at 5% of each of the employees' monthly relevant income capped at HK$30,000. In addition, the PRC employees employed by the Group are members of the state-managed retirement benefit schemes operated by the PRC Government. The Group is required to contribute 12% of their payroll to the retirement benefit schemes to fund the benefits. The only obligation of the Group with respect to the retirement benefit schemes is to make the required contributions under the schemes. At 31 December 2022, there were no forfeited contributions available to reduce future obligations. The total contributions made by the Group to the MPF Scheme and the PRC retirement benefit schemes for the year ended 31 December 2022 are RMB8,299,000 (2021 (restated): RMB8,246,000).

17. Property and Equipment

	Buildings RMB'000	Motor vehicles RMB'000	Furniture, fixtures and equipment RMB'000	Transportation equipment RMB'000	Total RMB'000
COST					
As at 1 January 2021 (audited and originally stated)	–	2,031	5,658	–	7,689
Effect of business combination of an entity under common control	285,536	2,379	6,082	198,652	492,649
As at 1 January 2021 (restated)	285,536	4,410	11,740	198,652	500,338
Additions	–	167	870	37	1,074
Transfer from construction in progress	2,531	–	–	15,854	18,385
Disposals	–	(277)	–	–	(277)
Write-off	–	–	(345)	–	(345)
As at 31 December 2021	**288,067**	**4,300**	**12,265**	**214,543**	**519,175**
Additions	**–**	**171**	**7,100**	**1,426**	**8,697**
Transfer from construction in progress	**–**	**–**	**–**	**2,053**	**2,053**
Disposals	**–**	**–**	**(388)**	**–**	**(388)**
Adjustments	**–**	**–**	**–**	**(11,964)**	**(11,964)**
Write-off	**–**	**–**	**(4,670)**	**–**	**(4,670)**
As at 31 December 2022	**288,067**	**4,471**	**14,307**	**206,058**	**512,903**
DEPRECIATION					
As at 1 January 2021 (audited originally stated)	–	738	4,840	–	5,578
Effect of business combination of an entity under common control (note 2)	37,834	2,144	4,916	119,789	164,683
As at 1 January 2021 (restated)	37,834	2,882	9,756	119,789	170,261
Charge for the year	12,758	443	699	22,535	36,435
Eliminated on disposals	–	(263)	–	–	(263)
Write-off	–	–	(345)	–	(345)
As at 31 December 2021	**50,592**	**3,062**	**10,110**	**142,324**	**206,088**
Charge for the year	**12,772**	**466**	**741**	**7,449**	**21,428**
Eliminated on disposals	**–**	**–**	**(75)**	**–**	**(75)**
Write-off	**–**	**–**	**(4,514)**	**–**	**(4,514)**
As at 31 December 2022	**63,364**	**3,528**	**6,262**	**149,773**	**222,927**
CARRYING AMOUNTS					
As at 31 December 2021 (restated)	237,475	1,238	2,155	72,219	313,087
As at 31 December 2022	**224,703**	**943**	**8,045**	**56,285**	**289,976**

Depreciation is provided to write off the cost of items of property and equipment over their estimated useful lives and after taking into account of their estimated residual value, using straight-line method, at the following rates per annum:

Buildings	4%–6%
Motor vehicles	10%–33%
Furniture, fixtures and equipment	20%–33%
Transportation equipment	17%–20%

18. Right-of-Use Assets

	Office premises
	RMB'000
As at 31 December 2021	
Carrying amount	4,999
For the year ended 31 December 2021	
Depreciation charge	147
As at 31 December 2022	
Carrying amount	**21,872**
For the year ended 31 December 2022	
Depreciation charge	**5,170**

	2021	***2022***
	RMB'000	***RMB'000***
Total cash outflow for leases	2,558	**6,314**
Additions to right-of-use assets	5,146	**26,307**

The Group leases office premises for its operations. Lease contracts are entered into for fixed term of 3 years (2021: 1 to 3 year). Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. In determining the lease term and assessing the length of the non-cancellable period, the Group applies the definition of a contract and determines the period for which the contract is enforceable.

During the year ended 31 December 2022, the Group recognised additions of right-of-use assets and lease liabilities amounting to RMB26,307,000 and RMB26,307,000 (2021: RMB5,146,000 and RMB5,146,000) respectively, and they made total cash outflow for leases amounting to RMB4,759,000 (2021: RMB153,000).

Restrictions or covenants on leases

In addition, lease liabilities of RMB22,757,000 (2021: RMB5,009,000) are recognised with related right-of-use assets of RMB21,872,000 (2021: RMB4,999,000) as at 31 December 2022. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

In addition, the Group regularly entered into short-term leases for car parks, office and staff quarters, of which the Group applies the short-term lease recognition exemption to leases of such properties. For the year ended 31 December 2022, the Group incurred expense relating to short-term leases amounting to RMB1,556,000 (2021: RMB2,405,000). As at 31 December 2022 and 2021, the portfolio of short-term leases is similar to the portfolio of short-term leases to which the short-term lease expense disclosed above.

19. Construction in Progress

	RMB'000
COST	
As at 1 January 2021 (audited and originally stated)	–
Effect of business combination of an entity under common control (note 2)	4,594
As at 1 January 2021 (restated)	4,594
Additions	18,533
Transfer to property and equipment	(18,385)
As at 31 December 2021	**4,742**
Additions	**4,267**
Transfer to property and equipment	**(2,053)**
As at 31 December 2022	**6,956**

20. Concession Intangible Assets

	RMB'000
COST	
As at 1 January 2021 (audited and originally stated)	–
Effect of business combination of an entity under common control (note 2)	9,358,764
As at 1 January 2021 (restated)	9,358,764
Additions	22,405
Adjustments on costs	(69,018)
As at 31 December 2021	**9,312,151**
Additions	**305,310**
As at 31 December 2022	**9,617,461**
ACCUMULATED AMORTISATION AND IMPAIRMENT LOSSES	
As at 1 January 2021 (audited and originally stated)	–
Effect of business combination of an entity under common control (note 2)	3,601,968
As at 1 January 2021 (restated)	3,601,968
Charge for the year	183,217
As at 31 December 2021	**3,785,185**
Charge for the year	**157,219**
As at 31 December 2022	**3,942,404**
CARRYING AMOUNTS	
As at 31 December 2021 (restated)	5,526,966
As at 31 December 2022	**5,675,057**

As at 31 December 2021, the concession intangible assets were pledged to banks to secure the bank facilities granted to an intermediate holding company.

As at 31 December 2022, the concession intangible assets are pledged to a bank to secure the bank facilities granted to a subsidiary.

20. Concession Intangible Assets (continued)

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

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

Carrying amounts of concession intangible assets as at 31 December 2022 and 2021 are net of impairment loss of RMB2,638,235,000 recognised during the year ended 31 December 2017.

21. Interests in Joint Ventures

	2021 RMB'000 (restated)	**2022** **RMB'000**
Unlisted investments:		
At cost		
Cost of investment in a joint venture	2,476,789	**2,476,789**
Additional cost of investments	2,520,218	**2,520,218**
Share of results of joint ventures before share of imputed interest expenses incurred by a joint venture on interest-free registered capital contributions made by the Group (net of dividend received)	1,411,900	**1,094,835**
Less: Unrealised profit on disposal of land	(13,044)	**(65,891)**
Less: Share of accumulated imputed interest expenses incurred by a joint venture on interest-free registered capital contributions made by the Group	(598,959)	**(661,961)**
Less: Accumulated amortisation of additional cost of investments	(1,853,391)	**(1,935,239)**
	3,943,513	**3,428,751**
At amortised cost		
Registered capital contribution, at nominal amount	2,449,500	**2,449,500**
Fair value adjustment on initial recognition	(2,020,789)	**(2,020,789)**
Accumulated imputed interest income recognised by the Group	598,959	**661,961**
	1,027,670	**1,090,672**
	4,971,183	**4,519,423**

Particulars of the Group's joint ventures as at 31 December 2021 and 2022 are as follows:

Name of company	*Place of establishment and principal place of operation*	*Fully paid registered capital* 2021	*Fully paid registered capital* **2022**	*Principal activity*	*Proportion of registered capital contribution* 2021	*Proportion of registered capital contribution* **2022**	*Proportion of voting rights held* 2021	*Proportion of voting rights held* **2022**
廣深珠高速公路有限公司 Guangzhou-Shenzhen-Zhuhai Superhighway Company Limited	The PRC	Nil (Note i)	**Nil** **(Note i)**	Development, operation and management of an expressway	Not applicable	**Not applicable**	50%	**50%**
廣東廣珠西綫高速公路有限公司 Guangdong Guangzhou-Zhuhai West Superhighway Company Limited	The PRC	RMB4,899,000,000 (Note ii)	**RMB4,899,000,000** **(Note ii)**	Development, operation and management of an expressway	50%	**50%**	50%	**50%**
廣州臻通實業發展有限公司 Guangzhou Zhentong Development Company Limited*	The PRC	RMB3,040,000,000 (Note iii)	**RMB3,040,000,000** **(Note iii)**	Land development and utilisation	15%	**15%**	15%	**15%**

* *For identification purpose*

Both GS JV and GZ West JV are sino-foreign co-operative joint venture enterprises established to invest in toll expressways projects in the PRC.

21. Interests in Joint Ventures (continued)

The principal terms of the joint venture agreements entered into between the relevant subsidiaries and the corresponding joint venture partners under which the joint ventures operate are as follows:

(i) GS JV

GS JV is established to undertake the development, operation and management of the GS Superhighway, an expressway in Guangdong Province of the PRC running between Shenzhen and Guangzhou. The operation period is 30 years from the official opening date 1 July 1997. At the end of the operation period, all the immovable assets and facilities of GS JV will revert to the PRC joint venture partner without compensation.

The Group's entitlement to the profit of the toll operations of GS JV is 50% for the initial 10 years of operation period, 48% for the next 10 years and 45% for the last 10 years of the operation period.

The registered capital amounting to HK$702,000,000 (equivalent to RMB471,000,000) previously injected by the Group to GS JV had been repaid to the Group by GS JV during the year ended 30 June 2008.

(ii) GZ West JV

GZ West JV is established to undertake the development, operation and management of GZ West Superhighway, an expressway linking Guangzhou, Zhongshan and Zhuhai and was built in three phases.

Phase I of the GZ West Superhighway ("Phase I West")

The total investment for the Phase I West is RMB1,680,000,000, 35% of which was funded by the registered capital of GZ West JV amounting to RMB588,000,000 which had been contributed by the Group and the PRC joint venture partner in equal share (i.e. each to contribute RMB294,000,000). The operation period for Phase I West is 30 years commencing from 17 September 2003.

Phase II of the GZ West Superhighway ("Phase II West")

The total investment for Phase II West is RMB6,715,000,000, 35% of which was funded by the registered capital of GZ West JV amounting to RMB2,351,000,000 which had been contributed by the Group and the PRC joint venture partner in equal share (i.e. each to contribute RMB1,175,500,000). The toll collection period for Phase II West is 25 years commencing from 25 June 2010.

Phase III of the GZ West Superhighway ("Phase III West")

The total investment for the Phase III West is RMB5,600,000,000, 35% of which was funded by the registered capital of GZ West JV amounting to RMB1,960,000,000 which had been contributed by the Group and the PRC joint venture partner in equal share (i.e. each to contribute RMB980,000,000). The toll collection period for Phase III West is 25 years commencing from 25 January 2013.

As at 31 December 2021 and 2022, the fully paid registered capital of GZ West JV was RMB4,899,000,000.

The Group is entitled to 50% of the distributable profits from operation of GZ West JV. At the end of the respective operation/toll collection periods of Phase I West, Phase II West and Phase III West, all the immovable assets and facilities of each phase will be reverted to relevant PRC governmental authority which regulates transportation without compensation. The registered capital contributions are required to be repaid to both the Group and the PRC joint venture partner. The repayments are required to be approved by the Board of Directors of GZ West JV.

21. Interests in Joint Ventures (continued)

(iii) Xintang JV

Xintang JV is established to engage in the development of residential project on the Xintang Interchange.

On 10 September 2020, the Group entered into an agreement to dispose of 22.5% equity interest of Xintang JV, together with the transfer of its rights in the corresponding portion of its shareholders' loans advanced to Xintang JV and the outstanding interests accrued thereon, through a public tender process in the PRC (the "Partial Disposal"). The Group held 15% equity interest in the Xintang JV upon completion of the Partial Disposal.

A gain on Partial Disposal of RMB545,181,000 was recognised during the year ended 31 December 2020, which was the difference between the consideration received from the Partial Disposal of RMB1,090,432,000 less corresponding portion of its shareholder's loans advanced to Xintang JV of RMB532,534,000 less related fees of RMB12,717,000 and the carrying value of the Group's 22.5% equity interest of Xintang JV on the completion date amounted to zero.

As at 31 December 2020, the fully paid registered capital of Xintang JV was RMB10,000,000. During the year ended 31 December 2021, the fully paid registered capital was increased from RMB10,000,000 to RMB3,040,000,000 and the Group had capitalised an amount due from a joint venture of RMB454,500,000 into capital contribution of the joint venture on a dollar-to-dollar basis.

As at 31 December 2021 and 2022, the Group held 15% equity interest in the Xintang JV. The Group is able to exercise joint control over Xintang JV which the decisions about the relevant activities require the unanimous consent of the Group and the other shareholders. Accordingly, Xintang JV is regarded as a joint venture of the Group.

Summarised financial information of joint ventures

Summarised financial information in respect of the Group's joint ventures and reconciliation of the summarised financial information to the carrying amount of the interests in the respective joint ventures recognised in the consolidated financial statements are set out below. The summarised financial information below represents amounts shown in the joint ventures' financial statements prepared in accordance with IFRSs.

21. Interests in Joint Ventures (continued)

Summarised financial information of joint ventures (continued)

In respect of the years ended 31 December 2021 and 2022:

	2021				2022			
	GS JV RMB'000	GZ JV West RMB'000	Xintang JV RMB'000	Total RMB'000	GS JV RMB'000	GZ JV West RMB'000	Xintang JV RMB'000	Total RMB'000
Non-current assets								
Property and equipment	457,252	325,139	1,007		377,615	315,563	899	
Concession intangible assets	5,462,841	10,577,563	–		4,925,157	10,238,265	–	
Right-of-use assets	2,170	–	581		988	–	6,657	
Others	–	–	132,433		–	162	144,361	
	5,922,263	10,902,702	134,021		5,303,760	10,553,990	151,917	
Current assets								
Bank balances and cash	556,446	169,817	221,657		819,822	315,694	245,119	
Inventory	–	–	5,441,125		–	–	6,466,910	
Others	201,959	30,034	117,885		534,320	25,542	77,234	
	758,405	199,851	5,780,667		1,354,142	341,236	6,789,263	
Non-current liabilities								
Resurfacing obligations	(485,418)	(140,121)	–		(513,650)	(150,598)	–	
Non-current financial liabilities								
— Bank and other loans	(2,775,512)	(4,072,784)	(47,508)		(2,391,770)	(3,539,579)	(623,091)	
Balances of interest-free registered capital contributions made by joint venture partners	–	(2,055,340)	–		–	(2,181,343)	–	
Deferred income related to government subsidy	(324,050)	(12,737)	–		(317,637)	(70,470)	–	
Lease liabilities	(1,024)	–	–		(811)	–	–	
Others	(98,924)	(332,404)	–		(38,046)	(263,802)	–	
	(3,684,928)	(6,613,386)	(47,508)		(3,261,914)	(6,205,792)	(623,091)	
Current liabilities								
Current financial liabilities								
— Bank loans	(252,714)	(213,541)	–		(604,514)	(572,447)	–	
— Interest payable	(2,026)	(5,206)	–		(4,934)	(4,573)	–	
Dividend payable	–	–	–		(403,732)	–	–	
Balances with joint venture partners	–	–	(1,757,573)		–	–	(1,402,567)	
Receipt in advance related to land development project	–	–	(1,067,475)		–	–	(1,819,564)	
Lease liabilities	(1,186)	–	(596)		(1,208)	–	(7,092)	
Others	(621,685)	(391,769)	(399,808)		(790,992)	(508,029)	(484,131)	
	(877,611)	(610,516)	(3,225,452)		(1,805,380)	(1,085,049)	(3,713,354)	
Net assets of joint ventures	2,118,129	3,878,651	2,641,728		1,590,608	3,604,385	2,604,735	
Proportion of the Group's interest	45%	50%	15%		45%	50%	15%	
Net assets shared by the Group	953,158	1,939,326	396,260	3,288,744	715,774	1,802,193	390,709	2,908,676
Elimination of unrealised profit on disposal of land (Note i and iii)	(13,044)	–	–	(13,044)	(65,891)	–	–	(65,891)
Effect of change in profit sharing ratio of a joint venture over the operation period in prior year	986	–	–	986	988	–	–	988
Interest-free registered capital contributions made by the Group at amortised cost	–	1,027,670	–	1,027,670	–	1,090,672	–	1,090,672
Net assets contributable to the Group	941,100	2,966,996	396,260	4,304,356	650,871	2,892,865	390,709	3,934,445
Carrying amount of additional cost of investment	632,974	33,853	–	666,827	551,780	33,198	–	584,978
Carrying amount of the Group's interest in joint ventures	1,574,074	3,000,849	396,260	4,971,183	1,202,651	2,926,063	390,709	4,519,423
Proposition of interest in joint ventures to the Group's total assets (2021 restated)	11%	20%	3%		10%	24%	3%	

21. Interests in Joint Ventures (continued)

Summarised financial information of joint ventures (continued)

	2021				2022			
	GS JV *RMB'000*	*GZ JV West* *RMB'000*	*Xintang JV* *RMB'000*	*Total* *RMB'000*	***GS JV*** ***RMB'000***	***GZ JV West*** ***RMB'000***	***Xintang JV*** ***RMB'000***	***Total*** ***RMB'000***
Toll revenue (net of value-added tax)	2,865,690	1,331,605	–		**2,258,022**	**1,044,778**	**–**	
Revenue from sales of properties (net of value-added tax) (Note iv)	–	–	124,215		**–**	**–**	**203,475**	
Construction revenue	–	13,720	–		**21,585**	**29,182**	**–**	
Total revenue	2,865,690	1,345,325	124,215		**2,279,607**	**1,073,960**	**203,475**	
Cost of sales of properties	–	–	(84,996)		**–**	**–**	**(104,180)**	
Construction costs	–	(13,720)	–		**(21,585)**	**(29,182)**	**–**	
Other income and other expense	335,899	62,327	5,375		**285,223**	**66,606**	**4,883**	
Provision of resurfacing charges	(31,864)	(10,047)	–		**(28,231)**	**(10,477)**	**–**	
Toll expressway operation expenses	(377,695)	(192,726)	–		**(401,379)**	**(206,988)**	**–**	
General and administrative expenses	(87,240)	(70,389)	(80,125)		**(88,755)**	**(69,525)**	**(56,084)**	
Depreciation and amortisation charges	(831,646)	(473,414)	(597)		**(766,491)**	**(400,678)**	**(1,068)**	
Finance costs	(84,254)	(190,899)	(231,369)		**(87,438)**	**(157,029)**	**(95,945)**	
Income tax (charge) credit	(433,637)	(111,817)	66,664		**(294,738)**	**(67,670)**	**11,928**	
Profit (loss) for the year (Note ii)	1,355,253	344,640	(200,833)		**876,213**	**199,017**	**(36,991)**	
Proportion of the Group's interest	45%	50%	15%		**45%**	**50%**	**15%**	
Profit (loss) shared by the Group	609,864	172,320	(30,125)	752,059	**394,296**	**99,509**	**(5,549)**	**488,256**
Elimination of unrealised profit on disposal of land (Note iii)	–	–	–	–	**(52,847)**	**–**	**–**	**(52,847)**
	609,864	172,320	(30,125)	752,059	**341,449**	**99,509**	**(5,549)**	**435,409**
Dividends received (net of PRC withholding tax)	709,538	66,966	–	776,504	**437,510**	**164,959**	**–**	**602,469**

Notes:

(i) GS JV disposed of certain land with a carrying amount of RMB3,990,000 to the local government at a total consideration of RMB179,022,000 in November 2019. Subsequently, Xintang JV won the bid for the land use rights with the local government to acquire part of the aforesaid disposed land at a total consideration of RMB4,124,000,000 in December 2019. As at 31 December 2019, a sale and purchase agreement was entered into by Xintang JV and the local government while the land is handed over in 2020. GS JV is regarded as disposed of certain land with a carrying amount of RMB2,643,000 to Xintang JV. An unrealised profit on disposal of such land amounting to RMB32,611,000 was eliminated in the consolidated financial statements of the Group during the year ended 31 December 2019. During the year ended 31 December 2020, upon completion of the Partial Disposal of Xintang JV, unrealised profit amounting to RMB19,567,000 was released.

(ii) Profit for the year of GS JV included exchange loss (net of related income tax) of RMB166,331,000 (2021: gain of RMB39,376,000).

(iii) During the year ended 31 December 2022, a sale and purchase agreement of land was entered into by GS JV and the local government. GS JV disposed of certain land with a carrying amount RMB5,566,000 to the local government at a total consideration of RMB319,346,000 and the legal title of the land was transferred to local government in December 2022, resulting in a gain on disposal of RMB235,335,000 (net of tax). Subsequently, the local government has published the auction plan for certain portion of the land being disposed. For the portion of land being disposed but not auctioned, a realised gain of RMB53,054,000 was recognised as share of results of joint ventures at shareholding percentage of 45%. For the portion of land which will be auctioned, this is the intention of the management to establish a new joint venture company with other joint venturers and acquire the land for property development project which is considered to be a single transaction, accordingly, the 45% share of the unrealised profit of RMB52,847,000 was eliminated in the consolidated financial statements of the Group during the year.

(iv) Significant financing component arises from the consideration received in advance, which is treated as contract liabilities. Such significant financing component will be released in the revenue from sales of properties and the same amount will be recognised as interest expense over the sales period.

22. Equity Instrument at Fair Value Through Other Comprehensive Income

The Group holds the interest in unlisted limited company established in the PRC ("the investment"), which Directors have elected to designate the investment in equity instrument as at FVTOCI as they believe that the investment is not held for trading and not expected to be sold in the foreseeable future.

23. Trade and Other Receivables

	2021 RMB'000 (restated)	**2022** **RMB'000**
Trade receivables	150,445	**133,520**
Loan to a fellow subsidiary (note)	450,000	**–**
Amount due from an intermediate holding company (note)	500,924	**–**
Dividend receivable from a joint venture	–	**181,377**
Interest receivable	4,862	**–**
Deposits and prepayment	735	**5,184**
Others	840	**2,053**
	957,361	**188,614**
Analysed as:		
Non-current	450,000	**–**
Current	657,806	**322,134**
	1,107,806	**322,134**

Note: As at 31 December 2021, the loan to a fellow subsidiary was unsecured, carried interest of 4.75% per annum and would be settled in March 2024 while the amount due from an intermediate holding company were unsecured, interest-free and repayable on demand.

Both balances were settled by non-cash transactions with the capital reduction of the Coastal Company, with details set out in note 39(c).

As at 31 December 2021, entire balances of trade receivables are pledged to banks to secure bank facilities granted by banks to an intermediate holding company.

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

As at 1 January 2021, the carrying amount of trade receivables amounted to RMB3,206,000.

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

	2021 RMB'000 (restated)	**2022** **RMB'000**
0–60 days	45,558	**28,425**
61–90 days	13,339	**9,291**
91–180 days	26,247	**34,056**
181–365 days	65,301	**61,748**
	150,445	**133,520**

As at 31 December 2021 and 2022, no trade receivable balance is past due. Included in the balances, RMB145,515,000 and RMB126,911,000 as at 31 December 2021 and 2022, respectively, are related to subsidies on toll fee from Government. The settlement term of the balances are within 60 days after the end of the fiscal year in which the balances are recognised.

24. Amount Due from a Joint Venture

The amount is unsecured, interest bearing at 6% (2021: 8%) per annum and repayable within one year.

Details of impairment assessment are set out in Note 35.

25. Structured Deposits

At 31 December 2022, the Group's structured deposits represent financial products issued by banks, with maturity of 53 days on 17 January 2023 and 70 days on 6 February 2023 (2021: 90 days on 24 February 2022) and expected returns at 3.50% and 3.06% (2021: 4.00%) per annum respectively. The investments in financial products are classified as financial assets at FVTPL at initial recognition and measured at fair value at the end of the reporting period.

26. Restricted Bank Deposits and Bank Balances and Cash

As at 31 December 2022, bank balances and cash comprised cash held by the Group and bank balances which carried interest at market rates ranging from 0.01% to 2.10% (2021: 0.01% to 3.96%) per annum. The restricted bank deposits carried fixed interest rates ranging from 0.25% to 0.30% (2021: 0.30%) per annum as at 31 December 2022.

Analysis of bank balances and cash of the Group by currency:

	2021 RMB'000 (restated)	***2022 RMB'000***
RMB	1,854,410	**434,881**
HKD	5,698	**39,134**
	1,860,108	**474,015**

Details of impairment assessment are set out in Note 35.

27. Share Capital

	Number of shares	Nominal amount HK$'000
Ordinary shares of HK$0.1 each		
Authorised:		
As at 1 January 2021, 31 December 2021 and 2022	10,000,000,000	1,000,000

	Number of shares	Nominal amount HK$'000	Nominal amount Equivalent to RMB'000
Issued and fully paid:			
As at 1 January 2021, 31 December 2021 and 2022	3,081,690,283	308,169	270,603

Share option scheme

A share option scheme was approved for adoption by the shareholders of the Company effective on 22 October 2013 (the "Share Option Scheme"). The Share Option Scheme shall be valid and effective for a period of ten years and the purpose of which is to provide the Company with an alternative means of giving incentive to rewarding, remunerating, compensating and/or providing benefits to (i) any director, chief executive or employee (whether full-time or part-time) of any member of the Group; (ii) any discretionary object of a discretionary trust established by any director, chief executive or employee (whether full-time or part-time) of any member of the Group; (iii) a company beneficially owned by any director, chief executive or employee (whether full-time or part-time) of any member of the Group; (iv) any consultant, professional and other adviser to any member of the Group or any consultant, professional and other adviser proposed to be appointed to any member of the Group (including any of their employees, partners, directors or executives); (v) any associates of any director, chief executive, or substantial shareholder of any member of the Group and for such other purposes as the Board of Directors may approve from time to time. No share options under the Share Option Scheme were granted, forfeited, vested, lapsed or outstanding in the years presented.

Share award scheme

On 25 January 2007, an employees' share award scheme (the "Share Award Scheme") was adopted by the Company. The Share Award Scheme is valid and effective for a period of 15 years commencing from 25 January 2007. The Share Award Scheme expired on 24 January 2022. Pursuant to the rules of the Share Award Scheme, the Company has set up a trust, HHI Employees' Share Award Scheme Trust, for the purpose of administering the Share Award Scheme and holding the awarded shares before they are vested. There were no awarded shares granted, forfeited, vested, lapsed or outstanding in the years presented.

28. Capital Reserve

Capital reserve represented the 51% share of registered capital and capital reserve of the Coastal Company amounting to RMB4,437,000,000 less the difference between (a) the capital reduction of the Coastal Company of RMB3,800,000,000 and (b) the 49% share by non-controlling interests in the net movement in registered capital and capital reserve (being the capital reduction of RMB3,800,000,000 net of the Subscription of RMB2,998,000,000) amounting to RMB392,980,000.

29. Company's Statement of Financial Position

	2021 *RMB'000*	***2022*** ***RMB'000***
ASSETS		
Non-current Assets		
Investments in subsidiaries	1,125,484	**1,140,212**
Amount due from a subsidiary	1,698,236	**1,792,502**
	2,823,720	**2,932,714**
Current Assets		
Deposits and prepayments	489	**501**
Interest receivables	810	**–**
Amounts due from subsidiaries	1,498,851	**1,505,657**
Bank balances and cash	644,275	**51,551**
	2,144,425	**1,557,709**
Total Assets	4,968,145	**4,490,423**
EQUITY AND LIABILITIES		
Capital and Reserves		
Share capital	270,603	**270,603**
Share premium and reserves	2,814,743	**2,132,345**
	3,085,346	**2,402,948**
Current Liabilities		
Payables and accruals	3,227	**18,614**
Amounts due to subsidiaries	1,879,572	**2,068,861**
Total Liabilities	1,882,799	**2,087,475**
Total Equity and Liabilities	4,968,145	**4,490,423**
Cash and cash equivalents	644,275	**51,551**

29. Company's Statement of Financial Position (continued)

Company's Share Premium and Reserves

The Company's reserves available for distribution represent the share premium and retained profits. Under the Companies Law Chapter 22 of the Cayman Islands, the share premium of the Company is available for paying distributions or dividends to shareholders subject to the provisions of its Memorandum or Articles of Association and provided that immediately following the distribution of a dividend, the Company is able to pay its debt as they fall due in the ordinary course of business. In accordance with the Company's Articles of Association, dividends can only be distributed out of the retained profits and share premium of the Company. As at 31 December 2022, the Company's reserves available for distribution to its shareholders amounting to RMB2,502,945,000 (2021: RMB3,185,343,000), comprising retained profits of RMB165,256,000 (2021: RMB847,654,000) and share premium of RMB2,337,689,000 (2021: RMB2,337,689,000).

	Share premium *RMB'000*	***Translation reserve*** *RMB'000* *(Note)*	***Retained profits*** *RMB'000*	***Total*** *RMB'000*
As at 1 January 2021	2,337,689	(370,600)	828,285	2,795,374
Profit and total comprehensive income for the year	–	–	587,375	587,375
Dividends recognised as distribution during the year (Note 15)	–	–	(568,006)	(568,006)
As at 31 December 2021	**2,337,689**	**(370,600)**	**847,654**	**2,814,743**
Loss and total comprehensive expense for the year	**–**	**–**	**(172,756)**	**(172,756)**
Dividends recognised as distribution during the year (Note 15)	**–**	**–**	**(509,642)**	**(509,642)**
As at 31 December 2022	**2,337,689**	**(370,600)**	**165,256**	**2,132,345**

Note:

Before the change in functional currency of the Company from HKD to RMB during the year ended 30 June 2009, the exchange differences recognised in translation reserve represented the difference between the equity transactions and accumulated earnings translated at the exchange rates at the transaction dates and the assets and liabilities translated at the closing rates at the end of each reporting period.

30. Trade and Other Payables

	2021 RMB'000 (restated)	***2022 RMB'000***
Trade payables to an intermediate holding company	271,366	**141,754**
Trade payables to third parties	275,385	**12,458**
	546,751	**154,212**
Amount due to an intermediate holding company (note i)	230,606	**236,415**
Amounts due to related parties (note i)	53,194	**77,544**
Subsidies received from government (note ii)	165,643	**152,142**
Deposits and retention payables	17,276	**4,863**
Accruals on maintenance expenses	61,522	**50,474**
Payroll payables	9,354	**21,192**
Other tax payables	7,562	**999**
Accrued expenses	3,568	**13,058**
Other interest payables	647	**3,529**
Others	5,691	**1,479**
	1,101,814	**715,907**

Notes:

(i) The amounts are unsecured, interest-free and repayable on demand.

(ii) The amount represents unutilised portion of government subsidies received from Shenzhen Finance Bureau for the purpose of construction of phase two of Shenzhen section of the Coastal Expressway.

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

	2021 RMB'000 (restated)	***2022 RMB'000***
Within 1 year	72,989	**153,547**
Over 1 year	473,762	**665**
	546,751	**154,212**

31. Lease Liabilities

	2021 RMB'000	2022 RMB'000
Lease liabilities payable:		
Within one year	1,674	**8,872**
Within a period of more than one year but not exceeding two years	1,755	**9,186**
Within a period of more than two years but not exceeding five years	1,580	**4,699**
	5,009	**22,757**
Less: Amount due for settlement within one year (shown under current liabilities)	(1,674)	**(8,872)**
Amounts due for settlement after one year	3,335	**13,885**

No extension options are included in any of the lease agreements entered by the Group. The weighted average incremental borrowing rates applied by the relevant group entity are ranging from 3.02% to 3.7% per annum (2021: 3.85%). The lease liabilities are measured at the present value of the lease payments that are not yet paid, and the lease obligations are denominated in the currency that is same as the functional currency of the relevant group entity.

32. Bank Loans

	2021 RMB'000	2022 RMB'000
Unsecured (Note a)	1,936,275	**3,926,802**
Secured (Note b)	–	**30,000**
	1,936,275	**3,956,802**

Notes:

(a) As at 31 December 2021 and 2022, the bank loans are guaranteed by the Company.

(b) As at 31 December 2022, the bank loan is secured by the toll collection rights of the Coastal Expressway of the Coastal Company.

Included in bank loans are following amounts denominated in currencies other than functional currency of the group entities which it relates:

	2021 RMB'000	2022 RMB'000
HKD	1,936,275	**2,128,802**

32. Bank Loans (continued)

	2021 RMB'000	2022 RMB'000
The bank loans are repayable as follows:		
Within one year	882,353	**1,145,512**
Within a period of more than one year but not exceeding two years	65,360	**170,556**
Within a period of more than two years but not exceeding five years	988,562	**1,610,734**
Over five years	–	**1,030,000**
	1,936,275	**3,956,802**
Less: Amounts due for settlement within one year (shown under current liabilities)	(882,353)	**(1,145,512)**
Amounts due for settlement after one year	1,053,922	**2,811,290**

As at 31 December 2022, the bank loans carried variable interests ranging from HIBOR plus 0.90% to HIBOR plus 1.50% per annum or from Loan Prime Rate minus 0.85% to Loan Prime Rate minus 1.3% per annum (2021: HIBOR plus 0.88% to HIBOR plus 1.50% per annum).

33. Deferred Tax Assets (Liabilities)

	2021 RMB'000 (restated)	2022 RMB'000
Deferred tax assets	302,751	**210,959**
Deferred tax liabilities	(130,746)	**(133,408)**
	172,005	**77,551**

The movement of deferred tax assets (liabilities) is as follows:

	Excess of tax amortisation over accounting amortisation and impairment of intangible assets RMB'000	Fair value change on investment in equity instrument at FVTOCI RMB'000	Tax on undistributed earnings of subsidiary and joint ventures RMB'000	Tax on dividends from a joint venture reinvested RMB'000	Tax losses RMB'000	Others RMB'000	Total RMB'000
As at 1 January 2021 (audited and originally stated)	–	(3,032)	(72,993)	–	–	–	(76,025)
Effect of business combination of an entity under common control (note 2)	231,867	–	–	–	149,675	99	381,641
As at 1 January 2021 (restated)	231,867	(3,032)	(72,993)	–	149,675	99	305,616
Charge to profit or loss	(46,633)	–	(64,952)	–	(32,257)	–	(143,842)
Credit to other comprehensive income	–	1,090	–	–	–	–	1,090
Reclassification	–	–	30,737	(30,737)	–	–	–
Release to profit or loss upon payment of withholding tax	–	–	9,141	–	–	–	9,141
As at 31 December 2021	**185,234**	**(1,942)**	**(98,067)**	**(30,737)**	**117,418**	**99**	**172,005**
Charge to profit or loss	**(51,671)**	**–**	**(23,469)**	**–**	**(40,121)**	**–**	**(115,261)**
Credit to other comprehensive income	**–**	**10**	**–**	**–**	**–**	**–**	**10**
Reclassification	**–**	**–**	**19,995**	**(19,995)**	**–**	**–**	**–**
Release to profit or loss upon payment of withholding tax	**–**	**–**	**20,797**	**–**	**–**	**–**	**20,797**
As at 31 December 2022	**133,563**	**(1,932)**	**(80,744)**	**(50,732)**	**77,297**	**99**	**77,551**

33. Deferred Tax Assets (Liabilities) (continued)

At the end of the reporting period, the Group has unused tax losses of RMB308,949,000 (2021: RMB587,602,000) available for offsetting against future profits. A deferred tax asset has been recognised in respect of RMB308,949,000 (2021: RMB469,672,000) of such losses. No deferred tax asset has been recognised for the remaining RMBNil (2021: RMB117,930,000) due to the unpredictability of future profit streams. Included in unused tax losses are tax losses which will expire in the following years ending and other losses may be carried forward indefinitely.

	2021 RMB'000 (restated)	2022 RMB'000
2022	304,694	–
2023	215,662	215,662
2024	24,976	24,976
2025	42,270	42,270
2026	–	26,041
	587,602	308,949

34. Capital Risk Management

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to owners through the optimisation of the debt and equity balance. The Group's overall strategy remains unchanged from that of the prior years.

The capital structure of the Group consists of net debt, which includes the borrowings and lease liabilities disclosed in notes 32 and 31 respectively, net of cash and cash equivalents and equity attributable to owners of the Company, comprising share capital, share premium, retained profits and other reserves.

The Directors review the capital structure periodically. As part of this review, the Directors consider the cost of capital and the risks associated with each class of capital. The Group will balance its overall capital structure through the issue of new debt or the repayment of existing debt.

The Directors monitor the utilisation of bank loans and ensures full compliance with loan covenants during the year.

35. Financial Instruments

(a) Categories of financial instruments

	2021 RMB'000 (restated)	2022 RMB'000
Financial assets		
Financial assets at amortised cost	4,271,557	**2,107,937**
Equity instrument at FVTOCI	20,100	**20,000**
Structured deposits at FVTPL	351,381	**451,440**
	4,643,038	**2,579,377**
Financial liabilities		
Financial liabilities at amortised cost	2,788,955	**4,445,677**

(b) Financial risk management objectives and policies

The Directors have overall responsibility for the establishment and oversight of the Group's risk management framework. The Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls to monitor risks and adherence to market conditions and the Group's activities. The Group, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations. The Directors monitor and manage the financial risks relating to the operations of the Group to ensure appropriate measures are implemented on a timely and effective manner.

The Group employs a conservative strategy regarding its risk management and does not engage in trading of any financial instruments, including derivative financial instruments, for hedging or speculative purpose.

There has been no change to the Group's exposure to market risks or the manner in which it manages and measures.

(i) Foreign currency risk

The Group undertake certain transactions denominated in foreign currencies, hence exposure to exchange fluctuation arises. Certain of the financial assets and financial liabilities of the Group are denominated in HKD or USD which are currencies other than their respective functional currencies of the respective group entities. The Group manages its foreign currency risk by constantly monitoring the movement of the foreign exchange rates. In addition, the Company has intra-group balances with several subsidiaries denominated in foreign currency which also expose the Group to foreign currency risk.

35. Financial Instruments (continued)

(b) Financial risk management objectives and policies (continued)

(i) Foreign currency risk (continued)

The carrying amounts of the foreign currency denominated monetary assets and monetary liabilities of the Group at the end of the reporting period are as follows:

	Assets		*Liabilities*	
	2021	***2022***	*2021*	***2022***
	RMB'000	***RMB'000***	*RMB'000*	***RMB'000***
HKD	5,698	**39,134**	1,940,612	**2,138,423**

The Group currently does not have a foreign currency hedging policy in respect of foreign currency exposure.

Sensitivity analysis

The foreign currency risk of the Group and a joint venture is mainly concentrated on the fluctuation of RMB, the functional currency of the Company, its subsidiaries and a joint venture as at 31 December 2022, against HKD and USD. The following sensitivity analysis includes currency risk related to HKD and USD denominated monetary items of respective group entities and the joint venture.

5% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the year end for a 5% change in foreign currency rate and all other variables are held constant.

As at 31 December 2022, the Group (excluding the joint ventures) had monetary assets and monetary liabilities denominated in HKD that is not the functional currency of the relevant group entities (i.e. RMB). If exchange rate of RMB against HKD had been strengthened/weakened by 5%, the profit for the year attributable to owners of the Company for the current year would decrease/increase by RMB78,723,000 (2021: RMB72,559,000).

As at 31 December 2022, a joint venture of the Group had outstanding bank loans and bank balances denominated in HKD and USD that are not the functional currency of a joint venture (i.e. RMB). The foreign currency risk associated with foreign currency borrowings and bank balances exposed by a joint venture is reflected in the share of results of joint ventures. If exchange rate of RMB against HKD and USD had been strengthened/weakened by 5%, the profit for the year attributable to owners of the Company for the current year would increase/decrease by RMB37,017,000 (2021: RMB33,608,000).

35. Financial Instruments (continued)

(b) Financial risk management objectives and policies (continued)

(ii) Interest rate risk

The cash flows interest rate risk of the Group relates primarily to variable rate bank loans and bank balances with details as set out in notes 32 and 26 respectively and the variable rate bank loans and bank balances of its joint ventures.

The Group is exposed to fair value interest risk in relation to certain bank balances (see note 26) and lease liabilities (see note 31). The management continues to monitor the fair value interest rate exposure of the Group.

A fundamental reform of major interest rate benchmarks is being undertaken globally, including the replacement of some interbank offered rates ("IBORs") with alternative nearly risk-free rates. Details of the impacts on the Group's risk management strategy arising from the interest rate benchmark reform are set out under "interest rate benchmark reform" in this note.

Sensitivity analysis

The sensitivity analysis includes only variable financial instruments outstanding at the end of the reporting period were outstanding for the whole period. A 100 basis points is the sensitivity rate used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

As at 31 December 2022, the Group (excluding its joint ventures) are exposed to cash flow interest rate in relation to the variable rate bank loans and bank balances. If interest rate had been 100 (2021: 100) basis points higher/lower, the profit for the year would decrease/increase by RMB34,677,000 (2021: RMB633,000).

As at 31 December 2022, the joint ventures of the Group are exposed to cash flow interest rate risk in relation to the variable rate bank balances and bank loans. If interest rate had been 100 (2021: 100) basis points higher/lower, the profit for the year would decrease/increase by RMB20,791,000 (2021: RMB22,523,000).

35. Financial Instruments (continued)

(b) Financial risk management objectives and policies (continued)

(iii) Credit risk and impairment assessment

Credit risk refers to the risk that the Group's counterparties default on their contractual obligations resulting in financial losses to the Group. The Group's credit risk exposures are primarily attributable to trade and other receivables, amount due from a joint venture, restricted bank deposits and bank balances. The Group does not hold any collateral or other credit enhancements to cover its credit risks associated with its financial assets.

Trade receivables

The Group has a significant concentration credit risk as all trade receivables are from two debtors as at 31 December 2021 and 2022. The debtors are governmental organisations with good reputation and repayment records.

The management of the Group regularly follows up the subsequent settlement from the counterparties. In this regard, the management of the Group considers that this credit concentration risk has been significantly mitigated. In order to minimise the credit risk on trade receivables, the management of the Group has monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the management of the Group reviews the recoverable amount of each individual debt at the end of the reporting period to ensure that adequate impairment losses are made for irrecoverable amounts.

The Group applies simplified approach and always recognises lifetime ECL for trade receivables on an individual basis. Taking into account the financial condition of the customers and historical settlement pattern with no history of default in the past and the forward-looking information, the management of the Group considers the trade receivables are at lower risk under internal credit rating assessment and the probability of default of the counterparties was low. The ECL arising from the trade receivables was insignificant and no loss allowance provision was recognised as at 31 December 2021 and 2022. There were no credit-impaired trade receivables as at 31 December 2021 and 2022.

Other receivables

The Group has significant concentration of credit risk regarding loan to a fellow subsidiary and amount due to an intermediate holding company. Having considered the financial background and good creditability of the counterparties, the management believes the credit risk is minimal and the loss allowance is immaterial. Management will closely monitor the financial position of each counterparty to ensure overdue debts are recovered in a timely manner.

35. Financial Instruments (continued)

(b) Financial risk management objectives and policies (continued)

(iii) Credit risk and impairment assessment (continued)

Amount due from a joint venture and registered capital contribution in JV

The Group has significant concentration of credit risk in amount due from a joint venture and registered capital contribution in JV. The management is responsible to exercise the joint control on the relevant activities of the joint venture with a PRC joint venture partner to ensure the joint venture maintaining favourable financial position in order to reduce such credit risk.

In addition, the management and the respective joint ventures are responsible for monitoring the procedures to ensure that follow-up actions are taken to recover overdue debts, in order to minimise other credit risks. The management is also responsible for reviewing the recoverable amount of each individual debt at the end of the reporting period to ensure that adequate impairment are made for irrecoverable amounts. In this regard, the Directors consider that the Group's credit risk is significantly reduced.

Restricted deposits and bank balances

The credit risks of the Group on liquid funds are limited because the counterparties are banks with good reputation.

Financial guarantee

For financial guarantee contract, the aggregate amount of outstanding financial guarantee issued to a bank in respect of a bank facility granted to a joint venture that the Group could be required to pay amounted to RMB225,000,000 as at 31 December 2022 (2021: RMB225,000,000). RMB93,464,000 (2021: RMB7,051,000) of the outstanding financial guarantees attributable to the Group's shareholding has been utilised by the joint venture. The fair value of the financial guarantee, as at the date of initial recognition, was considered insignificant. At the end of the reporting period, the management has performed impairment assessment, and concluded that there has been no significant increase in credit risk since initial recognition of the financial guarantee contract. Accordingly, the loss allowance for the financial guarantee contract issued by the Group is measured at an amount equal to 12-month ECL. No loss allowance was recognised in the profit or loss.

Other than the above, the Group has no other significant concentration of credit risk.

35. Financial Instruments (continued)

(b) Financial risk management objectives and policies (continued)

(iii) Credit risk and impairment assessment (continued)

The table below detail the credit risk exposures of the Group's financial assets, which are subject to ECL assessment, for the low risk which is representing low risk of default and does not have any past-due amounts.

	External credit rating	*Internal credit rating*	*12-month or lifetime ECL*	*Gross carrying amount* RMB'000 (restated)
As at 31 December 2021				
Financial assets at amortised cost				
— Trade receivables	N/A	Low risk	Lifetime ECL — not credit-impaired	150,445
— Other receivables	N/A	Low risk	12-month ECL	956,726
— Amount due from a joint venture	N/A	Low risk	12-month ECL	263,636
— Registered capital contribution in a joint venture	N/A	N/A	12-month ECL	1,027,670
— Restricted bank deposits	A+	N/A	12-month ECL	12,972
— Bank balances and cash	A–A+	N/A	12-month ECL	1,860,108
— Financial guarantee contract (Note)	N/A	Low risk	12-month ECL	225,000
As at 31 December 2022				
Financial assets at amortised cost				
— Trade receivables	**N/A**	**Low risk**	**Lifetime ECL — not credit-impaired**	**133,520**
— Other receivables	**N/A**	**Low risk**	**12-month ECL**	**184,297**
— Amount due from a joint venture	**N/A**	**Low risk**	**12-month ECL**	**210,385**
— Registered capital contribution in a joint venture	**N/A**	**N/A**	**12-month ECL**	**1,090,672**
— Restricted bank deposits	**A+**	**N/A**	**12-month ECL**	**15,048**
— Bank balances and cash	**A–A+**	**N/A**	**12-month ECL**	**474,015**
— Financial guarantee contract (Note)	**N/A**	**Low risk**	**12-month ECL**	**225,000**

Note: For the financial guarantee contract, the gross carrying amount represents the maximum amount the Group has guaranteed under the contract.

35. Financial Instruments (continued)

(b) Financial risk management objectives and policies (continued)

(iv) Liquidity risk

The Group's treasury activities are centralised to achieve better risk control and minimise the cost of funds. Cash is generally placed in bank deposits mostly denominated in RMB. The management aims to maintain a balance between continuity of adequate funding and the flexibility through the use of bank and other borrowings. The Group's liquidity and financing requirements are reviewed regularly to mitigate the effects of fluctuations in cash flows. The management will consider new financing while maintaining appropriate gearing ratio.

The following table details the Group's remaining contractual maturity for its financial liabilities based on agreed payment terms. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. The table includes both interest and principal cash flows. To the extent that interest flows are floating, the undiscounted amount is derived from current interest rate at the end of the reporting period.

	Weighted average effective interest rate	*Repayable on demand or less than 1 year*	*1 year to 2 years*	*2 years to 5 years*	*Over 5 years*	*Total undiscounted cash flows*	*Total carrying amount*
	%	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At 31 December 2021 (restated)							
Trade and other payables	–	568,768	–	–	–	568,768	568,768
Amount due to an intermediate holding company	–	230,606	–	–	–	230,606	230,606
Amounts due to related parties	–	53,194	–	–	–	53,194	53,194
Lease liabilities	3.85	1,838	1,853	1,608	–	5,299	5,009
Bank loans:							
— variable rate	1.41	901,684	67,444	1,018,079	–	1,987,207	1,936,275
Bank overdrafts	1.3	112	–	–	–	112	112
Financial guarantee	–	225,000	–	–	–	225,000	–
		1,981,202	69,297	1,019,687	–	3,070,186	2,793,964
At 31 December 2022							
Trade and other payables	**–**	**174,916**	**–**	**–**	**–**	**174,916**	**174,916**
Amount due to an intermediate holding company	**–**	**236,415**	**–**	**–**	**–**	**236,415**	**236,415**
Amounts due to related parties	**–**	**77,544**	**–**	**–**	**–**	**77,544**	**77,544**
Lease liabilities	**3.57**	**9,520**	**9,520**	**4,746**	**–**	**23,786**	**22,757**
Bank loans:							
— variable rate	**5.41**	**1,271,383**	**729,333**	**1,330,974**	**1,144,091**	**4,475,781**	**3,956,802**
Financial guarantee	**–**	**225,000**	**–**	**–**	**–**	**225,000**	**–**
		1,994,778	**738,853**	**1,335,720**	**1,144,091**	**5,213,442**	**4,468,434**

35. Financial Instruments (continued)

(b) Financial risk management objectives and policies (continued)

(iv) Liquidity risk (continued)

The amount included above for financial guarantee contract is the maximum amount the Group could be required to settle under the arrangement for the full guaranteed amount if that amount is claimed by the counterparty to the guarantee. Based on expectations at the end of the reporting period, the management considers that it is more likely than not that no amount will be payable under the arrangement. However, this estimate is subject to change depending on the probability of the counterparty claiming under the guarantee which is a function of the likelihood that the financial receivables held by the counterparty which are guaranteed suffer credit losses.

The amounts included above for variable interest rate instruments are subject to change if changes in variable interest rates differ to those estimates of interest rates determined at the end of the reporting period.

(v) Interest rate benchmark reform

As listed in note 32, the Group's HIBOR bank loans may be subject to the interest rate benchmark reform. The Group is closely monitoring the market and managing the transition to new benchmark interest rates, including announcements made by the relevant IBOR regulators.

While the Hong Kong Dollar Overnight Index Average ("HONIA") has been identified as an alternative to HIBOR, there is no plan to discontinue HIBOR. The multi-rate approach has been adopted in Hong Kong, whereby HIBOR and HONIA will co-exist.

For the floating rate loans that are linked to HIBOR, the management expects the HIBOR will continue to maturity. Accordingly, the management does not expect there is significant uncertainty or risks arising from the interest rate benchmark reform.

(c) Fair value measurement of financial instruments

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

Some of the Group's financial assets are measured at fair value at the end of each reporting period. The following table gives information about how the fair values of these financial assets are determined (in particular, the valuation technique and inputs used), as well as the level of the fair value hierarchy into which the fair value measurements are categorised (levels 1 to 3) based on the degree to which the inputs to the fair value measurements is observable.

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active market for identical assets or liabilities;

- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

35. Financial Instruments (continued)

(c) Fair value measurement of financial instruments (continued)

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

Financial assets	*2021 (restated)*	*2022*	*Fair value hierarchy*	*Valuation technique and key inputs*	*Significant unobservable inputs*	*Relationship of unobservable inputs to fair value (Note)*
Equity instrument at FVTOCI	Unlisted equity investment: RMB20,100,000	**Unlisted equity investment: RMB20,000,000**	Level 3	Market Approach	Price-to-earnings multiples of several comparable companies with average at 8.10 (2021: 7.78)	The higher the multiples, the higher the fair value
					Enterprise value-to-earnings before interest, taxes, depreciation and amortisation ("EV/EBITDA") multiples of several comparable companies with average at 6.09 (2021: 6.33)	The higher the multiples, the higher the fair value
					Risk adjustment for a discount on lack of marketability at 27% (2021: 27%)	The higher the discount, the lower the fair value
Structured deposits	RMB351,381,000	**RMB451,440,000**	Level 3	Discounted cash flow	Potential return rate of 2.90% to 4.42% (2021: 1.35% to 4.00%) per annum	The higher the potential return rate, the lower the fair value

Note: If the price-to-earnings multiples to the valuation model is 5% higher/lower, while all the other variables were held constant, the fair value would increase/decrease by approximately RMB292,000 (2021: RMB241,000). If the risk adjustment for a discount on lack of marketability to the valuation model is 5% higher/lower, while all the other variables were held constant, the fair value would decrease/increase by approximately RMB824,000 (2021: RMB728,000).

The fair values of financial assets and financial liabilities at amortised costs are determined in accordance with generally accepted pricing models based on discounted cash flow analysis. The management considers that the carrying amounts of such financial assets and financial liabilities recognised in the consolidated financial statements approximate their fair values.

The Directors consider that the carrying amounts of the financial assets and financial liabilities recognised at amortised cost in the consolidated financial statements approximate their fair values.

35. Financial Instruments (continued)

(c) Fair value measurement of financial instruments (continued)

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

Reconciliation of Level 3 fair value measurements

	Equity instrument at FVTOCI *RMB'000*	*Structured deposits* *RMB'000*
As at 1 January 2021	31,000	801,503
Total gains (losses):		
— in profit or loss	–	6,947
— in other comprehensive income	(9,810)	–
Placement	–	1,045,000
Withdrawal	–	(1,495,000)
Interest received	–	(7,069)
Deferred tax	(1,090)	–
At 31 December 2021	**20,100**	**351,381**
Total gains (losses):		
— in profit or loss	**–**	**9,385**
— in other comprehensive income	**(90)**	**–**
Placement	**–**	**1,468,000**
Withdrawal	**–**	**(1,368,000)**
Interest received	**–**	**(9,326)**
Deferred tax	**(10)**	**–**
At 31 December 2022	**20,000**	**451,440**

Required for Level 3 recurring fair value measurements only

Of the total gains or losses for the year included in profit or loss, a gain of RMB1,440,000 gain (2021: RMB1,381,000) relates to structured deposits held at the end of the current reporting period. Investment income from structured deposits is included in "other income".

Included in other comprehensive income is a loss of RMB90,000 (2021: RMB9,810,000) relating to unlisted equity securities classified as equity instruments at FVTOCI held at the end of the current reporting period and is reported as changes of investment revaluation reserve.

36. Particulars of Principal Subsidiaries

The following list contains the particulars of the subsidiaries of the Company at 31 December 2021 and 2022 which principally affect the results, assets or liabilities of the Group as the Directors are of the opinion that a full list of all the subsidiaries would be of excessive length.

Name of subsidiary	*Place of incorporation/ establishment*	*Issued and fully paid share*		*Attributable equity interest held by the Company*		*Proportion of voting power held by the Company*		*Principal activity*
		2021	***2022***	*2021*	***2022***	*2021*	***2022***	
Kingnice (BVI) Limited*	British Virgin Islands	Ordinary shares US$20,000	**Ordinary shares US$20,000**	97.5%	**97.5%**	97.5%	**97.5%**	Investment holding
Hopewell China Development (Superhighway) Limited*	Hong Kong	Ordinary shares HK$2 Non-voting deferred shares HK$4	**Ordinary shares HK$2 Non-voting deferred shares HK$Nil**	97.5% of issued ordinary shares	**97.5% of issued ordinary shares**	97.5%	**97.5%**	Investment in expressway project
Hopewell Guangzhou-Zhuhai Superhighway Development Limited	Hong Kong	Ordinary shares HK$2 Non-voting deferred shares HK$2	**Ordinary shares HK$2 Non-voting deferred shares HK$Nil**	100% of issued ordinary shares	**100% of issued ordinary shares**	100%	**100%**	Investment in expressway project
SIH Bay Area Finance Limited	Hong Kong	Ordinary share HK$1	**Ordinary share HK$**	100%	**100%**	100%	**100%**	Loan finance
Shenwan Bay Area Infrastructure (Shenzhen) Company Limited	The PRC	Paid-in capital RMB1,473,535,997	**Paid-in capital RMB1,894,785,997**	97.5%	**97.5%**	97.5%	**97.5%**	Investment holding
The Coastal Company	The PRC	Paid-in capital RMB4,600,000,000	**Paid-in capital RMB5,714,285,714 (note 1)**	51% (note 2)	**51%**	51% (note 2)	**51%**	Investment, construction and operation of an expressway

Notes:

1. In May 2022, the directors of the Coastal Company approved to increase the registered capital from RMB4,600,000,000 to RMB6,600,000,000 by transferring RMB2,000,000,000 from capital reserve. In the same month, the directors of the Coastal Company have proposed to decrease the registered capital from RMB6,600,000,000 to RMB2,800,000,000 by divestment. The reduction of registered capital is approved by relevant governmental authority in September 2022. As mentioned in note 2, the Group injected RMB2,998,000,000 to the Coastal Company upon the subscription, pursuant to which RMB2,914,285,714 was credited as paid-in capital and RMB83,714,286 as capital reserve.

2. The Coastal Company was treated as subsidiary in both 2021 and 2022 under common control of SIHC.

Except SIH Bay Area Finance Limited, all the above subsidiaries are indirectly held by the Company.

None of the subsidiaries had issued any debt securities at the end of the year.

36. Particulars of Principal Subsidiaries (continued)

Details of non-wholly owned subsidiary that has material non-controlling interests

The table below shows details of non-wholly owned subsidiary of the Group that has material non-controlling interests:

Name of subsidiary	Place of establishment and principal place of operation	Proportion of ownership interest held by non-controlling interests		Profit allocated to non-controlling interests		Accumulated non-controlling interests	
		2021	2022	2021 RMB'000	2022 RMB'000	2021 RMB'000	2022 RMB'000
The Coastal Company	The PRC	49%	**49%**	98,218	**43,518**	3,175,343	**2,825,881**
Individually immaterial subsidiary with non-controlling interests				8,878	**4,651**	22,107	**23,844**
				107,096	**48,169**	3,197,450	**2,849,725**

Summarised financial information in respect of the Coastal Company is set out below. The summarised financial information below represents amounts before intragroup eliminations.

The Coastal Company

	2021 RMB'000	2022 RMB'000
Current assets	972,738	**309,824**
Non-current assets	6,598,622	**6,177,931**
Current liabilities	(1,091,069)	**(690,417)**
Non-current liabilities	–	**(30,235)**
Total equity	6,480,291	**5,767,103**

	2021 RMB'000	2022 RMB'000
Revenue	613,511	**789,701**
Expenses	(413,067)	**(700,888)**
Profit and total comprehensive income for the year	200,444	**88,813**
Net cash inflow from operating activities	315,024	**216,058**
Net cash outflow from investing activities	(1,262,970)	**(479,387)**
Net cash inflow from financing activities	51,592	**127,669**
Net cash outflow	(896,354)	**(135,600)**

37. Capital Commitments

At the end of each reporting period, the Group had the following capital commitments contracted for but not provided in the consolidated financial statements in respect of:

	2021 RMB'000 (restated)	2022 RMB'000
Construction of expressway	931,555	616,455

38. Reconciliation of Liabilities Arising from Financing Activities

The table below details changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Group's consolidated statement of cash flows as cash flows from financing activities.

	Bank loans RMB'000	Lease liabilities RMB'000	Amount due to an intermediate holding company RMB'000	Amounts due to related parties RMB'000	Dividends payables RMB'000	Interest payable RMB'000	Total RMB'000
As at 1 January 2021 (audited and originally stated)	1,078,349	–	–	–	306,030	353	1,384,732
Merger accounting restatement	–	–	206,101	25,849	–	–	231,950
As at 1 January 2021 (restated)	1,078,349	–	206,101	25,849	306,030	353	1,616,682
New lease entered	–	5,146	–	–	–	–	5,146
Financing cash flows	890,523	(153)	24,505	27,345	(878,879)	(20,497)	42,844
Dividends declared	–	–	–	–	578,363	–	578,363
Interest expense	–	16	–	–	–	20,808	20,824
Exchange difference	(32,597)	–	–	–	(5,514)	(17)	(38,128)
As at 31 December 2021	1,936,275	5,009	230,606	53,194	–	647	2,225,731
New lease entered	–	26,307	–	–	–	–	26,307
Financing cash flows	1,837,034	(4,758)	5,809	24,350	(512,556)	(84,587)	1,265,292
Dividends declared	–	–	–	–	512,556	–	512,556
Interest expense	–	519	–	–	–	84,587	85,106
Early termination of lease	–	(4,320)	–	–	–	–	(4,320)
Exchange difference	183,493	–	–	–	–	2,882	186,375
As at 31 December 2022	3,956,802	22,757	236,415	77,544	–	3,529	4,297,047

39. Major Non-Cash Transactions

(a) During the year ended as at 31 December 2022, the Group entered into leasing arrangements for the use of assets and recognised right-of-use assets and lease liabilities of RMB26,307,000 and RMB26,307,000 (2021: RMB5,146,000 and RMB5,146,000) respectively at the inception of the lease.

(b) During the year ended 31 December 2021, the Group had capitalised an amount due from a joint venture of RMB454,500,000 capital contribution of the joint venture on a dollar-to-dollar basis.

(c) As mentioned in note 36, during the year ended 31 December 2022, the Coastal Company reduced its paid-in capital by RMB3,800,000,000. Such balance was net off with the settlement of loan to a fellow subsidiary of RMB435,631,000 and amount due from an intermediate holding company of RMB296,369,000 and the remaining balance of RMB3,050,000,000 was paid to an intermediate holding company.

40. Related Party Transactions

Other than as disclosed elsewhere in these consolidated financial statements, during the year ended 31 December 2022, the Group entitled to receive interest income and guarantee income for the loan from a joint venture of RMB16,105,000 and RMB2,123,000 (2021:RMB38,985,000 and nil) respectively.

The Group also entered into the following transactions with fellow subsidiaries during the years ended 31 December 2021 and 2022:

	2021 *RMB'000* *(restated)*	***2022*** ***RMB'000***
Maintenance expenses	33,154	**35,682**
Management fee expenses	2,777	**2,262**
Rental and services income	344	**53**
Interest income	20,569	**13,425**
Construction costs	22,401	**21,941**

Compensation of key management personnel

The remuneration of key management personnel who are all Directors is disclosed in note 13.

41. Guarantee

During the year ended 31 December 2021, a non-wholly-owned subsidiary of the Company had provided a corporate guarantee to a bank to secure a banking facility granted to a joint venture amounting to RMB225,000,000. At 31 December 2022, the amount utilised by the joint venture and shared by the Group is RMB93,464,000 (2021: RMB7,051,000). In the opinion of the Directors, the fair value of the financial guarantee at initial recognition is insignificant.

42. Approval of Financial Statements

The consolidated financial statements on pages 99 to 180 were approved and authorised for issue by the Board of Directors on 16 March 2023.

Glossary

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

Glossary

"Company"	Shenzhen Investment Holdings Bay Area Development Company Limited (formerly known as Hopewell Highway Infrastructure Limited), a company incorporated in the Cayman Islands with limited liability
"Compensation"	the compensation in an aggregated sum of approximately RMB317.0 million in respect of the Land Resumption under the Compensation Agreement, as disclosed in the Company's announcement dated 30 September 2022
"Compensation Agreement"	The Compensation Agreement for Resumption of State owned Land Use Rights* (收回國有土地使用權補償合同) entered into among Land Reserve Centre, GS JV and the Representatives on 30 September 2022 in relation to the Land Resumption, as disclosed in the Company's announcement dated 30 September 2022
"Completion"	completion of the payment of the Consideration by the Shenwan Infrastructure to the Coastal Company and the registration of the change of the registered capital, shareholders and directors of the Coastal Company as a result of the Subscription with the relevant government authority in the PRC, as disclosed in the Company's circular dated 23 September 2022, which has taken place on 30 November 2022, as disclosed in the Company's announcement dated 2 December 2022
"Consideration"	RMB2,998,000,000, being the consideration payable by Shenwan Infrastructure to obtain 51% of the enlarged equity interest in the Coastal Company pursuant to the Subscription Agreement, as disclosed in the Company's circular dated 23 September 2022
"COVID-19 pandemic"	coronavirus disease (COVID-19) pandemic
"Director(s)"	director(s) of the Company
"EBITDA"	earnings before interest, tax, depreciation and amortisation (before net exchange gain/loss)
"EGM"	the extraordinary general meeting convened on 13 October 2022 by the Company to consider, amongst others, the Subscription Agreement and the transactions contemplated thereunder
"EIT"	enterprise income tax
"Entrusted Coastal Expressway Daily Maintenance, Electrical and Mechanical Maintenance and Towing Services Agreement"	the agreement dated 11 August 2022 entered into between the Coastal Company and the Engineering Development Company in relation to the provision of daily maintenance, electrical maintenance and towing services for the Coastal Expressway (Shenzhen Section), details of which are contained in the Company's announcement dated 18 August 2022

Glossary

"Entrusted Coastal Expressway Operation and Maintenance Management Agreement"	an agreement dated 26 July 2022 entered into between the Coastal Company and the Operation Development Company in relation to provision of operational and maintenance management services for Coastal Expressway (Shenzhen Section), details of which are contained in the Company's announcement dated 18 August 2022
"Executive Committee"	the committee of Executive Directors of the Company
"Existing Continuing Transactions"	the transactions contemplated under the Entrusted Coastal Expressway Operation and Maintenance Management Agreement and the Entrusted Coastal Expressway Daily Maintenance, Electrical and Mechanical Maintenance and Towing Services Agreement, details of which are contained in the Company's announcement dated 18 August 2022
"full-length equivalent traffic"	the total distance travelled by all vehicles on the expressway divided by the full length of the expressway
"GDP"	gross domestic product
"GPCG"	Guangdong Provincial Communication Group Company Limited* (廣東省交通集團有限公司) and its subsidiaries collectively (including Guangdong Highway Construction, Lealu Investment and Leaxin Investment)
"Guangdong Highway Construction"	Guangdong Provincial Highway Construction Company Limited* (廣東省公路建設有限公司), the PRC joint venture partner of GS Superhighway JV and a company established in the PRC with limited liability and a non wholly-owned subsidiary of Guangdong Provincial Communication Group Company Limited* (廣東省交通集團有限公司), being a state-owned enterprise established in the PRC
"Group"	the Company and its subsidiaries
"GS JV"	Guangzhou-Shenzhen-Zhuhai Superhighway Company Limited, the joint venture established for the GS Superhighway
"GS Superhighway"	Guangzhou-Shenzhen Superhighway
"GZ West JV"	Guangdong Guangzhou-Zhuhai West Superhighway Company Limited, the joint venture company established for the GZ West Superhighway
"GZ West Superhighway"	Guangzhou-Zhuhai West Superhighway, also known as the Western Delta Route
"HK$", "HKD" or "HK Dollar(s)"	Hong Kong Dollars, the lawful currency of Hong Kong
"Hong Kong" or "HKSAR"	the Hong Kong Special Administrative Region of the PRC
"HZM Bridge"	the Hong Kong-Zhuhai-Macao Bridge

Glossary

"Independent Shareholders"	Shareholders who are independent within the meaning of the relevant provisions of the Listing Rules, and, in relation to the approval of the Subscription Agreement at the EGM, means Shareholders other than Shenzhen Expressway and its associates, as disclosed in the Company's circular dated 23 September 2022
"JV(s)"	joint venture(s)
"km"	kilometre(s)
"Land Reserve Centre"	Guangzhou Development District Land Development Reserve Exchange Centre* (廣州開發區土地開發儲備交易中心), a public institution in Guangzhou City, Guangdong Province, the PRC entrusted by Huangpu District Government to execute the Land Resumption, as disclosed in the Company's announcement dated 30 September 2022
"Land Resumption"	the resumption of the land use rights of the Resumed Land and the Attached Buildings by Land Reserve Centre under the Compensation Agreement, as disclosed in the Company's announcement dated 30 September 2022
"Lealu Investment"	Guangzhou Lealu Investment Company Limited* (廣州利路實業投資有限公司), a company established in the PRC with limited liability and an indirectly wholly-owned subsidiary of GPCG
"Leaxin Investment"	Guangzhou Leaxin Investment Company Limited* (廣州利新實業投資有限公司), a company established in the PRC with limited liability and an indirectly wholly-owned subsidiary of GPCG
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange
"Macao" or "Macao SAR"	the Macao Special Administrative Region of the PRC
"Mainland China"	the PRC, excluding Hong Kong and Macao
"Model Code"	the Model Code for Securities Transactions by Directors of Listed Issuers contained in Appendix 10 to the Listing Rules
"net toll revenue"	toll revenue after related tax
"Nomination Committee"	the nomination committee of the Company
"Outline Plan"	the Outline Development Plan for Guangdong-Hong Kong-Macao Greater Bay Area
"Parties"	collectively, Shenwan Infrastructure, Lealu Investment, Leaxin Investment and Shenzhen Run Investment, and each a "Party"
"PRC"	the People's Republic of China
"PRD"	Pearl River Delta

Glossary

"Project Land"	the land (plot number: 83101203A19206) located at the Xintang interchange on both sides of the GS Superhighway, as disclosed in the Company's announcement dated 29 November 2019
"Remuneration Committee"	the remuneration committee of the Company
"Representatives"	Guangzhou Huangpu District People's Government Yunpu Street Office* (廣州市黃埔區人民政府雲埔街道辦事處) and Guangzhou Dongjin New District Development Co. Ltd.* (廣州東進新區開發有限公司), a limited company established in the PRC, as disclosed in the Company's announcement dated 30 September 2022
"Resumed Land"	two land parcels located at the Luogang Interchange of Huangpu District of Guangzhou City, the PRC (i.e. in the Guangzhou section of the GS Superhighway) with an aggregated ascertained site area of 294,540.09 sq.m., as disclosed in the Company's announcement dated 30 September 2022
"RMB"	Renminbi, the lawful currency of the PRC
"SFO"	The Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
"Share(s)"	ordinary share(s) of HK$0.10 each in the share capital of the Company
"Shareholder(s)"	shareholder(s) of the Company
"Share Award Scheme"	the share award scheme adopted by the Board on 25 January 2007
"Shenwan Infrastructure"	Shenwan Bay Area Infrastructure (Shenzhen) Company Limited* (深灣基建(深圳)有限公司), a company established in the PRC with limited liability established by the Company for the purpose of investing into the Xintang JV
"Shenzhen Expressway"	Shenzhen Expressway Corporation Limited, a joint stock limited company incorporated in the PRC with limited liability, the H shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 00548) and the A shares of which are listed on the Shanghai Stock Exchange (Security Code: 600548)
"Shenzhen International"	Shenzhen International Holdings Limited, a company incorporated in Bermuda with limited liability, the shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 00152)
"Shenzhen Run Investment"	Shenzhen Run Investment Consulting Co., Ltd.* (深圳市潤投咨詢有限公司), a company established in the PRC with limited liability
"SIHC"	Shenzhen Investment Holdings Co., Ltd* (深圳市投資控股有限公司), incorporated in the PRC with limited liability, the ultimate controlling Shareholder of the Company

Glossary

"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Subscription"	the capital injection to obtain 51% enlarged equity interest in the Coastal Company upon Completion by Shenwan Infrastructure pursuant to the Subscription Agreement, as disclosed in the Company's circular dated 23 September 2022
"Subscription Agreement"	a conditional subscription agreement entered into between Shenwan Infrastructure, Shenzhen Expressway and the Coastal Company on 18 August 2022 in respect of the capital injection to the Coastal Company by Shenwan Infrastructure, as disclosed in the Company's circular dated 23 September 2022
"Target Company"	Shenzhen Investment International Capital Holdings Infrastructure Co., Ltd (深圳投控國際資本控股基建有限公司), incorporated in the British Virgin Islands with limited liability
"toll revenue"	toll revenue including tax
"Total Upper Limit"	The maximum total amount of contribution (whether by way of registered capital, shareholders' loans, or in any other nature) by the Parties to Xintang JV shall not exceed RMB6.8 billion, as disclosed in the Company's announcement dated 10 September 2020
"US"	the United States of America
"USD" or "US Dollar(s)"	United States Dollars, the lawful currency of the United States of America
"Valuation Report"	the valuation report dated 16 November 2021 issued by Shenzhen World Union Land and Property Appraisal Co. Ltd.* (深圳市世聯土地房地產評估有限公司), an independent professional valuer engaged by GS JV for assessing the Compensation, pursuant to which the appraised value for the Land Resumption was RMB316,988,263.42 as at 16 August 2021, as disclosed in the Company's announcement dated 30 September 2022
"Xintang JV"	Guangzhou Zhentong Development Company Limited* (廣州臻通實業發展有限公司), a joint venture established in the PRC for the development of the Project Land, the equity interest of which is currently held as to 15%, 20%, 5% and 60% by Shenwan Infrastructure, Lealu Investment, Leaxin Investment and Shenzhen Run Investment respectively
"YoY"	year-on-year

* *For identification purpose only*

Corporate Information

Board of Directors
Mr. Xiangwen LIAO*
(Executive Director and Chairman)
Mr. Tianliang ZHANG*
(Executive Director and General Manager)
Mr. Jianming WU*
(Executive Director and Executive General Manager)
Mr. Cheng WU*
(Executive Director and Deputy General Manager)
Mr. Ji LIU*
(Executive Director, Deputy General Manager and secretary to the Board)
Mr. Weiguo ZONG* *(Non-executive Director)*
Mr. Siyan CHEN * *(Non-executive Director)*
Mr. Brian David Man Bun LI JP
(Independent Non-executive Director)
Mr. Yu Lung CHING
(Independent Non-executive Director)
Mr. Tony Chung Nin KAN SBS, JP
(Independent Non-executive Director)
Mr. Peng XUE*
(Independent Non-executive Director)

Audit Committee
Mr. Yu Lung CHING *(Chairman)*
Mr. Brian David Man Bun LI JP
Mr. Tony Chung Nin KAN SBS, JP

Remuneration Committee
Mr. Brian David Man Bun LI JP *(Chairman)*
Mr. Yu Lung CHING
Mr. Tony Chung Nin KAN SBS, JP

Nomination Committee
Mr. Xiangwen LIAO* *(Chairman)*
Mr. Brian David Man Bun LI JP
Mr. Yu Lung CHING
Mr. Tony Chung Nin KAN SBS, JP

Company Secretary
Ms. Ching Fan KOO

Solicitors
Loong & Yeung, Solicitors

Auditor
Deloitte Touche Tohmatsu
Certified Public Accountants
Registered Public Interest Entity Auditors

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

* *For identification purpose only*

Principal Place of Business
Rooms 4902–4916, 49th Floor
Sun Hung Kai Centre
30 Harbour Road
Wanchai, Hong Kong
Fax: (852) 2861 0177
Email: info@sihbay.com

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

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

\+ *names are in alphabetical order*

Cayman Islands Share Registrar and Transfer Office
Maples Fund Services (Cayman) Limited
P.O. Box 1093
Boundary Hall
Cricket Square
Grand Cayman
KY1-1102
Cayman Islands

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

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

International Securities Identification Number
ISIN code (HKD counter) KYG8088A1168
ISIN code (RMB counter) KYG8088A1085

Investor Relations
Tel: (852) 2191 1622
Fax: (852) 2861 0177
Email: ir@sihbay.com

Website
www.sihbay.com

Financial Calendar

Interim dividend announcement	4 August 2022
Exchange rate determined for payment of interim dividend in Hong Kong Dollars	4 August 2022
Closure of register of members	5 September 2022
Deadline for submission of dividend election form	23 September 2022
Interim dividend payable ***RMB5.75 cents or HK6.67299 cents per share***	21 October 2022
Final results announcement for the year ended 31 December 2022 and proposed final dividend payable	16 March 2023
Closure of Register of Members for eligibility to attend the 2023 Annual General Meeting	16 May 2023 to 19 May 2023 *(both days inclusive)*
2023 Annual General Meeting	19 May 2023
Ex-dividend date	23 May 2023
Closure of Register of Members for entitlement of proposed final dividend	25 May 2023
Deadline for submission of dividend election form	19 June 2023
Proposed final dividend payable# ***Final dividend: RMB3.25 cents or HK3.688685 cents per share***	14 July 2023

Subject to approval by shareholders at the 2023 Annual General Meeting to be held on 19 May 2023.

SHENZHEN INVESTMENT HOLDINGS
BAY AREA DEVELOPMENT COMPANY LIMITED

(incorporated in the Cayman Islands with limited liability)

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