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**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)

**UNAUDITED FINANCIAL INFORMATION FOR THE THREE
MONTHS ENDED 31 MARCH 2023**

The board of directors (the “Board”) of Shenzhen Investment Holdings Bay Area Development Company Limited (the “Company”) is pleased to announce the operation conditions and the unaudited condensed consolidated financial information for the three months ended 31 March 2023.

OPERATION INFORMATION

	<i>January – March</i>	<i>January – March</i>	<i>% Change</i>
	<i>2022</i>	<i>2023</i>	
<i>At Operational Level</i>			
<i>GS Superhighway</i>			
Average daily toll revenue ^{N1} (RMB '000)	5,636	7,527	+34%
Average daily mixed traffic ^{N2} (No. of vehicles '000)	468	609	+30%
<i>GZ West Superhighway</i>			
Average daily toll revenue ^{N1} (RMB '000)	2,830	3,374	+19%
Average daily mixed traffic ^{N2} (No. of vehicles '000)	217	256	+18%
<i>Coastal Expressway (Shenzhen Section)</i>			
Average daily toll revenue ^{N1} (RMB '000)	1,087	1,545	+42%
Average daily mixed traffic ^{N2} (No. of vehicles '000)	112	175	+56%

N1: Excluding tax

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

Expressway

Toll revenue and traffic volume of the Guangzhou-Shenzhen Superhighway (“GS Superhighway”), the Guangdong Guangzhou-Zhuhai West Superhighway (“GZ West Superhighway”) and the Shenzhen section of Guangshen Coastal Expressway (“Coastal Expressway (Shenzhen Section)”) increased significantly year-on-year during the first quarter of 2023 were mainly because pandemic prevention and control measures in Mainland China have been adjusted to Class B management (乙類乙管), the social transportation volume has largely resumed to normal levels and a low comparison base impacted by the COVID-19 pandemic last year.

Grand Park City

During the first quarter of 2023, contract sales amounted to approximately RMB394 million, representing the average sales price of approximately RMB23,000 per square meter.

FINANCIAL INFORMATION

The unaudited condensed consolidated financial information of the Company and its subsidiaries (collectively the “Group”) for the three months ended 31 March 2023 (the “Period”) were as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

	<u>NOTES</u>	Three months ended 31 March	
		2022 RMB'000 (Restated and unaudited)	<u>2023</u> RMB'000 (Unaudited)
Revenue	4	102,115	234,508
Cost of sales		<u>(66,133)</u>	<u>(171,477)</u>
Gross profit		35,982	63,031
Other income	5	16,939	14,005
Other gain and loss	6	(43)	(623)
General and administrative expenses		(10,149)	(14,521)
Finance costs		(6,789)	(39,363)
Share of results of joint ventures	7	<u>123,531</u>	<u>133,157</u>
Profit before tax		159,471	155,686
Income tax expense	8	<u>(19,551)</u>	<u>(24,373)</u>
Profit for the period		<u>139,920</u>	<u>131,313</u>
Profit for the year attributable to:			
Owners of the Company		122,824	107,093
Non-controlling interests		<u>17,096</u>	<u>24,220</u>
		<u>139,920</u>	<u>131,313</u>
		RMB cents (Restated)	RMB cents
Earnings per share	9		
Basic		<u>3.99</u>	<u>3.48</u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	31 December 2022 RMB'000 (Audited)	31 March 2023 RMB'000 (Unaudited)
ASSETS		
Non-current Assets		
Property and equipment	289,976	284,393
Right-of-use assets	21,872	19,680
Construction in progress	6,956	6,711
Concession intangible assets	5,675,057	5,723,697
Other intangible assets	1,777	2,164
Interests in joint ventures	4,519,423	4,653,770
Equity instrument at fair value through other comprehensive income	20,000	20,000
Deposit paid for acquisition of property and equipment	578	578
Deferred tax assets	210,959	195,650
	<u>10,746,598</u>	<u>10,906,643</u>
Current Assets		
Inventories	427	400
Trade and other receivables	322,134	39,142
Amount due from a joint venture	210,385	213,535
Structured deposits	451,440	371,613
Restricted bank deposits	15,048	12,287
Bank balances and cash	474,015	774,260
	<u>1,473,449</u>	<u>1,411,237</u>
Total Assets	<u>12,220,047</u>	<u>12,317,880</u>
EQUITY AND LIABILITIES		
Capital and Reserves		
Share capital	270,603	270,603
Reserves	4,265,459	4,431,306
	<u>4,536,062</u>	<u>4,701,909</u>
Equity attributable to owners of the Company	4,536,062	4,701,909
Non-controlling interests	2,849,725	2,870,569
	<u>7,385,787</u>	<u>7,572,478</u>
Total Equity	<u>7,385,787</u>	<u>7,572,478</u>

	31 December 2022 RMB'000 (Audited)	31 March 2023 RMB'000 (Unaudited)
Non-current Liabilities		
Lease liabilities	13,885	11,644
Bank loans	2,811,290	2,355,635
Deferred tax liabilities	133,408	140,723
	<u>2,958,583</u>	<u>2,508,002</u>
Current Liabilities		
Trade and other payables	715,907	675,293
Lease liabilities	8,872	8,924
Bank loans	1,145,512	1,543,736
Tax payables	5,386	9,447
	<u>1,875,677</u>	<u>2,237,400</u>
Total Liabilities	<u>4,834,260</u>	<u>4,745,402</u>
Total Equity and Liabilities	<u>12,220,047</u>	<u>12,317,880</u>
Cash and Cash Equivalents	<u>474,015</u>	<u>774,260</u>

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Three months ended 31 March	
	<u>2022</u>	<u>2023</u>
	RMB'000	RMB'000
	(Restated and unaudited)	(Unaudited)
NET CASH FROM GENERATED FROM OPERATING ACTIVITIES	<u>58,696</u>	<u>194,696</u>
INVESTING ACTIVITIES		
Withdrawal of structured deposits	350,000	450,000
Dividends received	-	181,377
Interest received	6,863	3,732
Increase in receivable from intermediate holding company	27,735	-
Placement of structured deposits	-	(370,000)
Repayment from a joint venture	15,000	-
(Increase) decrease in restricted bank deposits	(52,168)	2,760
Purchases of property and equipment	-	(13)
Purchase for intangible assets	<u>(1,262)</u>	<u>(92,377)</u>
NET CASH FROM INVESTING ACTIVITIES	<u>346,168</u>	<u>175,479</u>
FINANCING ACTIVITIES		
New bank loans raised	440,098	-
Interest paid to intermediate holding company	-	(26,421)
Bank loans repaid	(431,948)	-
Dividends paid to non-controlling interests of a subsidiary	-	(3,375)
Interest paid on bank loans	(6,701)	(37,132)
Repayment of lease liabilities	(412)	(2,189)
Interest paid on lease liabilities	<u>(47)</u>	<u>(191)</u>
NET CASH FROM (USED IN) INANCING ACTIVITIES	<u>990</u>	<u>(69,308)</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	405,854	300,867
CASH AND CASH EQUIVALENTS BROUGHT FORWARD	1,859,995	474,015
EFFECT OF FOREIGN EXCHANGE RATE CHANGES	<u>-</u>	<u>(622)</u>
CASH AND CASH EQUIVALENTS CARRIED FORWARD	<u><u>2,265,849</u></u>	<u><u>774,260</u></u>

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

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION

1. BASIS OF PREPARATION

The condensed consolidated financial information has been prepared on the historical cost basis except for certain financial instruments that are measured at fair values.

Other than changes in accounting policies resulting from application of new and amendments to International Financial Reporting Standards (“IFRSs”), the accounting policies and methods of computation used in the condensed consolidated financial information for the three months ended 31 March 2023 are the same as those presented in the Group’s annual financial statements for the year ended 31 December 2022. The application of the new and amendments to IFRSs in the Period has had no material impact on the Group’s financial positions and performance for the Period and prior period and/or on the disclosures set out in these condensed consolidated financial information.

The Company’s functional currency and presentation currency are Renminbi (“RMB”).

2. MERGER ACCOUNTING FOR BUSINESS COMBINATION INVOLVING AN ENTITY UNDER COMMON CONTROL

On 18 August 2022, Shenwan Bay Area Infrastructure (Shenzhen) Company Limited* (深灣基建(深圳)有限公司), an indirect subsidiary of the Company, entered into a subscription agreement with Shenzhen Expressway Corporation Limited (“Shenzhen Expressway”), an intermediate holding company of the Company, pursuant to which the Group had conditionally agreed to inject RMB2,998,000,000 to Shenzhen Guangshen Coastal Expressway Investment Company Limited* (深圳市廣深沿江高速公路投資有限公司) (the “Coastal Company”), a direct wholly-owned subsidiary of Shenzhen Expressway, to obtain 51% of the enlarged equity interest in the Coastal Company, and the remaining 49% continued to be held by Shenzhen Expressway upon completion (the “Subscription”).

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

The Subscription is accounted for as a business combination under common control as the Company and its subsidiaries (the “Group”) and the Coastal Company are both controlled by Shenzhen Investment Holdings Co., Ltd* (深圳市投資控股有限公司) before and after the Subscription and that control is not transitory.

The net assets of the Coastal Company are consolidated using the existing book values from the controlling party’s perspective. No amount is recognised in respect of goodwill or excess of acquirer’s interest in the net fair value of acquiree’s identifiable assets, liabilities and contingent liabilities over cost at the time of common control combination, to the extent of the continuation of the controlling party’s interest.

The condensed consolidated statement of profit or loss and condensed consolidated statement of cash flows of the Group for the three months ended 31 March 2022 included the results of operations and cash flows of the Coastal Company as if the current group

structure upon completion of the Subscription had been in existence throughout the three months ended 31 March 2022.

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

- Coastal Expressway (Shenzhen Section)
- GS Superhighway
- GZ West Superhighway
- Xintang Interchange

Information regarding the above segments is reported below.

Segment revenue and results

	Three months ended 31 March									
	2022 (Restated and unaudited)				2023 (unaudited)					
	Segment revenue RMB'000	EBITDA RMB'000	Depreciation and amortisation RMB'000	Interest and tax RMB'000	Segment results RMB'000	Segment revenue RMB'000	EBITDA RMB'000	Depreciation and amortisation RMB'000	Interest and tax RMB'000	Segment results RMB'000
Toll expressway projects										
Coastal Expressway (Shenzhen Section)	97,873	81,538	(38,992)	(10,681)	31,865	139,081	114,769	(51,465)	(17,527)	45,777
GS Superhighway	228,259	205,466	(88,135)	(36,255)	81,076	304,849	253,202	(120,712)	(58,585)	73,905
GZ West Superhighway	127,356	114,555	(42,257)	(35,345)	36,953	151,841	130,101	(61,480)	(32,961)	35,660
	<u>453,488</u>	<u>401,559</u>	<u>(169,384)</u>	<u>(82,281)</u>	<u>149,894</u>	<u>595,771</u>	<u>498,072</u>	<u>(233,657)</u>	<u>(109,073)</u>	<u>155,342</u>
Land development and utilisation project										
Xintang Interchange	5,025	(52)	(36)	(3,201)	(3,289)	15,321	4,154	(43)	(3,540)	571
Total	<u>458,513</u>	<u>401,507</u>	<u>(169,420)</u>	<u>(85,482)</u>	<u>146,605</u>	<u>611,092</u>	<u>502,226</u>	<u>(233,700)</u>	<u>(112,613)</u>	<u>155,913</u>
Corporate interest income from bank deposits					2,601					1,118
Corporate investment income from structured deposits					2,071					2,637
Corporate interest income from loans made by the Group to a joint venture					4,974					2,972
Other income and other gain					726					7,104
Corporate general and administrative expenses and depreciation					(10,144)					(14,617)
Corporate finance costs					(6,729)					(37,146)
Corporate income tax expense					(1,667)					(1,194)
Net exchange gain (net of related income tax) (Note)					1,485					14,526
Profit for the period					139,922					131,313
Profit for the period attributable to non-controlling interests					(17,098)					(24,220)
Profit for the period attributable to owners of the Company					<u>122,824</u>					<u>107,093</u>

Note: Net exchange gain (net of related income tax) is composed of the Group's share of the exchange gain (net of related income tax) of a joint venture of RMB15,149,000 (three months ended 31 March 2022: RMB1,528,000) and the net exchange loss of the Group of RMB623,000 (three months ended 31 March 2022: RMB43,000).

The segment revenue represents the Group's toll revenue received and receivable (net of value-added tax) from the operations of a toll expressway in the PRC, the Group's share of joint ventures' toll revenue received and receivable (net of value-added tax) from the operations of toll expressways and revenue from sales of properties received and receivable (net of value-added tax) from land development and utilisation project in the PRC based on the profit-sharing ratios/shareholding percentage specified in the relevant joint venture agreements but excludes the Group's construction revenue of RMB95,427,000 (three months ended 31 March 2022: RMB4,241,000). All of the segment revenue reported above is earned from external customers.

The segment results represent (i) the Group's results from the operations of a toll expressway in the PRC, (ii) 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) respectively based on the profit-sharing ratios or shareholding percentage specified in the relevant joint venture agreements, (iii) net of the withholding tax attributed to the dividend received from and the undistributed earnings of the joint ventures, and (iv) 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 as follows:

	Three months ended 31 March	
	<u>2022</u>	<u>2023</u>
	RMB'000	RMB'000
	(Restated and unaudited)	(Unaudited)
Total segment results	146,605	155,913
Add:		
Net exchange gain (net of related income tax)	1,528	15,149
Withholding tax attributed to the dividend received from and the undistributed earnings of the joint ventures	7,263	7,872
Less:		
Segment results of the Coastal Company	<u>(31,865)</u>	<u>(45,777)</u>
Share of results of joint ventures as presented in condensed consolidated statement of profit or loss (note 7)	<u>123,531</u>	<u>133,157</u>

4. REVENUE

	Three months ended 31 March	
	<u>2022</u>	<u>2023</u>
	RMB'000	RMB'000
	(Restated and unaudited)	(Unaudited)
Toll revenue	97,874	139,081
Construction revenue	<u>4,241</u>	<u>95,427</u>
Total	<u>102,115</u>	<u>234,508</u>

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

5. OTHER INCOME

	Three months ended 31 March	
	<u>2022</u>	<u>2023</u>
	RMB'000	RMB'000
	(Restated and unaudited)	(Unaudited)
Interest income from:		
Bank deposits	2,601	1,272
Amount due from a joint venture	4,974	2,972
Loan to a fellow subsidiary	4,972	-
Investment income from structured deposits	2,071	2,637
Service fee income from a joint venture	-	7,075
Others	<u>2,321</u>	<u>49</u>
	<u>16,939</u>	<u>14,005</u>

6. OTHER GAIN AND LOSS

	Three months ended 31 March	
	<u>2022</u>	<u>2023</u>
	RMB'000	RMB'000
	(Restated and unaudited)	(Unaudited)
Net exchange loss	<u>(43)</u>	<u>(623)</u>

7. SHARE OF RESULTS OF JOINT VENTURES

	Three months ended 31 March	
	<u>2022</u>	<u>2023</u>
	RMB'000	RMB'000
	(Restated and unaudited)	(Unaudited)
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	139,703	157,970
Amortisation of additional cost of investments in joint ventures	(16,172)	(24,813)
Share of imputed interest expenses incurred by a joint venture on interest-free registered capital contributions made by the Group	(15,271)	(16,230)
Imputed interest income recognised by the Group on interest-free registered capital contributions made by the Group	<u>15,271</u>	<u>16,230</u>
	<u>123,531</u>	<u>133,157</u>

8. INCOME TAX EXPENSE

	Three months ended 31 March	
	<u>2022</u>	<u>2023</u>
	RMB'000	RMB'000
	(Restated and unaudited)	(Unaudited)
The tax charge comprises:		
PRC Enterprise Income Tax	12,071	17,058
Deferred tax	<u>7,480</u>	<u>7,315</u>
	<u>19,551</u>	<u>24,373</u>

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.

9. EARNINGS PER SHARE

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

	Three months ended 31 March	
	<u>2022</u>	<u>2023</u>
	RMB'000	RMB'000
	(Restated and unaudited)	(Unaudited)
Earnings for the purpose of basic earnings per share	<u>122,824</u>	<u>107,093</u>

	Three months ended 31 March	
	<u>2022</u>	<u>2023</u>
	Number	Number
	of shares	of shares
Number of ordinary shares for the purpose of basic earnings per share	<u>3,081,690,283</u>	<u>3,081,690,283</u>

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

REVIEW OF FINANCIAL INFORMATION

The audit committee of the Company 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 financial information for the three months ended 31 March 2023.

On behalf of the Board
Xiangwen LIAO*
Chairman

Hong Kong, 25 April 2023

As at the date of this announcement, the Board comprises four Executive Directors namely, Mr. Xiangwen LIAO (Chairman), Mr. Jianming WU* (Executive General Manager), Mr. Cheng WU* (Deputy General Manager) and Mr. Ji LIU* (Deputy General Manager and secretary to the Board); two Non-executive Directors namely, Mr. Weiguo ZONG* and Ms. Siyan CHEN*; and four Independent Non-executive Directors namely, Mr. Brian David Man Bun LI, Mr. Yu Lung CHING, Mr. Tony Chung Nin KAN and Mr. Peng XUE*.*

** For identification purpose only*