Shenzhen Investment Holdings Bay Area Development Company Limited
深圳投控灣區發展有限公司

(incorporated in the Cayman Islands with limited liability)

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

INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2021

Highlights

- During the period under review, profit attributable to owners of the Company amounted to RMB287 million (first half of 2020: loss of RMB115 million), mainly due to the Group's share of net profit of the two expressway joint ventures reached RMB302 million, which turnaround the loss recorded in the corresponding period of last year, and benefited from the net exchange gain of RMB14 million (first half of 2020: net exchange loss of RMB15 million).
- Toll revenue of the GS Superhighway and the GZ West Superhighway increased significantly YoY was primarily attributable to the fact that in light of the COVID-19 pandemic, the policy of waiver of tolls on toll roads nationwide was implemented during the period from 17 February 2020 to 5 May 2020, resulting in a decrease in toll revenue and a low base effect, as compared to normal toll fees collection during the corresponding period of 2021.
- The interim dividend for 2021 is RMB9.3 cents per share (equivalent to HK11.147631 cents per share), and the Group believes the full-year regular dividend payout ratio target of 100% on recurring income will be sustainable.
- On 10 August 2021, SIHC, the ultimate controlling Shareholder of the Company, entered into a sale and purchase agreement with Shenzhen Expressway, in relation to the sale and purchase of 71.83% of the total issued Shares held by SIHC. Completion of the Transaction is subject to the fulfilment of certain conditions precedent. SIHC would remain the ultimate controlling Shareholder of the Company upon completion of the Transaction.

BUSINESS REVIEW

Overall Business Performance

In the first half of 2021, the aggregate average daily toll revenue of the GS Superhighway and the GZ West Superhighway increased significantly by 103% YoY to RMB11.37 million and the total toll revenue amounted to RMB2.06 billion. The significant increase in toll revenue was mainly due to the fact that toll free policies introduced by the PRC government in light of the COVID-19 pandemic last year, which included the policy of waiver of tolls on toll roads nationwide for 79 days in total from 17 February 2020 to 5 May 2020 and the Holiday Toll-free Policy for small passenger vehicles with 7 seats or less during the Lunar New Year holiday in 2020, extending from the original 7 days to 16 days, resulting in a low comparison base as compared to normal toll fees collection during the corresponding period in 2021. The average daily toll revenue and average daily full-length equivalent traffic of the GS Superhighway grew 101% and 98% YoY to RMB7.74 million and 89,000 vehicles respectively; the average daily toll revenue and average daily full-length equivalent traffic of the GZ West Superhighway grew 106% and 89% YoY to RMB3.64 million and 51,000 vehicles respectively.

During the period under review, in order to prevent the spread of COVID-19 pandemic due to the flow of people, the PRC government encouraged people to stay local during the Lunar New Year holiday, which led to a lower traffic flow in the GS Superhighway and the GZ West Superhighway during the Spring Festival travel rush this year than its pre-pandemic level. Besides, Guangdong province saw a rebound of COVID-19 cases since late May 2021, with local confirmed cases reported in Guangzhou, Foshan, Dongguan and Shenzhen. In an effort to mitigate the risk of spreading COVID-19 pandemic, the governments tightened the preventive and control measures again and imposed restrictions on cross-region movement and intra-city travel, resulting in the decrease in traffic flow and toll revenue of the GS Superhighway and the GZ West Superhighway.

During the period under review, the Group’s shared aggregate net toll revenue was RMB931 million, up 102% YoY. Contributions from the GS Superhighway and the GZ West Superhighway were 66% and 34% respectively.

Year	*First half of 2020*	***First half of 2021***	*% Change*
At JV level			
GS Superhighway			
Average daily toll revenue# (RMB ’000)	3,847	**7,735**	+101%
Average daily full-length equivalent traffic* (No. of vehicles ’000)	45	**89**	+98%
GZ West Superhighway			
Average daily toll revenue# (RMB ’000)	1,762	**3,636**	+106%
Average daily full-length equivalent traffic* (No. of vehicles ’000)	27	**51**	+89%

 # Including tax

** Average daily full-length equivalent traffic is defined as the total distance travelled by all vehicles on the expressway divided by the full length of the expressway and the total number of days in the period under review. It can better reflect road usage as it takes into account total travelling distance by all vehicles on the expressway and is a standard operational statistic used throughout the industry*

Operating Environment

Domestic and External Economic Situation

Being benefited from the accommodative monetary policies and the stimulation of fiscal policies across the world, major economies have continued to recover in the first half of 2021. However, the global economic prospect and a broad-based recovery of the world economy is clouded by the central banks’ recent indication of monetary policy changes, the debate ramps up by the Federal Reserve over tapering large scale asset purchases, intensified political and economic competition among nations, as well as the threats imposed by variants of COVID-19. In spite of that, Mainland China’s economy continued to expand. Driven by the rapid growth of industrial production, robust growth of imports and exports, as well as the stable recovery of the consumption market, Mainland China and Guangdong province delivered strong economic growth in the first half of the year. Mainland China’s GDP grew by 12.7% in the first half of 2021, while that of Guangdong province increased by 13.0%, which outperformed other major economies in the world. Under the circumstance that domestic circulation to dominant and domestic and international dual-circulation reinforcing each other, the consumption-led economic development is becoming more significant and strong foreign trade performance also fuels the economic growth of Mainland China. The needs for transportation also increase at the same time, which provides support for the stable development in expressway industry. The GS Superhighway and GZ West Superhighway of the Group, linking core cities across the Guangdong province, will continue to play a crucial role in supporting the economic development and promoting regional linkages, and benefit from the favourable economic environment simultaneously. Nevertheless, the situation of COVID-19 pandemic remains unstable with the emergence of variants of COVID-19, causing uncertainties in the performance of the economy and expressway business.

Development of the Bay Area

The construction of the Bay Area is a major national development strategy. Its regional development is driven by four core cities, namely Hong Kong, Macao, Guangzhou and Shenzhen and is also composed of important hub cities such as Zhuhai, Foshan, Huizhou, Dongguan, Zhongshan, Jiangmen and Zhaoqing, with a total area of approximately 56,000 square kilometres and a total population of more than 86 million at the end of 2020. In 2020, the GDP of the area exceeded RMB11 trillion, which most of the cities maintained growth despite the influence of the COVID-19 pandemic and accounted for approximately 12% of Mainland China's GDP. It is one of the most active regions in the PRC in terms of economy with remarkable regional advantages and great development potential.

** Include HKSAR, Macao SAR, Guangzhou, Shenzhen, Zhuhai, Dongguan, Huizhou, Zhongshan, Foshan, Zhaoqing and Jiangmen*
^ Calculated based on the average exchange rate of RMB1 to HKD1.1248 in 2020 (Census and Statistics Department, HKSAR)
 # Calculated based on the average exchange rate of RMB1 to MOP1.157507 in 2020 (Statistics and Census Service, Macao SAR)
Source: Statistics Bureau of Guangdong Province, Census and Statistics Department, HKSAR, Statistics and Census Service, Macao SAR

The construction plan for the Bay Area has also been incorporated in the “14th Five-Year Plan” of the PRC and Guangdong province. The “Outline of the 14th Five-Year Plan for National Economic and Social Development of the People's Republic of China and the Long-Range Objectives Through the Year 2035” announced in March this year included sections regarding actively and steadily taking forward the development of the Bay Area, which outlined strategies to strengthen the coordinated development of industries, academia and research institutes in Guangdong, Hong Kong and Macao, to improve the “Two Corridors and Two Poles” framework system which comprises the Guangzhou-Shenzhen-Hong Kong, Guangzhou-Zhuhai-Macao Innovation and Technology Corridors and the Shenzhen-Hong Kong Loop, Guangdong-Macao-Hengqin Innovation and Technology Poles, to promote the setting up of an integrated national science centre, to facilitate the cross-boundary exchange of innovative elements, and to deepen the customs clearance reforms so as to facilitate effective and convenient flow of people, goods and vehicles. In addition, the “Outline of the 14th Five-Year Plan for National Economic and Social Development of Guangdong Province and the Long-Range Objectives Through the Year 2035” announced in April this year specified the role of the Bay Area as the main platform to promote Guangdong province as the driving force for the high-quality development of national economy. Participating in the domestic circulation as well as the domestic and international dual-circulation, and establishing strategic anchors for new development layout, provides strong support for the overall construction of socialist modernisation. In terms of optimising the spatial layout in urbanisation, it is proposed to accelerate the construction of a world-class city cluster and modern metropolitan areas, and to expand five metropolitan areas including Guangzhou, Shenzhen and west coasts of the Pearl River, with a view to giving full play of the role of core cities in fostering development of peripheral regions and boosting the regional economy. The GS Superhighway and the GZ West Superhighway are the main corridors in the east and west coasts of the Bay Area, the operating performance of the Group’s expressways will be strongly underpinned by the comprehensive long-term development plan for the Bay Area, laying a solid foundation for the stable development of the Group’s business over the long term.

Latest Updates on Industry Policies

Differentiated tariff for expressway

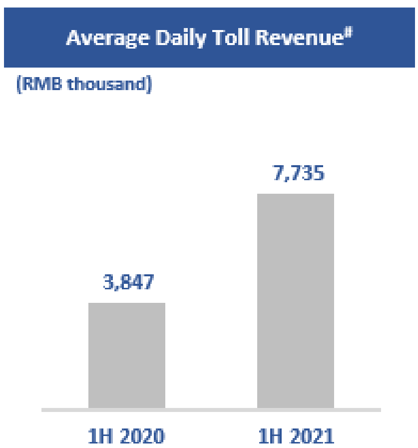
According to the "Plan on Implementing Differentiated Tariff for Expressway Nationwide" jointly promulgated by the Ministry of Transport of the PRC, the National Development and Reform Commission and the Ministry of Finance of the PRC in June 2021, a differentiated tariff scheme shall be adopted for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

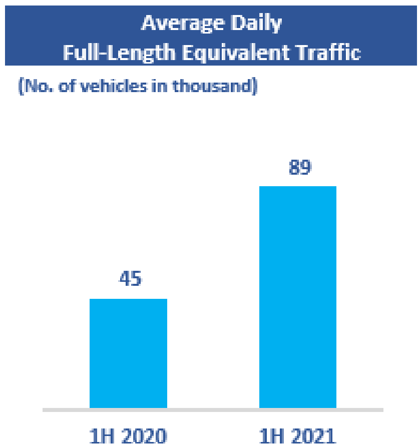
Supportive policies for vehicle sales in Mainland China

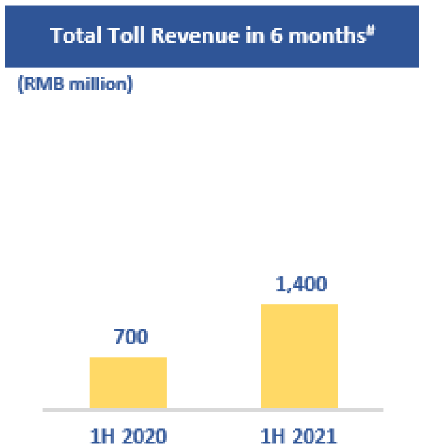
With the aim of boosting the vehicle consumption and facilitating the promotion of new energy vehicles usage in rural areas, the Ministry of Industry and Information Technology, the Ministry of Agriculture and Rural Affairs, the Ministry of Commerce and the National Energy Administration jointly organised a new round of promotion activities of new energy vehicles in rural areas in March 2021. In the same month, the Development and Reform Commission of Shenzhen Municipality published the "Work Plan for the Promotion and Application of New Energy Vehicles in Shenzhen (2021-2025)", setting out a target that the new energy vehicles will be accounted of approximately 60% of the newly registered vehicles in Shenzhen during the period of "14th Five-Year Plan" and the number of new energy vehicles in Shenzhen will reach approximately 1 million units in 2025. On the other hand, in April 2021, Guangzhou Municipal Transportation Bureau published the "Notice Regarding Increasing the Incremental License Plate Quota for Medium and Small Passenger Vehicles in 2021", according to which, another 30,000 license plates quota will be added in 2021, on top of the exiting 120,000 licence plates quota for each year. Under such policies that promoting new energy vehicles and easing the limits on licence plate quota, the overall car ownership will be further grew, which is favourable to the expressway industry. As reflected in the data of vehicle sales, the sales of vehicles in the Mainland China amounted to approximately 12.89 million units in the first half of 2021, representing a YoY increase of 26%. The overall growth momentum remained relatively strong, in which the sales of new energy vehicles continued to rocket upward, recording a sales volume of 1.2 million units for the first half of 2021, the same level as that of the entire year of 2019.

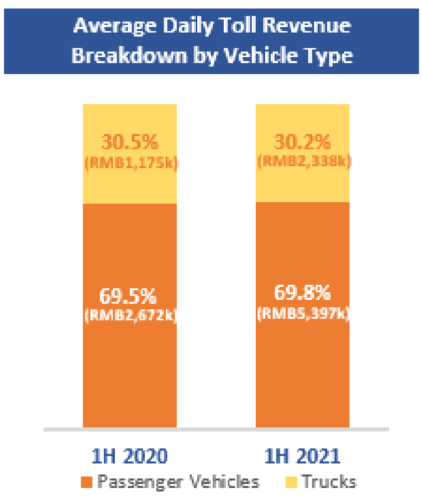
GS Superhighway

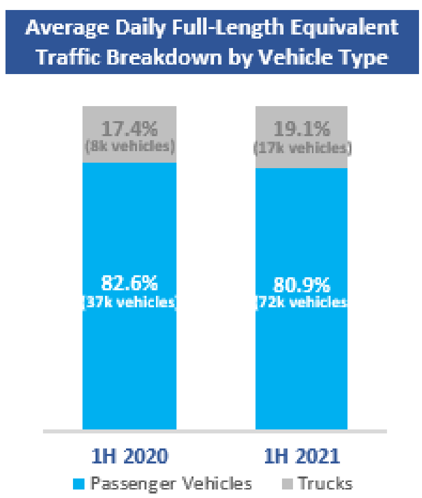
The GS Superhighway is a main expressway connecting the three major cities – Guangzhou, Dongguan and Shenzhen on the eastern bank of Bay Area to Hong Kong. The economy of cities along the expressway maintained solid growth, the GDP of Guangzhou, Dongguan and Shenzhen rose 13.7%, 12.0% and 9.7% YoY respectively in the first half of 2021, underpinning the operation performance of the GS Superhighway. In the first half of 2021, the average daily toll revenue and average daily full-length equivalent traffic of the GS Superhighway grew by 101% and 98% YoY to RMB7.74 million and 89,000 vehicles respectively. Its total toll revenue for the period amounted to RMB1,400 million. The significant YoY increase in toll revenue and traffic volume was mainly due to the implementation of the policy of waiver of tolls from 17 February 2020 to 5 May 2020 pursuant to the notice from the Ministry of Transport of the PRC, and the Holiday Toll-free Policy for small passenger vehicles with 7 seats or less during the Lunar New Year holiday in 2020, which was extended from 7 days to 16 days, resulting in a low comparison base as compared to normal toll fees collection during the corresponding period of 2021. Toll revenue and traffic volume contributed by passenger vehicles accounts for 69.8% and 80.9% of the toll revenue and full-length equivalent traffic of the GS Superhighway respectively. The amount of tolls collected and traffic volume of vehicles using ETC payment cards accounted for approximately 65% and 66% of the toll revenue and traffic volume of the GS Superhighway respectively.











Including tax

Guangdong province saw a rebound of COVID-19 cases since late May 2021, with local confirmed cases reported in cities along the GS Superhighway in Guangzhou, Dongguan and Shenzhen. In light of this situation, the governments tightened the preventive and control measures again and imposed restrictions on cross-region movement and intra-city travel, exerting a temporary impact on the toll revenue and traffic flow of the GS Superhighway.

The Shenzhen section Phase I and Dongguan section of Shenzhen Outer Ring Expressway officially opened to traffic at the end of 2020. It is connected to the Guangshen Coastal Expressway in the west and the Huiyan Expressway in the east, and is another east-west expressway located north of Jihe Expressway. Shenzhen Outer Ring Expressway is connected to the Guangshen Coastal Expressway, GS Superhighway, Nanguang Expressway, Longda Expressway and Meiguan Expressway. As the Songgang interchange connecting with the GS Superhighway has not yet been opened, vehicles travelling to the Shenzhen Outer Ring Expressway cannot access to the GS Superhighway at the moment, which has caused diversion impact on the GS Superhighway.

Phase II of the Nanping Highway was open to traffic in July 2021, marking the realisation of full operation of the Nanping Highway. The Nanping Highway is a highway running east-west through the northern part of Nanshan District and linking the Qianhai sub-district. Vehicles can travel to and from the Guangshen Coastal Expressway through roads in the Qianhai sub-district, which may have diversion impacts on the GS Superhighway. Due to the short opening period, the impact is still subject to further observation.

According to the information published by the relevant authorities of the Shenzhen Municipal Government, the Huanggang Port in Shenzhen next to the Huanggang entry and exit point of the GS Superhighway has been demolished for reconstruction. The new passenger clearance building of Huanggang Port is expected to be completed by the end of 2023, which is positioned as a traveler-only checkpoint under the “co-location arrangement”, where the cargo inspection function will be cancelled, and will be developed into a super port and integrated transportation hub that radiates the Bay Area and engages globally. The increased passenger clearance capacity at the new port has a positive effect on passenger vehicles travelling to the port through the GS Superhighway. Yet given the cancellation of cargo inspection function, cross-border freight vehicles will no longer require to travel to the port through the GS Superhighway, the Group will closely monitor the specific arrangements in the future and assess the impact on the GS Superhighway.

Expansion of GS Superhighway

During the period under review, the expansion of the GS Superhighway continues to advance as planned. The feasibility report of the expansion work is currently subject to further revision pursuant to the comments received from the preliminary review by relevant government departments and subsequent to the revisions, the stage to submit application for work approval will be entered. On the other hand, the survey and design work has been carried out simultaneously to shorten the time for preparatory work and accelerate the project progress in order to strive to officially commence the expansion work in 2022. According to the preliminary feasibility report of the expansion work, the expansion of the GS Superhighway involves 118.2km, from its current 6 lanes in dual directions to 8-12 lanes at different sections, with a preliminary estimated cost of RMB47.1 billion, yet the final construction scale and estimated cost is pending to the official approval by relevant government departments and is to be determined.

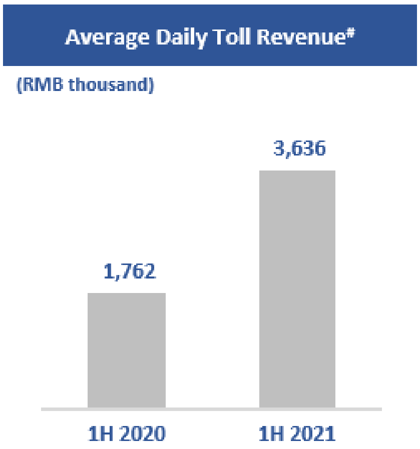
Potential Land Development and Utilisation of GS Superhighway

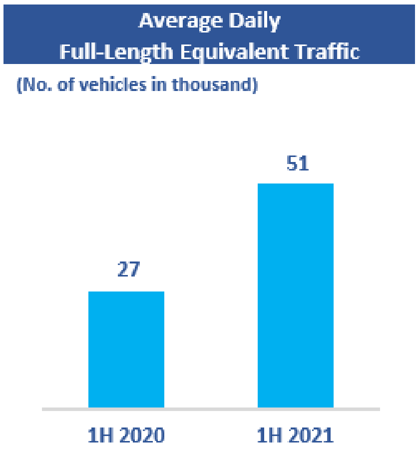
Studies on the planning of land along the GS Superhighway has combined with the feasibility study on the expansion work of the GS Superhighway in order to promote the planning scheme of the integration of certain interchange transformations and development and utilisation of land simultaneously. The aim is to integrate the expansion with development and utilisation of land, and seek a win-win solution that is in line with the land planning of the local government. Recently, the Company and Guangdong Highway Construction have been focusing on the feasibility of the development and utilisation of lands in Luogang Interchange, Daojiao Interchange, Dongguan Interchange and Tongle Plot, and have further communicated with the relevant government authorities on the planning scheme.

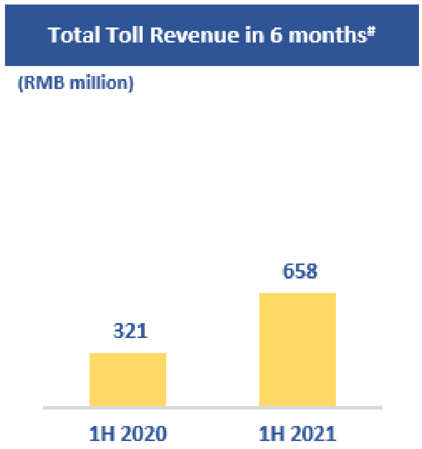
The Guangzhou Xintang project is a demonstration pilot project for traffic transformation and land space composite utilisation of expressways in Guangdong Province. Luogang Interchange which is also located in Guangzhou would reference to the development model of the Xintang project. After the change of land use is implemented by the local government, Luogang Interchange would reconstruct and vacate partial land plots for development, the GS JV shall return the vacated land plots to the government and receive compensation in accordance with the relevant laws and regulations. The Company will then establish a joint venture with Guangdong Highway Construction pursuant to the terms of a memorandum of collaboration entered into in 2019, and 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.

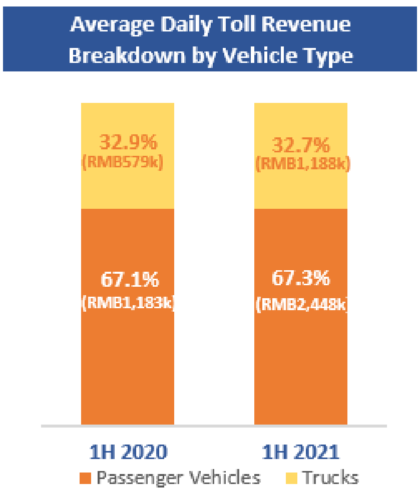
GZ West Superhighway

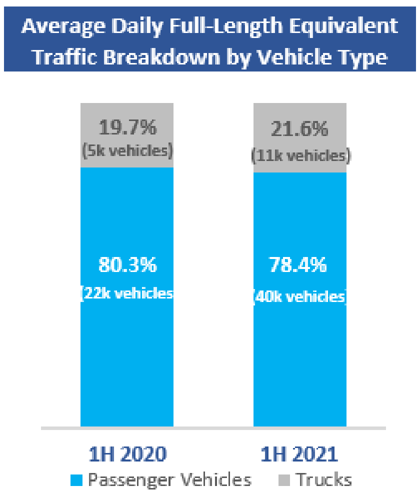
The GZ West Superhighway is the expressway artery between the city centres of Guangzhou and Zhuhai, and offers access to the HZM Bridge. The economy of cities along the expressway maintained solid growth, the GDP of Guangzhou, Foshan, Zhongshan and Zhuhai rose 13.7%, 17.3%, 16.4% and 12.9% YoY respectively in the first half of 2021, underpinning the stable operation performance of the GZ West Superhighway. In the first half of 2021, the average daily toll revenue and average daily full-length equivalent traffic of the GZ West Superhighway grew by 106% and 89% YoY to RMB3.64 million and 51,000 vehicles respectively. Its total toll revenue for the period amounted to RMB658 million. The significant YoY increase in toll revenue and traffic volume was mainly due to the implementation of the policy of waiver of tolls from 17 February 2020 to 5 May 2020 pursuant to the notice from the Ministry of Transport of the PRC, and the Holiday Toll-free Policy for small passenger vehicles with 7 seats or less during the Lunar New Year holiday in 2020, which was extended from 7 days to 16 days, resulting in a low comparison base as compared to normal toll fees collection during the corresponding period of 2021. Toll revenue and traffic volume contributed by passenger vehicles accounts for 67.3% and 78.4% of the toll revenue and full-length equivalent traffic of the GZ West Superhighway respectively. The amount of tolls collected and traffic volume of vehicles using ETC payment cards accounted for approximately 65% and 66% of the toll revenue and traffic volume of the GZ West Superhighway respectively.











Including tax

Guangdong province saw a rebound of COVID-19 cases since late May 2021, with local confirmed cases reported in cities along the GZ West Superhighway in Guangzhou and Foshan. In light of this situation, the governments tightened the preventive and control measures again and imposed restrictions on cross-region movement and intra-city travel, exerting a temporary impact on the toll revenue and traffic flow of the GZ West Superhighway.

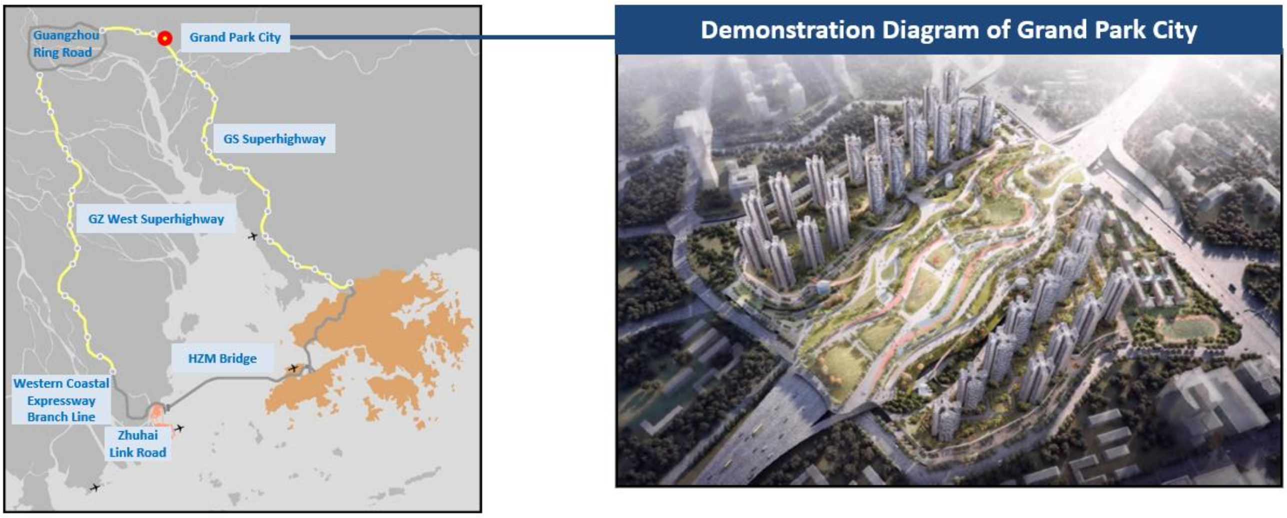
The Huangpu Express Line was fully opened at the end of December 2020. By connecting with Ronggui Outer Ring Road and Bigui Road, another local road connecting Shunde and Zhongshan was formed. As it runs mostly parallel to the Ronggui toll station and Zhongshan West toll station section of the GZ West Superhighway, it has caused slight diversion impact on the GZ West Superhighway. On the other hand, the third phase of the Guangzhou-Zhongshan-Jiangmen Expressway commenced operation at the end of December 2020, connecting the second phase of the Guangzhou-Zhongshan-Jiangmen Expressway in the west and the Dongxin Expressway in the east. Of which, Dongfeng and Nantou North (which interconnected with Nantou interchange of the GZ West Superhighway) section has not yet been opened, thus there is no diversion impact on the GZ West Superhighway currently.

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

Grand Park City

The Xintang interchange residential project has been named as the Grand Park City, with a total gross floor area of approximately 600,000 square metres. The construction will be carried out in three phases and the pre-sale of a portion of the residential units in the first phase has commenced in May 2021, with the annual sales target comprising a gross floor area of approximately 70,000 square metres. As of 30 June 2021, the contracted sales amounted to approximately RMB370 million with contracted gross floor area amounted to approximately 13,000 square metres, representing the average sales price of RMB28,000 per square metre. Those units will be delivered to buyers in 2023 the earliest, and relevant revenue will be recognised accordingly. The construction of residential units and the interchange transformation works have been smoothly proceeded as scheduled so far.

Location of Grand Park City



FINANCIAL REVIEW

The Group’s unaudited interim results for the six months ended 30 June 2021 were as follows:

	Six months ended 30 June									
	2020					**2021**				
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]	306	235	(200)	(44)	(9)	**612**	**562**	**(226)**	**(122)**	**214**
- GZ West Superhighway	156	116	(112)	(67)	(63)	**319**	**293**	**(123)**	**(82)**	**88**
Sub-total	462	351	(312)	(111)	(72)	**931**	**855**	**(349)**	**(204)**	**302**
Land development and utilisation project										
- Xintang Interchange	-	0	-	(22)	(22)	**-**	**(4)**	**-**	**(18)**	**(22)**
Total	462	351	(312)	(133)	(94)	**931**	**851**	**(349)**	**(222)**	**280**
YoY change						**102%**	**142%**	**12%**	**67%**	
Corporate:										
Bank deposits interest income					0					**17**
Investment income from bank structured deposits					-					**1**
Interest income of loans to a JV					28					**27**
Other income and other gain					1					**14**
General and administrative expenses and depreciation					(19)					**(20)**
Finance costs					(9)					**(9)**
Income tax expense					(7)					**(33)**
Sub-total					(6)					**(3)**
(Loss)/Profit before net exchange (loss)/gain					(100)					**277**
Net exchange (loss)/gain					(15)					**14**
(Loss)/Profit for the period					(115)					**291**
Profit attributable to non-controlling interests					(0)					**(4)**
(Loss)/Profit attributable to owners of the Company					(115)					**287**

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

Toll Expressway Projects

The Group's share of net toll revenue of the expressway projects namely the GS Superhighway and the GZ West Superhighway operated by two joint ventures increased by 102% to RMB931 million from RMB462 million for the corresponding period of last year, of which the net toll revenue of the GS Superhighway increased by 100% to RMB612 million from RMB306 million for the corresponding period of last year; the net toll revenue of the GZ West Superhighway increased by 104% to RMB319 million from RMB156 million for the corresponding period of last year. The main reasons for the increase in toll revenue include: according to the notice from the Ministry of Transport of the PRC last year, in light of the COVID-19 pandemic, the policy of waiver of tolls was implemented on toll roads nationwide from 17 February 2020 to 5 May 2020 (both days inclusive), which was applicable to the GS Superhighway and the GZ West Superhighway (details of which were set out in the announcements of the Company dated 17 February 2020 and 29 April 2020). The GS Superhighway and the GZ West Superhighway had resumed toll collection for all vehicles from 00:00 a.m. on 6 May 2020; in addition, the Holiday Toll-free Policy for small passenger vehicles with 7 seats or less during the Lunar New Year in 2020 extended from the original 7 days (from 24 January 2020 to 30 January 2020) to 16 days (ended on 8 February 2020).

The Group's share of aggregate EBITDA of its two toll expressways (excluding net exchange differences on the GS JV's US Dollar and HK Dollar denominated loans) increased by 144% to RMB855 million from RMB351 million for the corresponding period of last year. The Group's share of EBITDA of the GS Superhighway increased by 139% to RMB562 million from RMB235 million for the corresponding period of last year; the Group's share of EBITDA of the GZ West Superhighway increased by 153% to RMB293 million from RMB116 million for the corresponding period of last year, which is mainly attributable to the resumption of toll collection for the GS Superhighway and the GZ West Superhighway during the period under review.

As the COVID-19 pandemic is under control and driven by the domestic economic recovery, the actual full-length equivalent traffic (including tolled and toll-free) of the GS Superhighway and the GZ West Superhighway during the period under review increased as compared with the corresponding period of last year, of which the actual full-length equivalent traffic of the GS Superhighway increased by 9% as compared with the corresponding period of last year. The Group's share of depreciation and amortisation charges of the GS Superhighway amounted to RMB226 million, representing an increase of 13% from RMB200 million as compared with the corresponding period of last year; the performance of the GZ West Superhighway resumed stable simultaneously with the actual full-length equivalent traffic increased by 6% as compared with the corresponding period of last year. The Group's share of depreciation and amortisation charges of the GZ West Superhighway amounted to RMB123 million, representing an increase of 10% from RMB112 million as compared with the corresponding period of last year. Overall, the Group's share of aggregate depreciation and amortisation charges of the two toll expressways amounted to RMB349 million, representing an increase of 12% from RMB312 million as compared with the corresponding period of last year.

Since the bank loans of the GS JV are mainly denominated in US Dollar, during the period under review, benefiting from the US Federal Funds Rate reduction of 1.5% in the first half of 2020 and the interest rate of RMB denominated loans was in transition from the benchmark interest rate of the People's Bank of China to the loan prime rate as the pricing basis, the interest rate was declined. The Group's share of interest expenses of the GS JV decreased by 31% to RMB22 million from RMB32 million for the corresponding period of last year; the GZ West JV repaid the principal of bank loans of RMB253 million and RMB225 million (at JV level) in advance with its cash surplus in the second half of 2020 and the period under review respectively, and benefiting from the transition of the interest rate of certain RMB denominated loans from the benchmark interest rate of the People's Bank of China to the loan prime rate as the pricing basis, the interest rate was declined, leading to further reduction of interest expenses of the GZ West JV. The Group's share of interest expenses of the GZ West JV decreased by 17% to RMB49 million from RMB59 million for the corresponding period of last year. The applicable PRC EIT rate for both the GS JV and the GZ West JV is 25%. With the increase in toll revenue, the Group's share of tax expenses of the GS JV increased significantly by 733% to RMB100 million from RMB12 million for the corresponding period of last year, while the Group's share of tax expenses of the GZ West JV also increased by 313% to RMB33 million from RMB8 million for the corresponding period of last year. Overall, the Group's share of interest and tax expenses in the two joint ventures in aggregate increased by 84% to RMB204 million from RMB111 million for the corresponding period of last year.

Due to the resumption of toll collection, during the period under review, the Group's share of net profit of the GS JV was RMB214 million, as compared to a net loss of RMB9 million for the corresponding period of last year; while the Group's share of net profit of the GZ West JV was RMB88 million, as compared to a net loss of RMB63 million for the corresponding period of last year. The Group's share of aggregate net profit of the two expressway projects (excluding net exchange differences on the GS JV's US Dollar and HK Dollar denominated loans) was RMB302 million, as compared to a net loss of RMB72 million for the corresponding period of last year.

Land Development and Utilisation Project

As set out in the announcements of the Company dated 12 June 2020, 19 July 2020 and 10 September 2020 and the circular of the Company dated 20 October 2020 respectively, the Group (through Shenwan Infrastructure) and GPCG (through Guangdong Highway Construction) disposed of an aggregate of 60% equity interest in the Xintang JV (representing 22.5% equity interest held by Shenwan Infrastructure and 37.5% equity interest held by Guangdong Highway Construction) together with their respective rights in the corresponding proportion of the shareholders' loans to Xintang JV (including the outstanding accrued interests thereof) through public tender (the "Disposal"). On 10 September 2020, Shenwan Infrastructure and Guangdong Highway Construction (as transferor) and Shenzhen Run Investment (as transferee) entered into a transaction contract in respect of the Disposal. On the same day, Shenwan Infrastructure, Lealu Investment, Leaxin Investment and Shenzhen Run Investment entered into the New JV Agreement and Amended JV Articles. The Group (through Shenwan Infrastructure), GPCG (through Lealu Investment and Leaxin Investment) and Shenzhen Run Investment holds 15%, 25% (in aggregate) and 60% of its equity respectively.

During the period under review, the addition of one-year shareholder's loans of RMB2.56 billion (of which the Group accounted for approximately RMB384 million) in aggregate was made by the Parties to the Xintang JV in proportion to their shareholdings, which was mainly used for the final payment of the land premium of the Project Land. The interest rate of the shareholder's loans was 8% per annum. The Group has invested a total of approximately RMB749 million (including registered capital of RMB1.50 million and shareholder's loans of approximately RMB747 million) in the Xintang JV (excluded the rights upon the Disposal). In order to meet the relevant bank financing requirements in Mainland China, on 30 June 2021, the Xintang JV increased its registered capital from RMB10 million to RMB3.04 billion through a debt-for-equity swap base on the existing shareholder's loans, and the shareholder's loans contributed by the Parties accordingly decreased from approximately RMB4,983 million to approximately RMB1,953 million; the registered capital contributed by the Group (through Shenwan Infrastructure) increased from RMB1.50 million to approximately RMB456 million based on its shareholding percentage, and the shareholder's loans decreased from approximately RMB747 million to approximately RMB293 million. During the period under review, the Group's share of loss of the Xintang JV amounted to approximately RMB22 million in proportion to its shareholding of 15%, while for the corresponding period of last year, the Group's share of loss of the Xintang JV amounted to approximately RMB22 million in proportion to its shareholding of 37.5%. It was expected that the Xintang JV will contribute profit in 2023 the earliest.

The Group

The Group's interest income from bank deposits and investment income from bank structured deposits in aggregate increased to RMB18 million from approximately RMB354,000 for the corresponding period of last year, mainly due to a consideration of approximately RMB1.09 billion received from the Disposal in September 2020 and therefore the balances of bank deposits and the structured deposits increased. Since December 2019, based on its shareholding percentage, the Group (through Shenwan Infrastructure) has made shareholder's loans at 8% per annum to the Xintang JV, which was financed by its internal fundings and bank financing. On the other hand, the Group's newly drawn bank loans amounted to a total of approximately RMB326 million during the period under review, which were mainly used for the shareholder's loans invested in the Xintang JV and general working capital purposes. As the average interest rate of bank loans decreased as compared with the same period of last year, the interest expenses of bank loans therefore amounted to approximately RMB9 million, which was flat as compared with that of the corresponding period of last year. Income tax expenses mainly represent the provision for the interest income from the contribution of shareholder's loans to the Xintang JV by Shenwan Infrastructure, where the applicable PRC EIT rate is 25%; and the provision on the undistributed earnings of Shenwan Infrastructure, according to the prevailing tax laws in the PRC, the withholding tax shall be imposed at a preferential tax rate of 5% (normally at 10%) when Shenwan Infrastructure declares its earnings. Overall, the loss of the Group (excluding JVs) amounted to approximately RMB3 million during the period under review, as compared to loss of approximately RMB6 million for the corresponding period of last year.

Benefiting from the appreciation of RMB commenced from the second half of 2020, the net exchange gain (including the Group's share of exchange gain on the US Dollar and HK Dollar denominated loans of the GS JV) amounted to RMB14 million, as compared to the net exchange loss of RMB15 million recorded in the corresponding period of last year. The profit attributable to owners of the Company amounted to RMB287 million, as compared to loss of RMB115 million recorded in the corresponding period of last year.

Outlook

COVID-19 pandemic in Mainland China is under control and the appreciation of RMB commenced from the second half of 2020, which had a positive impact on the GS JV. The Group believes that the stable core business of the GS Superhighway and the GZ West Superhighway will continue to support the Group's future performance enhancement. Overall, the Group remains cautiously optimistic about its future performance: (i) the GS Superhighway will benefit from favourable policies, including the economic development of the Bay Area, the construction of the "Guangzhou-Shenzhen-Hong Kong-Macao" Science and Technology Innovation Corridor and the Shenzhen Pilot Demonstration Area; (ii) expected further decrease of interest expenses of the GS JV as agreement with bank to lower the interest rate of certain US Dollar denominated loans was made, and benefiting from adopting the lower loan prime rate as the pricing basis of RMB denominated loans ; (iii) the core business of the GZ West Superhighway is growing steadily and will continue to be benefited from the robust development of the economy and road network, including the economic development of the Bay Area, and the construction of the "Guangzhou-Shenzhen-Hong Kong-Macao" Science and Technology Innovation Corridor; (iv) the GZ West JV early repaid the principal of bank loans with its cash surplus and the interest rate of certain loans was declined, leading to expected further decrease of interest expenses; and (v) the Xintang project had commenced pre-sale of certain units.

As the financial situation of the Group remains robust, the Board believes that the Group's full-year regular dividend payout ratio target of 100% on recurring income will be maintained. It is expected that the net dividend after tax from the GS JV for 2021 will be approximately RMB700 million, among which, RMB247 million has been received during the period under review.

Financing of the Group

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

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

The Group has duly made arrangement to meet the capital need of the Xintang JV. On 30 June 2021, the Group contributed approximately RMB749 million to the Xintang JV (comprising registered capital of approximately RMB456 million and shareholder's loans of approximately RMB293 million). Approximately up to RMB271 million of contribution has not yet been invested and the Group has cash on hand and bank structured deposits of RMB1,352 million in aggregate, which are adequate to meet future funding needs.

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

Corporate Level

	31 December 2020	**30 June 2021**		31 December 2020	**30 June 2021**
	RMB million	**RMB million**		RMB million	**RMB million**
Bank balances and cash, bank structured deposits	1,561	**1,352**	Bank loans	1,078	**1,389**
			Tax liabilities	147	**-**
Shareholder's loan to a JV	336	**293**	Dividend payable	306	**280**
Interest receivable of shareholder's loan to a JV	56	**55**	Other liabilities	86	**130**
Other assets	34	**22**			
	1,987	**1,722**		1,617	**1,799**
			Net assets/(liabilities) of the Group	370	**(77)**

The Group's share of JVs

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

	31 December 2020	**30 June 2021**		31 December 2020	**30 June 2021**
	RMB million	**RMB million**		RMB million	**RMB million**
Bank balances and cash	446	**444**	Bank loans		
Concession intangible assets	3,425	**3,182**	- USD	1,039	**938**
Property and equipment	226	**272**	- HKD	90	**82**
Other assets	41	**36**	- RMB	506	**450**
			Other loan	10	**10**
			Other liabilities	683	**683**
	4,138	**3,934**		2,328	**2,163**
			Net assets of GS JV	1,810	**1,771**

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

	31 December 2020	**30 June 2021**		31 December 2020	**30 June 2021**
	RMB million	**RMB million**		RMB million	**RMB million**
Bank balances and cash	93	**97**	Bank loans	2,500	**2,380**
Concession intangible assets	5,538	**5,423**	Balances with a JV partner	484	**498**
Property and equipment	180	**169**			
Balances with a JV	484	**498**	Other liabilities	455	**405**
Other assets	21	**19**			
	6,316	**6,206**		3,439	**3,283**
			Net assets of GZ West JV	2,877	**2,923**

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

	31 December 2020	**30 June 2021**		31 December 2020	**30 June 2021**
	RMB million	**RMB million**		RMB million	**RMB million**
Bank balances and cash	5	**48**	Shareholder's loan	336	**293**
Project Land cost	620	**726**	Shareholder's loan interest payable	56	**55**
Other assets	31	**36**			
			Project Land premium payable	319	**-**
			Other liabilities	-	**70**
	656	**810**		711	**418**
			Net (liabilities)/assets of Xintang JV	(55)	**392**

	31 December 2020	**30 June 2021**		31 December 2020	**30 June 2021**
	RMB million	**RMB million**		RMB million	**RMB million**
			Total liabilities	8,095	**7,663**
			Equity attributable to owners of the Company	4,978	**4,985**
			Non-controlling interests	24	**24**
Total Assets	13,097	**12,672**	**Total Shareholder's Equity and Liabilities**	13,097	**12,672**
			Total net assets	5,002	**5,009**

Liquidity and Financial Resources

The Group's share of bank loans of JV is non-recourse bank loans.

Corporate Level

	31 December 2020	**30 June 2021**		31 December 2020	**30 June 2021**
	RMB million	**RMB million**		RMB million	**RMB million**
Bank balances, cash and bank structured deposit	1,561	**1,352**	Bank loans	1,078	**1,389**
Shareholder's loan to a JV [Note 1]	336	**293**			
	1,897	**1,645**		1,078	**1,389**

Net debt [Note 2]: RMB37 million (31 December 2020: Net cash [Note 3] RMB483 million)
Net debt and shareholder's loan to a JV: RMB256 million
(31 December 2020: Net cash and shareholder's loan to a JV RMB819 million)

Share of JVs (including GS JV, GZ West JV and Xintang JV)

	31 December 2020	**30 June 2021**		31 December 2020	**30 June 2021**
	RMB million	**RMB million**		RMB million	**RMB million**
Bank balances and cash	544	**589**	**Bank and other loans**		
			- GS JV	1,645	**1,480**
			- GZ West JV	2,500	**2,380**
			Shareholder's loan		
			- Xintang JV	336	**293**
	544	**589**		4,481	**4,153**

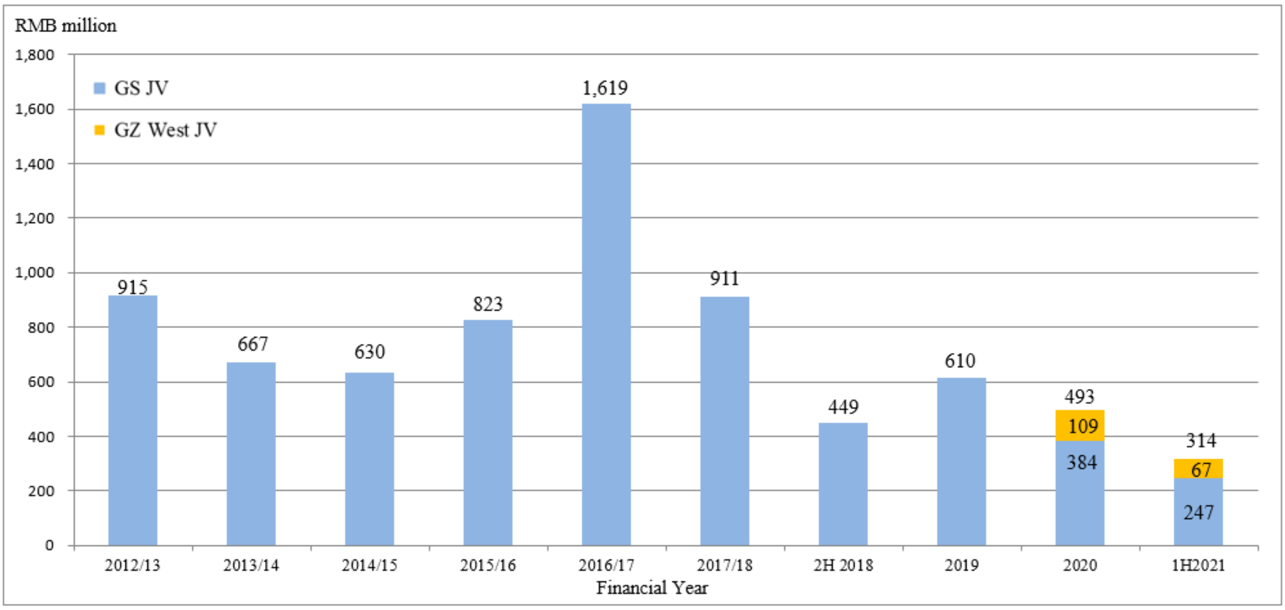
Net debt [Note 2]: RMB3,271 million (31 December 2020: RMB3,601 million)
Net debt and shareholder's loan: RMB3,564 million
(31 December 2020: RMB3,937 million)

Note 1: Shareholder's loan made by the Group to the Xintang JV, utilised as land premium for the bidding of the Project Land and costs of the ancillary works
Note 2: Net debt: bank and other loans less bank balances, cash and bank structured deposit
Note 3: Net cash: bank balance, cash and bank structured deposit less bank and other loans

	31 December 2020	**30 June 2021**
	RMB million	**RMB million**
Total debt		
- The Group	1,078	**1,389**
- Share of JVs [Note 1]	4,965	**4,651**
	6,043	**6,040**
Net debt [Note 2]	3,938	**4,099**
Total assets (including corporate level and share of JVs)	13,097	**12,672**
Equity attributable to owners of the Company	4,978	**4,985**
Total debt / total assets ratio	46%	**48%**
Gearing ratio (Net debt/ equity attributable to owners of the Company)	79%	**82%**

Note 1: The Group's share of JVs' debt includes bank and other loans together with balance with JV partner and shareholder's loan.
Note 2: Net debt is defined as total debt (including corporate level and share of JVs) less total bank balances, cash and bank structured deposit (including corporate level and share of JVs).

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



For the year ended 30 June 2017, the GS JV obtained an additional bank loan facility amounting to RMB2 billion to reimburse past capital expenditure advanced by its shareholders. Subsequently for the year ended 30 June 2018, the GS JV distributed post-tax net dividend of RMB912 million to the Group out of this loan.

The implementation of policy of waiver of tolls on toll roads nationwide from 17 February 2020 to 5 May 2020 (both days inclusive), the two joint ventures recorded no revenue during this period and caused GS JV to postpone the partial payment of dividends in 2020, reserving funds for its operating expenses.

Bank and Other Borrowings

On 30 June 2021, the Group had HK Dollar bank loan of equivalent to approximately RMB1,389 million, together with the bank and other borrowings of the JVs shared by the Group amounted to approximately RMB3,860 million (including US Dollar bank loans of equivalent to RMB938 million, HK Dollar bank loan of equivalent to RMB82 million and RMB bank and other loans of RMB2,840 million, but excluding the shareholder's loans) totalling approximately RMB5,249 million (31 December 2020: approximately RMB5,223 million) with the following profile:

(a) 99.8% (31 December 2020: 99.8%) consisted of bank loans and 0.2% (31 December 2020: 0.2%) of other loan; and
(b) 54% (31 December 2020: 58%) was denominated in RMB; 18% (31 December 2020: 20%) was denominated in US Dollar and 28% (31 December 2020: 22%) was denominated in HK Dollar.

Debt Maturity Profile

As at 30 June 2021, whereas the maturity profile of the bank and other borrowings (excluding shareholder's loans) at corporate level and the Group's share of JVs were shown below, together with the corresponding comparatives as at 31 December 2020:

Corporate Level

	31 December 2020		**30 June 2021**	
	RMB million	%	**RMB million**	**%**
Repayable within 1 year	324	30%	**316**	**23%**
Repayable between 1 and 5 years	754	70%	**1,073**	**77%**
	1,078	100%	**1,389**	**100%**

The Group's share of JVs

	31 December 2020		**30 June 2021**	
	RMB million	%	**RMB million**	**%**
Repayable within 1 year	352	8%	**401**	**10%**
Repayable between 1 and 5 years	3,314	80%	**2,615**	**68%**
Repayable beyond 5 years	479	12%	**844**	**22%**
	4,145	100%	**3,860**	**100%**

Interest Rate and Exchange Rate Exposure

The Group closely monitors its exposure to interest rates and foreign currency exchange rates and strictly controls its use of financial instruments. At present, neither the Group nor JVs has employed any financial derivative instruments to hedge their exposure to interest rates or foreign currency exchange rates.

Treasury Policies

The Group continues to adopt proactive but prudent treasury policies in its financial and funding management and closely monitors its liquidity, financial resources, interest rate and the exchange rate movements, with a view to minimising its funding costs and enhance return on its financial assets. The reasonable and efficient use of temporary idle funds will enhance the overall capital gain of the Group, which is consistent with the core objectives of the Group to ensure capital safety and liquidity, for example the impact of risk factors on the expected rate of return of the bank structured deposits with guaranteed principal is low, but the Group could get a higher return as compared with fixed term deposits in commercial banks in the PRC. As at 30 June 2021, 99.1% of the Group's bank balances and cash (including bank structured deposit) were denominated in RMB and the remaining 0.9% were denominated in HK Dollar. The overall treasury yield on bank deposits (including bank structured deposit) of the Group was 2.92% during the period under review whereas 1.46% during the corresponding period of 2020.

Contingent Liability

The Group had no material contingent liability as at 30 June 2021.

Material Acquisition or Disposal

The Company's subsidiaries and associated companies did not make any material acquisitions or disposals during the six months ended 30 June 2021.

INTERIM DIVIDEND AND CLOSURE OF REGISTER

Interim Dividend

On 20 August 2021, the Board declared an interim dividend of RMB9.3 cents per share (equivalent to HK11.147631 cents per share) in respect of the financial year ending 31 December 2021 to be paid on Friday, 22 October 2021 to the Shareholders registered as at 4:30 p.m. on Monday, 6 September 2021. This represents a payout ratio of 100% of the Group's profit attributable to owners of the Company for the six months period ended 30 June 2021. The interim dividend will be payable in cash in RMB, HK Dollars, or a combination of these currencies, at the exchange rate of RMB1:HK$1.19867 as published by The People's Bank of China on 20 August 2021 and Shareholders have been given the option of electing to receive the interim dividend in either RMB, HK Dollars or a combination of RMB and HK Dollars.

To make the dividend election, Shareholders should complete the Dividend Election Form (if applicable) and return it to the Company's Hong Kong 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 Friday, 24 September 2021. **If no dividend election is made by a shareholder, such shareholder will receive the interim dividend in HK Dollars, unless receipt of dividend in RMB has been previously elected.**

Closure of Register

To ascertain the Shareholders' entitlement to the interim dividend, the register of members of the Company will be closed for one day on Monday, 6 September 2021. No transfer of shares of the Company will be effected on the aforementioned book-close date. To qualify for the interim dividend, all transfers of share ownership, accompanied by the relevant share certificates, must be lodged with the Company's Hong Kong Share Registrar, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong not later than 4:30 p.m. on Friday, 3 September 2021.

OTHER INFORMATION

Review of Interim Results

The Audit Committee had reviewed with the management of the Company the accounting principles and practices adopted by the Group and discussed the financial reporting matters, including the Group's unaudited interim results for the six months ended 30 June 2021.

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. It offers share option and share award schemes to eligible employees in order to provide them with incentives and to recognise their contributions and ongoing efforts. In addition, discretionary bonuses are granted to employees based on their individual performance as well as the Group's business performance. It also provides medical insurance coverage to all staff members and personal accident insurance to senior staff members. As at 30 June 2021, the Group (excluding JVs) had 42 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.

Purchase, Sale or Redemption of Securities

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the six months ended 30 June 2021.

Corporate Governance Practices

The Company is committed to the principles of corporate governance and corporate responsibility consistent with prudent management. It is the belief of the Board that such commitment will in the long term serve to enhance shareholders' value. The Board has set up procedures on corporate governance that comply with the requirements of the CG Code.

During the period under review, the Company complied with all the code provisions as set out in the CG Code except for the deviation from code provision A.5.1 which is explained below.

Code Provision A.5.1

The Company does not consider it necessary to have a nomination committee as the Company already has the policies and procedures for selection and nomination of Directors in place. The Board as a whole regularly reviews the plans for orderly succession for appointments to the Board and its structure, size, composition and diversity. If the Board considers that it is necessary to appoint new Director(s), it will set down the relevant appointment criteria which may include, where applicable, the background, experience, professional skills, personal qualities, availability to commit to the affairs of the Company and, in case of Independent Non-executive Director, the independence requirements set out in the Listing Rules from time to time. Nomination of new Director(s) will normally be made by the Chairman and/or the General Manager and subject to the Board's approval. External consultants may be engaged, if necessary, to access a wider range of potential candidate(s).

Model Code for Securities Transactions

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

The Sale and Purchase of Shares of the Company

On 15 March 2021 SIHC, the ultimate controlling shareholder of the Company, entered into a memorandum of understanding (the "MOU") with Shenzhen Expressway Company Limited ("Shenzhen Expressway") in relation to the possible sale and purchase of the shares of the Company.

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

Pursuant to the MOU, Shenzhen Expressway intended to purchase, and SIHC intended to sell all its interest in the 2,213,449,666 Shares, representing approximately 71.83 % of the total issued Shares (the "Possible Transaction"). The Possible Transaction was subject to further negotiation and execution of a formal sale and purchase agreement between the parties. Under the MOU, SIHC should not negotiate with any other party relating to the sale and purchase of its interests in any part of the Shares for a period of 6 months from the date of the MOU (the "Exclusivity Period"). Shenzhen Expressway should pay an earnest money of HK$10,000,000 (the "Earnest Money") to SIHC within 5 days of the MOU. The MOU should be terminated (i) upon the signing of the formal sale and purchase agreement or (ii) upon mutual agreement to terminate in writing or (iii) upon expiry of the Exclusivity Period (whichever occurs first), in which case, the Earnest Money should be refunded to Shenzhen Expressway. In the event of any breach of the MOU by Shenzhen Expressway, SIHC might forfeit the Earnest Money or in the event of any breach of the MOU by SIHC, Shenzhen Expressway might require SIHC to pay back twice the amount of the Earnest Money.

Details of the MOU and the Possible Transaction were set out in the announcement of the Company dated 15 March 2021.

Shenzhen Expressway had made an application for a waiver from the obligation to make a mandatory general offer under Note 6(a) of Rule 26.1 of the Hong Kong Code on Takeovers and Mergers (the "Takeovers Code") from the Executive, and the Executive has granted such waiver on 13 April 2021.

For the purposes of the Takeovers Code, the offer period has ended on 14 April 2021.

Details of grant of mandatory general offer waiver by the Executive were set out in the announcement of the Company dated 14 April 2021.

Subsequent Event to the Reporting Period

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

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

Completion of the Transaction is subject to the fulfilment of certain conditions precedent, including among others, approval by the independent shareholders of each of Shenzhen Expressway and its holding company, Shenzhen International, at their respective general meeting.

Details of sale and purchase of shares by controlling shareholder were set out in the announcement of the Company dated 10 August 2021.

On behalf of the Board
Zhengyu LIU*
Chairman

Hong Kong, 20 August 2021

**For identification purpose only*

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE SIX MONTHS ENDED 30 JUNE 2021

	NOTES	Six months ended 30 June 2020 (Unaudited) RMB'000	**2021 (Unaudited) RMB'000**
Other income	4	29,196	**46,808**
Other gain and loss		(476)	**18,306**
Depreciation		(252)	**(345)**
General and administrative expenses		(18,742)	**(20,115)**
Finance costs	5	(9,462)	**(9,036)**
Share of results of joint ventures	6	(110,269)	**307,584**
(Loss) profit before tax		(110,005)	**343,202**
Income tax expense	7	(4,672)	**(52,451)**
(Loss) profit for the period		(114,677)	**290,751**
Other comprehensive (expense) income for the period			
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		(4,320)	**(10,350)**
Item that may be reclassified subsequently to profit or loss:			
Exchange (loss) gain arising on translation of foreign operations		(10,125)	**12,175**
		(14,445)	**1,825**
Total comprehensive (expense) income for the period		(129,122)	**292,576**
(Loss) profit for the period attributable to:			
Owners of the Company		(114,759)	**286,582**
Non-controlling interests		82	**4,169**
		(114,677)	**290,751**
Total comprehensive (expense) income for the period attributable to:			
Owners of the Company		(129,204)	**288,407**
Non-controlling interests		82	**4,169**
		(129,122)	**292,576**
		RMB cents	**RMB cents**
(Loss) earnings per share	9		
Basic		(3.72)	**9.30**

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2021

	NOTES	31 December 2020 (Audited) RMB'000	**30 June 2021 (Unaudited) RMB'000**
ASSETS			
Non-current Assets			
Interests in joint ventures	10	4,673,688	**5,085,726**
Equity instrument at fair value through other comprehensive income	11	31,000	**19,500**
Property and equipment		2,111	**1,840**
Amounts due from a joint venture	12	322,792	**38,798**
		5,029,591	**5,145,864**
Current Assets			
Deposits and prepayments		545	**468**
Interest and other receivables		1,208	**951**
Amounts due from a joint venture	12	27,041	**309,373**
Tax recoverable		-	**5,007**
Bank structured deposits		801,503	**396,495**
Time deposit with original maturity over three months		240,000	**-**
Bank balances and cash		519,042	**955,486**
		1,589,339	**1,667,780**
Total Assets		6,618,930	**6,813,644**
EQUITY AND LIABILITIES			
Capital and Reserves			
Share capital	13	270,603	**270,603**
Share premium and reserves		4,707,513	**4,714,409**
Equity attributable to owners of the Company		4,978,116	**4,985,012**
Non-controlling interests		23,586	**23,983**
Total Equity		5,001,702	**5,008,995**
Non-current Liabilities			
Bank loans	14	754,002	**1,073,211**
Deferred tax liabilities	15	76,025	**123,278**
		830,027	**1,196,489**
Current Liabilities			
Payables and accruals		10,255	**11,621**
Bank loans	14	324,347	**316,140**
Dividend payables		306,030	**280,399**
Tax payables		146,569	**-**
		787,201	**608,160**
Total Liabilities		1,617,228	**1,804,649**
Total Equity and Liabilities		6,618,930	**6,813,644**
Cash and Cash Equivalents		519,042	**955,486**

1. BASIS OF PREPARATION

The condensed consolidated financial statements have been prepared in accordance with International Accounting Standard 34 "Interim Financial Reporting" ("IAS 34") issued by the International Accounting Standards Board ("IASB") as well as with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

The Company's functional currency and presentation currency are RMB.

2. PRINCIPAL ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments, which are measured at fair values.

Other than additional accounting policies resulting from application of amendments to International Financial Reporting Standards ("IFRSs"), the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 June 2021 are the same as those presented in the Group's annual financial statements for the year ended 31 December 2020.

Application of amendments to IFRSs

In the current interim period, the Group has applied the following amendments to IFRSs issued by the IASB, for the first time, which are mandatorily effective for the annual periods beginning on or after 1 January 2021 for the preparation of the Group's condensed consolidated financial statements:

Amendment to IFRS 16	COVID-19-Related Rent Concessions
Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16	Interest Rate Benchmark Reform - Phase 2

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

3. **SEGMENT INFORMATION**

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

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

- GS Superhighway
- GZ West Superhighway
- Xintang Interchange

Information regarding the above segments is reported below.

Segment revenue and results

	Six months ended 30 June									
	2020					**2021**				
	Segment revenue RMB'000	EBITDA RMB'000	Depreciation and amortisation RMB'000	Interest and tax RMB'000	Segment results RMB'000	**Segment revenue RMB'000**	**EBITDA RMB'000**	**Depreciation and amortisation RMB'000**	**Interest and tax RMB'000**	**Segment results RMB'000**
Toll expressway project										
GS Superhighway	305,865	235,523	(200,461)	(44,373)	(9,311)	**611,697**	**562,317**	**(226,488)**	**(121,601)**	**214,228**
GZ West Superhighway	155,661	115,835	(111,728)	(66,832)	(62,725)	**319,468**	**292,460**	**(122,399)**	**(82,388)**	**87,673**
	461,526	351,358	(312,189)	(111,205)	(72,036)	**931,165**	**854,777**	**(348,887)**	**(203,989)**	**301,901**
Land development and utilisation project										
Xintang Interchange	-	65	-	(22,022)	(21,957)	-	**(3,492)**	**(1)**	**(18,422)**	**(21,915)**
Total	461,526	351,423	(312,189)	(133,227)	(93,993)	931,165	**851,285**	**(348,888)**	**(222,411)**	**279,986**
Corporate interest income from bank deposits					354					**16,584**
Corporate investment income from bank structured deposits					-					**1,495**
Corporate interest income from loans made by the Group to a joint venture					28,221					**27,043**
Other income and other gain					621					**13,742**
Corporate general and administrative expenses and depreciation					(18,994)					**(20,460)**
Corporate finance costs					(9,462)					**(9,036)**
Corporate income tax expense					(7,018)					**(32,938)**
Net exchange (loss) gain (net of related income tax) (Note)					(14,406)					**14,335**
(Loss) profit for the period					(114,677)					**290,751**
Profit for the period attributable to non-controlling interests					(82)					**(4,169)**
(Loss) profit for the period attributable to owners of the Company					(114,759)					**286,582**

Note: Net exchange (loss) gain (net of related income tax) is composed of the Group's share of the net exchange gain (net of related income tax) of a joint venture of RMB8,085,000 (six months ended 30 June 2020: net exchange loss (net of related income tax) of RMB13,930,000) and the net exchange gain of the Group of RMB6,250,000 (six months ended 30 June 2020: net exchange loss of RMB476,000).

The segment revenue represents the Group's share of the joint ventures' toll revenue received and receivable (net of valued-added tax) from the operations of toll expressways in the PRC based on the profit-sharing ratios specified in the relevant joint venture agreements. All of the segment revenue reported above is earned from external customers.

The segment results represent (i) the 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) based on the profit-sharing ratios and shareholding percentage specified in the relevant joint venture agreements; (ii) net of the withholding tax attributed to the dividend received from and the undistributed earnings of the joint ventures; and (iii) amortisation of additional cost of investments in joint ventures. This is the measure reported to the CODM for the purposes of resource allocation and performance assessment.

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

	Six months ended 30 June	
	2020 (Unaudited) RMB'000	**2021** **(Unaudited)** **RMB'000**
Total segment results	(93,993)	**279,986**
Add:		
Net exchange (loss) gain (net of related income tax)	(13,930)	**8,085**
Withholding tax attributed to the dividend received from and the undistributed earnings of the joint ventures	(2,346)	**19,513**
Share of results of joint ventures as presented in condensed consolidated statement of profit or loss and other comprehensive income	(110,269)	**307,584**

4. OTHER INCOME

	Six months ended 30 June	
	2020 (Unaudited) RMB'000	**2021** **(Unaudited)** **RMB'000**
Interest income from:		
Bank deposits	354	**16,584**
Amounts due from a joint venture	28,221	**27,043**
Investment income from bank structured deposits	-	**1,495**
Dividend income from equity instrument at fair value through other comprehensive income	-	**604**
Others	621	**1,082**
	29,196	**46,808**

5. FINANCE COSTS

The amounts represent the interest on bank loans and bank charges for both periods.

6. SHARE OF RESULTS OF JOINT VENTURES

	Six months ended 30 June	
	2020	**2021**
	(Unaudited)	**(Unaudited)**
	RMB'000	**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	(69,275)	**353,368**
Amortisation of additional cost of investments in joint ventures	(40,994)	**(45,784)**
Share of imputed interest expenses incurred by a joint venture on interest-free registered capital contributions made by the Group	(27,045)	**(28,739)**
Imputed interest income recognised by the Group on interest-free registered capital contributions made by the Group	27,045	**28,739**
	(110,269)	**307,584**

7. INCOME TAX EXPENSE

	Six months ended 30 June	
	2020	**2021**
	(Unaudited)	**(Unaudited)**
	RMB'000	**RMB'000**
The tax charge (credit) comprises:		
PRC Enterprise Income Tax ("EIT")		
The Group	-	**9,831**
Refund of EIT of a subsidiary recognised in prior year	-	**(5,783)**
Deferred tax (Note 15)	4,672	**48,403**
	4,672	**52,451**

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

The EIT charge of the Group for the six months ended 30 June 2021 included an amount of RMB8,369,000 representing the 5% withholding tax imposed on dividends declared by joint ventures of the Group of which the corresponding amount had already been provided for deferred tax in prior periods in respect of undistributed earnings of joint ventures (six months ended 30 June 2020: nil).

8. DIVIDENDS

	Six months ended 30 June	
	2020 (Unaudited) RMB'000	**2021 (Unaudited) RMB'000**
Dividends paid and recognised as a distribution during the period:		
Final dividend for the year ended 31 December 2020 of RMB9.1 cents (equivalent to HK10.936835 cents) (Six months ended 30 June 2020: for the year ended 31 December 2019 paid of RMB10.1 cents (equivalent to HK11.320989 cents)) per share	320,807	**281,511**

On 20 August 2021, the board of directors of the Company have declared that an interim dividend in respect of the year ending 31 December 2021 of RMB9.3 cents (equivalent to HK11.147631 cents) per share amounting to approximately RMB286,597,000 (approximately HK$343,535,000) shall be paid to the shareholders of the Company whose names appear on the register of members on 6 September 2021.

9. (LOSS) EARNINGS PER SHARE

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

	Six months ended 30 June	
	2020 (Unaudited) RMB'000	**2021 (Unaudited) RMB'000**
(Loss) earnings for the purposes of basic (loss) earnings per share	(114,759)	**286,582**

	Six months ended 30 June	
	2020 Number of shares	**2021 Number of shares**
Number of ordinary shares for the purpose of basic (loss) earnings per share	3,081,690,283	**3,081,690,283**

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

10. INTERESTS IN JOINT VENTURES

	31 December 2020 (Audited) RMB'000	**30 June 2021 (Unaudited) RMB'000**
Unlisted investments:		
At cost		
Cost of investments in joint ventures	2,022,289	**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)	1,473,604	**1,476,926**
Less: Unrealised profit on disposal of land	(13,044)	**(13,044)**
Less: Share of accumulated imputed interest expenses incurred by a joint venture on interest-free registered capital contributions made by the Group	(539,679)	**(568,418)**
Less: Accumulated amortisation of additional cost of investments	(1,758,090)	**(1,803,874)**
	3,705,298	**4,088,597**
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	539,679	**568,418**
	968,390	**997,129**
	4,673,688	**5,085,726**

11. EQUITY INSTRUMENT AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

The Group holds the interest in unlisted limited company established in the PRC.

12. AMOUNTS DUE FROM A JOINT VENTURE

As at 30 June 2021, the amounts due from a joint venture represented amount due from Guangzhou Zhentong Development Company Limited (廣州臻通實業發展有限公司) ("Xintang JV") in aggregate of RMB38,798,000 (31 December 2020: RMB322,792,000) which are unsecured, interest bearing at 8% (31 December 2020: 8%) per annum and with a term of three years.

In addition, the aggregate amount of RMB309,373,000 (31 December 2020: RMB27,041,000) are unsecured, interest bearing at 8% (31 December 2020: 6%) per annum and with a term of one year.

Accordingly, RMB38,798,000 (31 December 2020: RMB322,792,000) is classified as non-current asset and RMB309,373,000 (31 December 2020: RMB27,041,000) is classified as current asset for the purpose of presentation in the condensed consolidated statement of financial position.

13. SHARE CAPITAL

	Number of shares	**Nominal amount**
		HK$'000
Ordinary shares of HK$0.1 each		
Authorised:		
As at 1 January 2020, 30 June 2020, 31 December 2020, 1 January 2021 and 30 June 2021	10,000,000,000	1,000,000

	Number of shares	**Nominal amount**	
		HK$'000	Equivalent to RMB'000
Issued and fully paid:			
As at 1 January 2020, 30 June 2020, 31 December 2020, 1 January 2021 and 30 June 2021	3,081,690,283	308,169	270,603

Share Option Scheme

There were no share options granted, forfeited, vested, lapsed or outstanding in both periods presented.

Share Award Scheme

There were no awarded shares granted, forfeited, vested, lapsed or outstanding in both periods presented.

14. BANK LOANS

	31 December 2020 (Audited) RMB'000	**30 June 2021 (Unaudited) RMB'000**
The carrying amounts of the bank loans are repayable (Note):		
Within one year	324,347	**316,140**
Within a period of more than two years but not exceeding five years	754,002	**1,073,211**
Unsecured variable rate loans	1,078,349	**1,389,351**
Less: Amounts due within one year shown under current liabilities	(324,347)	**(316,140)**
Amounts shown under non-current liabilities	754,002	**1,073,211**

Note: As at 31 December 2020 and 30 June 2021, the bank loans are guaranteed by the Company and based on scheduled repayment dates set out in the respective loan agreements.

As at 30 June 2021, variable rate HKD denominated bank loans carried interests ranging from Hong Kong Interbank Offered Rate ("HIBOR") plus 0.98% to HIBOR plus 1.5% per annum (31 December 2020: HIBOR plus 0.98% to HIBOR plus 1% per annum).

15. DEFERRED TAX LIABILITIES

The amounts represent the deferred tax liabilities associated with fair value change on investment in equity instrument at fair value through other comprehensive income and the undistributed earnings of the joint ventures and a PRC subsidiary.

16. 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).

Financial assets	31 December 2020	30 June 2021	Fair value hierarchy	Valuation technique and key inputs	Significant unobservable inputs	Relationship of unobservable inputs to fair value
Equity instrument at fair value through other comprehensive income	Unlisted equity investment: RMB31,000,000	Unlisted equity investment: RMB19,500,000	Level 3	Market Approach	Price-to-earnings multiples of several comparable companies	The higher the multiples, the higher the fair value
					Enterprise value-to-earnings before interest, taxes, depreciation and amortisation multiples of several comparable companies	The higher the multiples, the higher the fair value
					Risk adjustment for a discount on lack of marketability	The higher the discount, the lower the fair value
Bank structured deposits	RMB801,503,000	RMB396,495,000	Level 3	Discounted cash flow	Discounted rate	The higher the discount rate, the lower the fair value

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

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

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

Condensed Consolidated Statement of Profit or Loss

For the six months ended 30 June 2021

(FOR INFORMATION PURPOSE ONLY)

	Six months ended 30 June			
	2020 RMB'000	**2021** **RMB'000**	2020 HK$'000	**2021** **HK$'000**
Toll revenue	461,525	**931,165**	506,841	**1,116,803**
Revenue on construction	8,563	**1,953**	9,402	**2,348**
Turnover	470,088	**933,118**	516,243	**1,119,151**
Other income, other gain and loss (Note i)	46,776	**143,525**	51,342	**172,272**
Construction costs	(8,563)	**(1,953)**	(9,402)	**(2,348)**
Provision for resurfacing charges	(9,782)	**(9,040)**	(10,741)	**(10,839)**
Toll expressway operation expenses	(86,544)	**(92,035)**	(95,064)	**(110,443)**
General and administrative expenses	(55,624)	**(52,180)**	(61,139)	**(62,565)**
Depreciation and amortisation charges	(312,441)	**(349,234)**	(342,298)	**(418,913)**
Finance costs (Note ii)	(144,229)	**(120,104)**	(158,467)	**(143,978)**
(Loss) profit before tax	(100,319)	**452,097**	(109,526)	**542,337**
Income tax expense	(14,358)	**(161,346)**	(15,823)	**(193,574)**
(Loss) profit for the period	(114,677)	**290,751**	(125,349)	**348,763**
(Loss) profit for the period attributable to:				
Owners of the Company	(114,759)	**286,582**	(125,447)	**343,760**
Non-controlling interests	82	**4,169**	98	**5,003**
	(114,677)	**290,751**	(125,349)	**348,763**

Notes:

(i) OTHER INCOME, OTHER GAIN AND LOSS

	Six months ended 30 June			
	2020 RMB'000	**2021** **RMB'000**	2020 HK$'000	**2021** **HK$'000**
Interest income from:				
Bank deposits	3,422	**24,297**	3,760	**29,093**
Loans made by the Group to a joint venture	28,221	**27,043**	31,029	**32,391**
Imputed interest income on interest-free registered capital contributions made by the Group to a joint venture	13,522	**14,370**	14,848	**17,236**
Net exchange (loss) gain	(19,049)	**17,030**	(20,899)	**20,799**
Rental income	12,836	**14,763**	14,040	**17,698**
Others	7,824	**46,022**	8,564	**55,055**
	46,776	**143,525**	51,342	**172,272**

(ii) FINANCE COSTS

	Six months ended 30 June			
	2020 RMB'000	**2021** **RMB'000**	2020 HK$'000	**2021** **HK$'000**
Interest on:				
Bank loans	99,497	**79,435**	109,299	**95,257**
Loans made by joint venture partners	29,970	**25,010**	32,954	**29,949**
Interest on instalment payment of land premium	-	**710**	-	**843**
Imputed interest on interest-free registered capital contributions made by a joint venture partner	13,522	**14,370**	14,848	**17,236**
Others	314	**335**	344	**402**
	143,303	**119,860**	157,445	**143,687**
Other financial expenses	926	**244**	1,022	**291**
	144,229	**120,104**	158,467	**143,978**

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

Condensed Consolidated Statement of Financial Position

As at 30 June 2021

(FOR INFORMATION PURPOSE ONLY)

	31 December 2020 RMB'000	**30 June 2021 RMB'000**	31 December 2020 HK$'000	**30 June 2021 HK$'000**
ASSETS				
Non-current Assets				
Property and equipment	405,760	**370,602**	481,636	**445,464**
Concession intangible assets	8,964,620	**8,677,164**	10,641,005	**10,429,950**
Lease assets	-	**1,942**	-	**2,334**
Balance with a joint venture	484,195	**498,564**	574,739	**599,274**
Loans made by the Group to a joint venture	365,214	**38,798**	433,509	**46,635**
Equity instrument at fair value through other comprehensive income	31,000	**19,500**	36,797	**23,439**
	10,250,789	**9,606,570**	12,167,686	**11,547,096**
Current Assets				
Inventories	619,979	**725,496**	735,915	**872,047**
Deposits and prepayments	24,467	**30,443**	29,042	**36,593**
Interest and other receivables	57,662	**41,085**	68,444	**49,383**
Loans made by the Group to a joint venture	27,041	**309,373**	32,098	**371,867**
Bank structured deposits	801,503	**396,495**	951,384	**476,587**
Time deposit with original maturity over three months	240,000	**-**	284,880	**-**
Pledged bank balances and deposits of joint ventures	530,634	**495,412**	629,863	**595,486**
Bank balances and cash				
- The Group	519,042	**955,486**	616,103	**1,148,494**
- Joint ventures	12,743	**93,883**	15,126	**112,847**
	2,833,071	**3,047,673**	3,362,855	**3,663,304**
Total Assets	13,083,860	**12,654,243**	15,530,541	**15,210,400**
EQUITY AND LIABILITIES				
Capital and Reserves				
Share capital	270,603	**270,603**	308,169	**308,169**
Share premium and reserves	4,707,513	**4,714,409**	5,600,854	**5,683,815**
Equity attributable to owners of the Company	4,978,116	**4,985,012**	5,909,023	**5,991,984**
Non-controlling interests	23,586	**23,983**	27,996	**28,828**
Total Equity	5,001,702	**5,008,995**	5,937,019	**6,020,812**
Non-current Liabilities				
Bank and other loans				
- The Group	754,002	**1,073,211**	895,000	**1,290,000**
- Joint ventures	3,794,182	**3,458,438**	4,503,695	**4,157,042**
Lease liabilities	-	**984**	-	**1,183**
Balance with a joint venture partner	484,144	**498,514**	574,679	**599,214**
Loans made by joint venture partners	362,965	**38,798**	430,840	**46,635**
Resurfacing obligations	256,694	**265,734**	304,696	**319,412**
Deferred tax liabilities	267,802	**299,480**	317,880	**359,975**
Other non-current liabilities	192,332	**188,345**	228,298	**226,391**
	6,112,121	**5,823,504**	7,255,088	**6,999,852**
Current Liabilities				
Provision, other payables, accruals and deposits received	750,493	**426,504**	890,835	**512,659**
Lease liabilities	-	**958**	-	**1,151**
Dividend payables	306,030	**280,399**	363,257	**337,039**
Bank loans				
- The Group	324,347	**316,140**	385,000	**380,000**
- Joint ventures	351,694	**401,594**	417,461	**482,715**
Loans made by joint venture partners	27,041	**309,373**	32,098	**371,867**
Other interest payable	4,934	**4,101**	5,857	**4,930**
Tax liabilities	205,498	**82,675**	243,926	**99,375**
	1,970,037	**1,821,744**	2,338,434	**2,189,736**
Total Liabilities	8,082,158	**7,645,248**	9,593,522	**9,189,588**
Total Equity and Liabilities	13,083,860	**12,654,243**	15,530,541	**15,210,400**

GLOSSARY

"2012/13"	the year ended 30 June 2013
"2013/14"	the year ended 30 June 2014
"2014/15"	the year ended 30 June 2015
"2015/16"	the year ended 30 June 2016
"2016/17"	the year ended 30 June 2017
"2017/18"	the year ended 30 June 2018
"2H 2018"	the six months ended 31 December 2018
"2019"	the year ended 31 December 2019
"2020"	the year ended 31 December 2020
"1H 2020"	the six months ended 30 June 2020
"1H 2021"	the six months ended 30 June 2021
"Amended JV Articles"	the amended articles of the Xintang JV dated 10 September 2020 entered into and adopted by the Parties, as disclosed in the Company's announcement dated 10 September 2020
"Audit Committee"	the audit committee of the Company
"Bay Area"	Guangdong-Hong Kong-Macao Greater Bay Area, a national development strategy of the PRC
"Board"	the board of Directors of the Company
"CG Code"	Corporate Governance Code contained in Appendix 14 to the Listing Rules
"Company"	Shenzhen Investment Holdings Bay Area Development Company Limited (formerly known as Hopewell Highway Infrastructure Limited), a company incorporated in the Cayman Islands with limited liability
"COVID-19 pandemic"	coronavirus disease (COVID-19) pandemic
"Director(s)"	director(s) of the Company
"Disposal"	the Group (through Shenwan Infrastructure) and GPCG (through Guangdong Highway Construction) disposed of an aggregate of 60% equity interest in the Xintang JV (representing 22.5% equity interest held by Shenwan Infrastructure and 37.5% equity interest held by Guangdong Highway Construction) together with their respective rights in the corresponding proportion of the shareholder's loan to Xintang JV (including the outstanding accrued interests thereof) through public listing, as disclosed in the Company's announcement dated 12 June 2020, 19 July 2020 and 10 September 2020 and the circular of the Company dated 20 October 2020
"EBITDA"	earnings before interest, tax, depreciation and amortisation (before net exchange gain/loss)
"EIT"	enterprise income tax
"full-length equivalent traffic"	the total distance travelled by all vehicles on the expressway divided by the full length of the expressway
"GDP"	gross domestic product
"GPCG"	Guangdong Provincial Communication Group Company Limited* (廣東省交通集團有限公司) and its subsidiaries collectively (including Guangdong Highway Construction, Lealu Investment and Leaxin Investment)

"Guangdong Highway Construction"	Guangdong Provincial Highway Construction Company Limited* (廣東省公路建設有限公司), the PRC joint venture partner of GS Superhighway JV and a company established in the PRC with limited liability and a non wholly-owned subsidiary of Guangdong Provincial Communication Group Company Limited* (廣東省交通集團有限公司), being a state-owned enterprise established in the PRC
"Group"	the Company and its subsidiaries
"GS JV	Guangzhou-Shenzhen-Zhuhai Superhighway Company Limited, the joint venture established for the GS Superhighway
"GS Superhighway"	Guangzhou-Shenzhen Superhighway
"GZ West JV	Guangdong Guangzhou-Zhuhai West Superhighway Company Limited, the joint venture company established for the GZ West Superhighway
"GZ West Superhighway"	Guangzhou-Zhuhai West Superhighway, also known as the Western Delta Route
"HK$", "HKD" or "HK Dollar(s)"	Hong Kong Dollars, the lawful currency of Hong Kong
"Hong Kong" or "HKSAR"	the Hong Kong Special Administrative Region of the PRC
"HZM Bridge"	the Hong Kong-Zhuhai-Macao Bridge
"JV(s)"	joint venture(s)
"km"	kilometre(s)
"Lealu Investment"	Guangzhou Lealu Investment Company Limited* (廣州利路實業投資有限公司), a company established in the PRC with limited liability and a wholly-owned subsidiary of Guangdong Highway Construction
"Leaxin Investment"	Guangzhou Leaxin Investment Company Limited* (廣州利新實業投資有限公司), a company established in the PRC with limited liability and a wholly-owned subsidiary of Guangdong 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
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange
"Macao" or "Macao SAR"	the Macao Special Administrative Region of the PRC
"Mainland China"	the PRC, excluding Hong Kong and Macao
"Model Code"	the Model Code for Securities Transactions by Directors of Listed Issuers contained in Appendix 10 to the Listing Rules
"net toll revenue"	toll revenue after related tax
"New JV Agreement"	the joint venture agreement dated 10 September 2020 entered into among the Parties in relation to the Xintang JV, as disclosed in the Company's announcement dated 10 September 2020
"Parties"	collectively, Shenwan Infrastructure, Lealu Investment, Leaxin Investment and Shenzhen Run Investment, and each a "Party"

“PRC”	the People’s Republic of China
“PRD”	Pearl River Delta
“Project Land”	the land (plot number: 83101203A19206) located at the Xintang interchange on both sides of the GS Superhighway, as disclosed in the Company’s announcement dated 29 November 2019
“RMB”	Renminbi, the lawful currency of the PRC
“Share(s)”	ordinary share(s) of HK$0.10 each in the share capital of the Company
“Shareholder(s)”	shareholder(s) of the Company
“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 Pilot Demonstration Area”	“Guidelines on Supporting Shenzhen in Building a Pilot Demonstration Area of Socialism with Chinese Characteristics” *《關於支持深圳建設中國特色社會主義先行示範區的意見》released by the State Council in August 2019, a national development strategy of the PRC
“SIHC”	Shenzhen Investment Holdings Co., Ltd* (深圳市投資控股有限公司), incorporated in the PRC with limited liability, the ultimate holding company of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“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
“toll revenue”	toll revenue including tax
“Total Upper Limit”	The maximum total amount of contribution (whether by way of registered capital, shareholders’ loans, or in any other nature) by the Parties to Xintang JV shall not exceed RMB6.8 billion, as disclosed in the Company’s announcement dated 10 September 2020
“US”	the United States of America
“USD” or “US Dollar(s)”	United States Dollars, the lawful currency of the United States of America

"Xintang JV"	Guangzhou Zhentong Development Company Limited* (廣州臻通實業發展有限公司), a joint venture established in the PRC for the development of the Project Land, the equity interest of which is originally held as to 37.5%, 37.5%, 20% and 5% by Shenwan Infrastructure, Guangdong Highway Construction, Lealu Investment and Leaxin Investment respectively. After the Disposal, the equity interest of the joint venture is held as to 15%, 20%, 5% and 60% by Shenwan Infrastructure, Lealu Investment, Leaxin Investment and Shenzhen Run Investment respectively, as disclosed in the Company's announcement dated 10 September 2020
"YoY"	year-on-year

As at the date of this announcement, the Board comprises three Executive Directors namely, Mr. Tianliang ZHANG (General Manager), Mr. Cheng WU* (Deputy General Manager) and Mr. Ji LIU* (Deputy General Manager and secretary to the Board); three Non-executive Directors namely, Mr. Zhengyu LIU* (Chairman), Mr. Junye CAI* and Mr. Weiguo ZONG*; and three Independent Non-executive Directors namely, Mr. Brian David Man Bun LI, Mr. Yu Lung CHING and Mr. Tony Chung Nin KAN.*

** For identification purpose only*