



**SHENZHEN EXPRESSWAY COMPANY LIMITED**

Stock code: 00548(SEHK) 600548(SSE)

# 2021 Interim Results



25 August 2021

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The financial statements of the Company were prepared in accordance with China Accounting Standards for Business Enterprise (CASBE), and also were complied with the disclosure requirements under the Hong Kong Companies Ordinance and the Listing Rules of HKEx.

In this material, the total of breakdown and the total may not equal in mantissa due to rounding.

# Business Review

Business Review





## Economic Environment

Opportunities

China's economy recovers steadily and the quality of operations continues to improve  
Production situation continues to improve, the development momentum continues to stimulate

Challenge

The situation of overseas epidemic is serious and the domestic epidemic is evolving

GDP ↑ +12.7%

Total value of foreign trade imports and exports ↑ +27.1%

Wind power generation capacity ↑ +26.6%

## Policy Environment

Opportunities

The differentiated toll collection policy helps to promote the traffic efficiency of road networks  
The Dual Carbon strategy will catalyst a new landscape for the new energy as well as the ecological and environmental protection sectors.

Challenge

The differentiated toll collection policy has a slight impact on the toll revenue of some sections  
Established policy measures such as ETC have a negative impact on toll revenue



“Guiding Opinions of the State Council on Accelerating the Establishment of a Sound Economic System with Green, Low-carbon and Circular Development”

“Guiding opinions on accelerating the development of new energy storage (Exposure Draft)”

“Guiding opinions on promoting metering and charging for non-resident food waste treatment”

The National Carbon Emission Market launched in Shanghai Environment and Energy Exchange on 16 July 2021



## Toll Highway Business Continues to Improve

- Positive: China's economy continues to recover steadily and the quality of its operations continues to improve  
New toll contribution from Outer Ring Phase I with exceeding expectation of performance  
Acquisition opportunities for quality highway properties in the Guangdong-Hong Kong-Macao Greater Bay Area
- Negative: Recurrence of local epidemics in Guangdong Province

## Earnings Contribution from General-Environmental M&A Projects

- Higher than expected contribution from wind farm projects: Mulei Project, Baotou Nanfeng
- Continued expansion of organic waste treatment projects: 6 projects completed in the kitchen waste segment, 30 follow-up projects

## Solid Progress in the Construction of Major Projects

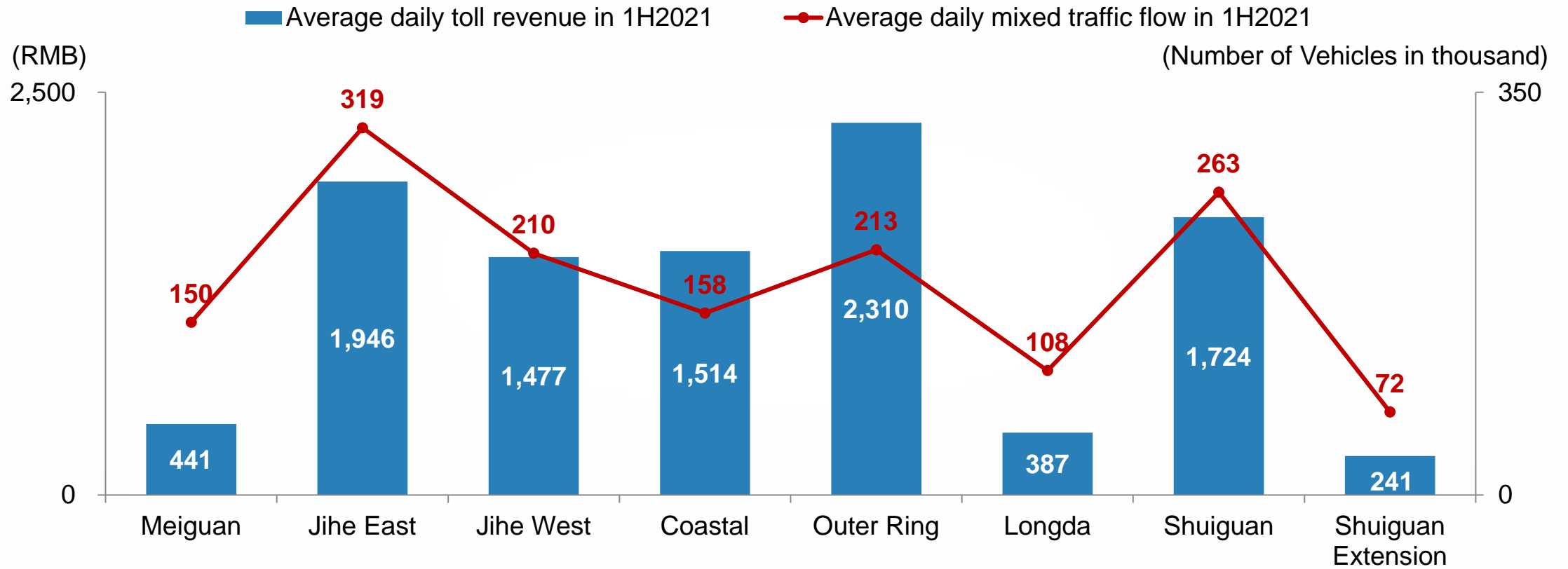
- Outer Ring Phase II, Coastal Expressway Phase II
- Jihe Expressway reconstruction and expansion project, Shenshan Second Expressway
- Guangming Environmental Park

## Low-cost, Multi-Channel Financing

- Totaled RMB10.2 bn from ultrashort-term financing bonds, green corporate bond and bank loans with an average financing cost 3.1%
- The USD300 mn 1.75% bonds were issued in July 2021 with a 22-times oversubscription
- Provide solid guarantee for the Company's market expansion and investment in M&A



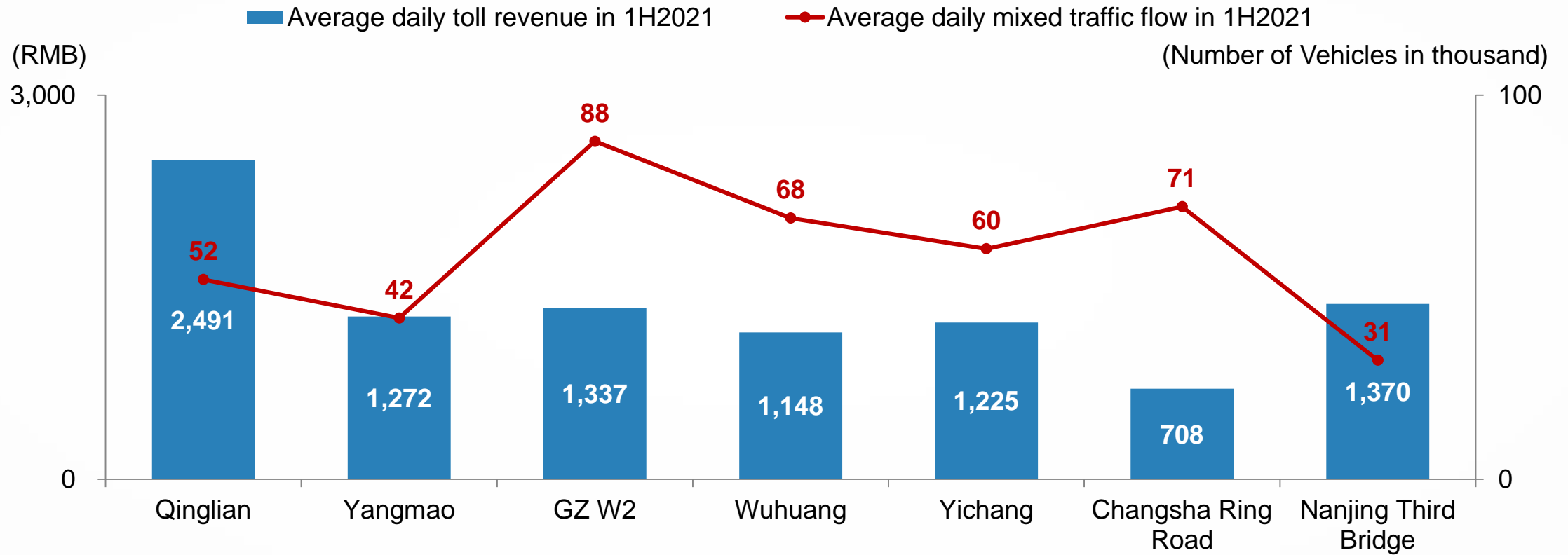
## Projects in Shenzhen Region



■ The average daily mixed traffic flow does not include toll-free traffic flow



## Projects in Other Regions



■ The average daily mixed traffic flow does not include toll-free traffic flow



# Toll Highway - Brief Analysis of Operation

**The overall performance of toll highways has returned to normal, with a significant YOY increase in data**

- Recovery of domestic Macroeconomics
- Low base in the same period last year

**Profit contribution from new project**

- Outer Ring Phase I opened to traffic on 29 December 2020

**Impact of changes in road network**

- Line position factors
- Road network synergy or diversion
- Road maintenance and construction

**Epidemic impact**

- Staying local for Spring Festival 2021
- In Guangdong area from May to June 2021

**Meiguan Well increased in truck volume**

- +Enterprises moved northward, production bases increased
- +Cargo preferential policies implemented in the Dongguan section of Changhu Exp. and Congguan Exp.
- +Inducement of Outer Ring Phase I

**Jihe performed steadily**

- +Important transport pulse
- +Integrated impact on road network

**Coastal Increased well**

- +50% toll discount for lorries
- +Economic growth and development of Qianhai and western port region
- +Road network synergy

**Outer Ring Performance exceeded expectations**

- +Line position advantage

**Qinglian Performed steadily**

- +Main artery of communication between South China and the hinterland of Central Plains
- +Qingyun section of Shanzhan Exp. and other road networks continue to improve

**Yangmao Performed normally**

- Kaiyang Exp. was opened in Gongdong
- Itself reconstruction & expansion
- Epidemic lockdown
- Diversion of Shanzhan Exp.

**GZ W2 Performed normally**

- +Completed road network promoted traffic flow of short distance
- Diversion of the mainline of Guangfozhao Exp.

**Wuhuang and Changsha Ring Road Performed well**

- +Economic Recovery
- +Road Network Synergy

**Yichang Increased in overall and truck traffic volume**

- +Changyi North-line Exp. opened
- +Construction of Changde-Yiyang-Changsha high-speed railway

**Nanjing Third Bridge Performed normally**

- Nanjing Fifth Bridge opened
- ± Differentiated tolling for lorries





# Toll Highway - Project under Construction

## Outer Ring Expressway

Total length of 77 km

Phase I: 50.74 km, in operation  
Phase II: 9.35km, scheduled for completion by the end of 2021  
Phase III: appr. 16.86 km under planning

Full 5G coverage

PPP financing model

Toll revenue in 1H2021: RMB418 mn

## Shenzhen Section of Coastal Expressway (Coastal Project)

Total length of 37 km

Phase I: Opened on 28 Dec. 2013  
Phase II: Opening in sections from November 2019 to 2024

1 Jan. 2021~31 Dec. 2024

50% toll discount for lorries

Toll revenue in 1H2021: RMB274 mn





# Toll Highway - Consolidation & Enhancement

- In preliminary work
- Interconnected with main routes including Outer Ring Expressway to build a fast track between Shenzhen and Shenshan Special Cooperation Zone

## GS Expressway, West Expressway

- 71.83% shareholding
- Total acquisition cost: not exceeding HKD10,479 mn (appr. RMB8,819 mn)
- Consolidate the core advantages of the highway business and increase market share, profitability and cash flow

## Reconstruction & Expansion of Jihe Exp.

### Double-layer composite channel plan (8+8 lanes)

#### Prefabricated construction method

- Approved by the GD DRC in 2020
- The preliminary design and budget plan were approved by the MOT in 1H2021
- Undertaking the tendering process
- Investment and financing model under negotiation, striving to meet the construction conditions by the end of 2021

## Shenshan Second Expressway

- The 4-to-8 lane reconstruction and expansion started in mid-2018
- Scheduled for completion in 2022
- Total approved estimated budget of RMB8 billion (Shenzhen Expressway contributes RMB700 mn in proportion to equity)

## Reconstruction & Expansion of Yangmao Exp.

## Acquisition of Bay Area Development

- Set up by Construction Company (a wholly-owned subsidiary of the Group) and CCCC Second Highway
- Registered capital: RMB30 mn, Construction Company accounts for 55% of the equity
- Meet the self-construction needs and synergize with the toll highway business

## Asphalt Technology Company



# General-Environmental Protection

**Two platforms:** Environmental Company, New Energy Company

**Two major segments:** recovery and solid waste management, clean energy

## Recovery and Solid Waste Management

- Continuously favorable national policies
- Organic waste treatment
- Scrapping retired new energy vehicles and comprehensive utilization of retired electric-vehicle batteries

**Become a segment leader with industry-leading technology and scale advantages**

## Clean Energy

- An emerging sector in the general-environmental protection industry, supported by national policies
- Wind power generation
- Wind turbine equipment

**Build a distinctive "integrated" clean energy system and a Shenzhen power of "carbon peak" and "carbon neutral" in China**

## Water Environmental Remediation and Others

- Water supply and sewage treatment
- Waste incineration power generation
- Environmental restoration



# General-Environmental Protection

## - Recovery and Solid Waste Management

### Lande Environmental



- 67.14% shareholding
- Total of 18 organic waste treatment projects under BOT/PPP model
- Designed kitchen waste treatment capacity exceeds 4,000 tons/day

**An important enterprise in the field of integrated solution and construction and operation for organic waste in the PRC**

### Guangming Environmental Park



- Located in Guangming District, Shenzhen, BOT model, in preliminary work
- Treatment capacities: 1,000 tons/day for kitchen waste + 100 tons/day for large-pieces waste (wasted furniture) + 100 tons/day for greening waste
- Concession period: 10 yrs + 5 yrs

### Qiantai Company



- 50% shareholding
- With the qualification of scrapping retired new energy vehicles, the only enterprise qualified under the “Industry Standards and Conditions for the Comprehensive Utilization of Waste Power Batteries for New Energy Vehicles” in Shenzhen
- Nearly 1,500 retired vehicles have been recycled and the scrapping business of retired vehicles has basically achieved normal operation
- Further explore the upstream and downstream market of retired electric-vehicle batteries



# General-Environmental Protection

## - Clean Energy

### Mulei Project



- Invested appr. RMB1,015 mn to acquire 100% equity interest in three wind power projects (Qianzhi, Qianhui and Qianxin) in Mulei, Xinjiang
- 166 wind turbines in total with actual aggregated installed capacity of 299 MW (Qianzhi & Qianhui: 249.5 MW, Qianxin: 49.5 MW)
- Concession period: Qianzhi & Qianhui: until 12 Dec. 2040 with a tariff of RMB0.49/kWh  
Qianxin: until Apr. 2036, with a tariff of RMB0.51/kWh
- Completed an aggregated on-grid power supply of 339,412 MWh in 1H2021

### Nanjing Wind Power



- 51% shareholding
- Received sales proceeds of appr. RMB160 mn in 1H2021
- Signed orders for appr. 100MW wind power projects
- Intended to invest no more than RMB252.55 mn in the 30MW wind farm project in Gezaoshan, Zhangshu, Jiangxi
- Enhance technology R&D and adopt the multipronged approach to prepare in advance for future business growth

### Baotou Nanfeng



- 100% shareholding
- Completed an aggregated on-grid power supply of 382,436 MWh in 1H2021



# General-Environmental Protection

## - Water Environmental Remediation and Others



### Derun Environment

- 20% shareholding
- Hold subsidiaries including Chongqing Water and Sanfeng Environment with the major businesses including water supply and sewage treatment, waste incineration power generation and environmental restoration, and occupy a dominant position in the Chongqing's water supply and sewage treatment market
- Sanfeng Environment (stock code: 601827) was listed on the SSE on 5 June 2020



### Water Planning Company

- 11.25% shareholding
- Cumulatively completed newly signed contracts increased by appr. 42% YOY in 1H2021, and market share continued to rise
- Listed on ChiNext Market of the Shenzhen Stock Exchange in August 2021 (stock code: 301038)



# Other Infrastructure

## - Development and Management of Land

### Guilong Project



- Phase II (appr. 398 mu, 265,000 sq.m.) in development:
  - All 238 sets of villas in Stage I were delivered and returned RMB603 mn
  - 57 of 95 sets of commercial properties in Stage II were delivered and returned RMB50 mn
- Phase III (appr. 485 mu, 323,000 sq.m.) in development:
  - 233 of 271 sets of villas in Stage I were delivered and returned RMB631 mn
  - 244 sets of commercial properties in Stage II are under construction and scheduled to be completed by the end of 2021
  - 1,200 sets of houses in Stage III are under construction and scheduled to be completed in mid-2022

### Meilin Checkpoint Renewal Project



- Phase III Hesongxuan: appr. 63,000 sq.m., 630 sets of houses have been sold
- Office and business apartment complex: appr. 190,000 sq.m., 608 of over 2,700 sets of apartments have been contracted for sale



### Entrusted Management

Provide construction management and toll road operation management services to obtain reasonable income and return

#### ▶ Entrusted Construction Business

- **Duohua Bridge Project**
  - BT construction model
  - Total length of 2.2 km, total investment of RMB900 mn
  - Construction period: around 3yrs, scheduled to be completed in 2022
- **Bimeng Project**
- **Shenshan Environmental Park Project**

#### ▶ Entrusted operation management projects

- **Comprehensive management and maintenance project for the Four Expressways**
  - Contract period: 11 June 2020 - 10 June 2021
  - The new renewal contract has been signed





**Build the industrial layout of "industry + finance" industry and finance coordination, and promote the industrial development with financial means and funds**

## **Bank of Guizhou**

- Holding 502 million shares, accounting for appr. 3.44% of its total share capital, with sound cash dividend capability

## **Financial Leasing Company**

- 48% shareholding in the scope of consolidated statements
- Contracted projects in the amount of appr. RMB645 mn and invested appr. RMB318 mn therein in 1H2021

## **Fund Management Company**

- 51% shareholding (Shanghai Zezhen & Kangrui Dibo: 49%)
- Registered capital: RMB19,607,800

## **State-owned Assets Collaborative Development Fund**

- 7.48% shareholding
- Manager: Shenzhen Kunpeng Zhanyi Equity Investment Management Co., Ltd.
- Two projects have been invested

## **Shengchuang Fund**

- 45% shareholding
- Manager: Guangdong Shengchuang Investment Management Co., LTD
- One investment project has been completed with an amount of RMB28.5 million, Shengchuang Fund holds 50% of the shares

# Financial Analysis

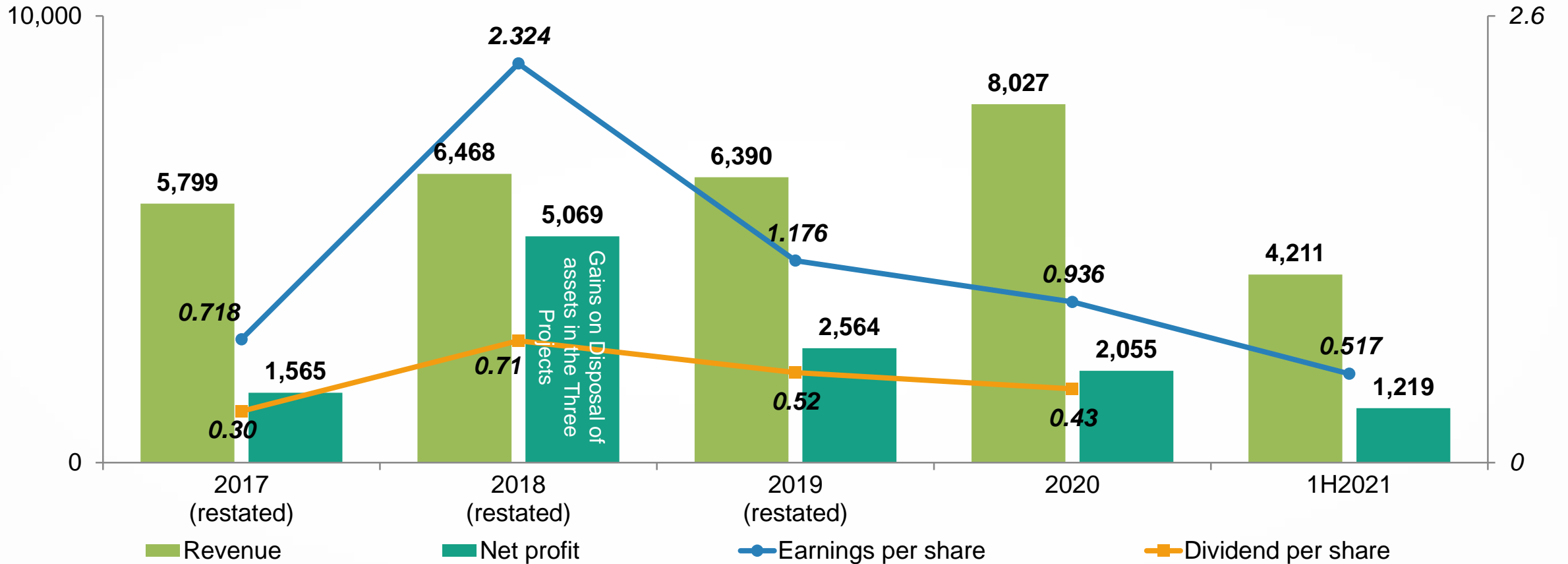
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# Financial Highlights

(RMB 'million)

(RMB)



■ Due to the consolidation of Financial Leasing Company, Logistics Finance Company and Longda Company into the Group as a jointly controlled entity, the Company adjusted the data of consolidated financial statements to previous years retrospectively pursuant to relevant requirements under the Accounting Standards for Business Enterprises.



# Earnings Highlights

Net Profit

RMB 1,219 mn

Net profit increased by 2,214.65% YOY due to a low base affected by the epidemic in the same period last year

EPS

RMB 0.517

ROE

5.79%

In 2020, the Company issued RMB4 billion of perpetual bonds, which were included in other equity instruments. The impact of perpetual bonds was deducted when calculating the above earnings per share and weighted average return on net assets



(RMB 'million)

	1H2021	Proportion	1H2020 (restated)	Change
<b>Revenue</b>	<b>4,211</b>	100%	1,737	+142.50%
<b>Toll highways</b>	<b>2,782</b>	66.06%	1,075	+158.68% <small>Note 1</small>
<b>Clean energy</b>	<b>347</b>	8.23%	228	+51.94% <small>Note 2</small>
<b>Recovery and solid Waste management</b>	<b>301</b>	7.14%	195	+54.41% <small>Note 3</small>
<b>Entrusted management services</b>	<b>195</b>	4.62%	127	+53.20% <small>Note 4</small>
<b>Guilong real estate development</b>	<b>273</b>	6.48%	-	N/A
<b>Construction services under concession arrangements</b> <small>Note 5</small>	<b>187</b>	4.45%	-	N/A
<b>Other businesses</b>	<b>127</b>	3.02%	111	+14.17%

Note 1: The implementation of the Toll-free Policy during Epidemic in the same period last year resulted in a low base and newly added revenue from Outer Ring Phase I

Note 2: Newly added revenue of RMB148 million from Mulei Project and the increase in revenue from Baotou Nanfeng

Note 3: The impact of the epidemic in the same period last year and the increase in consolidation period of Lande Environmental

Note 4: The combined effects of additional revenue from road maintenance business and the decrease in revenue from entrusted construction services

Note 5: Revenue from kitchen waste treatment and construction services provided for concession arrangement under projects such as Coastal Phase II, etc.



# Operating Revenue from Toll Highways

	1H2021 (RMB '000)	1H2020 (RMB '000)	Change
<b>Toll highways</b>			
<b>Qinglian</b>	<b>450,877</b>	208,989	+115.74%
<b>Outer Ring</b>	<b>418,092</b>	-	N/A
<b>Jihe East</b>	<b>352,198</b>	162,853	+116.27%
<b>Jihe West</b>	<b>267,271</b>	132,167	+102.22%
<b>Shuiguan</b>	<b>312,131</b>	128,407	+143.08%
<b>Coastal</b>	<b>274,083</b>	155,884	+75.83%
<b>Yichang</b>	<b>221,670</b>	91,488	+142.29%
<b>Wuhuang</b>	<b>207,716</b>	93,655	+121.79%
<b>Changsha Ring Road</b>	<b>128,202</b>	39,830	+221.87%
<b>Meiguan</b>	<b>79,764</b>	32,653	+144.28%
<b>Longda</b>	<b>70,019</b>	29,539	+137.04%
<b>Total</b>	<b>2,782,023</b>	1,075,466	+158.68%



# Cost of Services & Expenses

(RMB 'million)	1H2021	Proportion	1H2020 (restated)	Change
<b>Cost of services</b>	<b>2,380</b>	100%	<b>1,487</b>	<b>+60.11%</b>
<b>Toll highways</b>	<b>1,388</b>	58.31%	973	+42.71%
<b>Clean energy</b>	<b>152</b>	6.39%	146	+3.86% <sup>Note 1</sup>
<b>Recovery and solid Waste management</b>	<b>283</b>	11.91%	189	+50.31% <sup>Note 2</sup>
<b>Entrusted management services</b> <sup>Note 3</sup>	<b>163</b>	6.85%	109	+49.57%
<b>Guilong real estate development</b>	<b>132</b>	5.56%	-	N/A
<b>Construction services under concession arrangements</b> <sup>Note 4</sup>	<b>187</b>	7.86%	-	N/A
<b>Other businesses</b>	<b>74</b>	3.12%	70	+5.95%
<b>General and administrative expenses</b>	<b>150</b>	-	101	+47.96% <sup>Note 5</sup>

Note 1: Newly added cost of RMB49 million from Mulei Project, a YOY decrease in sales of wind turbines of Nanjing Wind Power as a result of the progress of wind turbine delivery

Note 2: The increase in costs of Lande Environmental resulting from the growth in revenue

Note 3: The combined effects of additional costs of road maintenance business and the decrease in entrusted construction costs

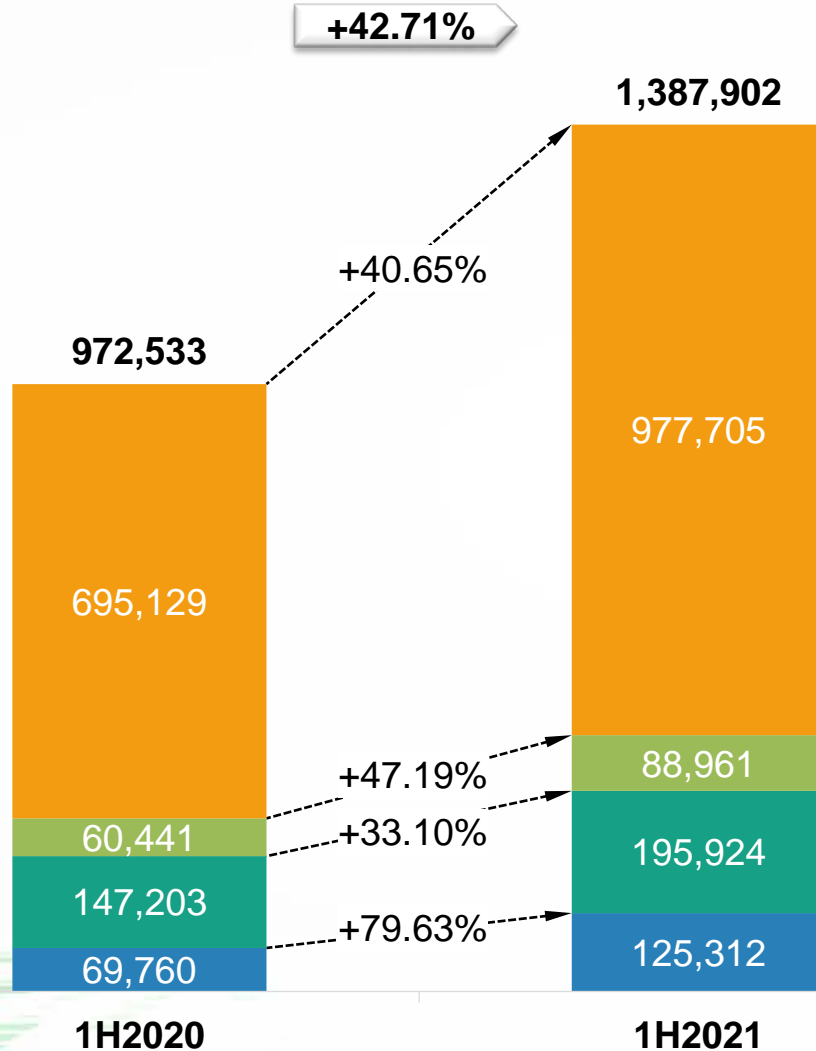
Note 4: Costs from kitchen waste treatment and construction services provided for concession arrangement under projects such as Coastal Phase II, etc.

Note 5: The increase in management staff expenses following expansion of the business scale, and the implementation of pension insurance Reduction and Exemption Policy in phases in the same period last year



# Operating Costs from Toll Highways

(RMB '000)



- Depreciation and amortization**
  - ↑ Newly added Outer Ring Phase I, a YOY increase in traffic volume from other toll highways
- Road maintenance expenses**
  - ↑ Newly added Outer Ring Phase I
- Employee expenses**
  - ↑ Newly added Outer Ring Phase I, the implementation of pension insurance Reduction and Exemption Policy in phases in the same period last year
- Other business costs**
  - ↑ Newly added Outer Ring Phase I, a decrease in the entrusted management services costs of Wuhuang Expressway in the same period last year





# Operating Profit and Gross Profit Margin from Toll Highways

	Cost of Services		Operating Profit		Gross Profit Margin
	1H2021 (RMB '000)	Change	1H2021 (RMB '000)	Change	1H2021
<b>Toll highways</b>					
Qinglian	238,020	+10.00%	212,856	N/A	47.21%
Outer Ring	184,105	N/A	233,988	N/A	55.97%
Jihe East	149,076	+17.08%	203,122	+471.76%	57.67%
Jihe West	56,081	+2.91%	211,190	+171.91%	79.02%
Shuiguan	250,164	+23.82%	61,967	N/A	19.85%
Coastal	152,999	+17.76%	121,084	+366.53%	44.18%
Yichang	114,915	+25.62%	106,756	+782,184.85%	48.16%
Wuhuang	117,610	+72.13%	90,106	+255.77%	43.38%
Changsha Ring Road	56,005	+113.81%	72,197	+429.43%	56.32%
Meiguan	35,148	+25.03%	44,616	+882.25%	55.94%
Longda	33,780	+19.53%	36,239	+2,734.49%	51.76%
<b>Total</b>	<b>1,387,902</b>	<b>+42.71%</b>	<b>1,394,122</b>	<b>+1,254.40%</b>	<b>50.11%</b>

Operating profit = Operating revenue – Operating costs



# Operating Profit and Gross Profit Margin

## from General-Environmental Protection and Other Businesses

	Operating Profit		Gross Profit Margin
	1H2021 (RMB '000)	Change	1H2021
<b>General-environmental</b>	<b>211,999</b>	+140.82%	<b>32.74%</b>
<b>Clear energy</b>	<b>194,643</b>	+137.96%	<b>56.15%</b> <sup>Note</sup>
<b>Recovery and solid Waste management</b>	<b>17,356</b>	+178.36%	<b>5.77%</b>
<b>Entrusted management services</b>	<b>31,499</b>	+75.26%	<b>16.19%</b>
<b>Guilong real estate development</b>	<b>140,772</b>	N/A	<b>51.56%</b>
<b>Construction services under concession arrangements</b>	<b>0</b>	N/A	<b>0</b>
<b>Other businesses</b>	<b>52,617</b>	+28.22%	<b>41.48%</b>

Note: A YOY increase of 20.30 p.pt, the main impact factors: 1) the gross profit margin of the sale of wind power equipment is lower than that of wind power generation, while during the Reporting Period, the revenue from sales of wind power equipment lower than the income from the newly included Mulei Project, resulting in the proportion of the income from sales of wind power equipment decrease in the clean energy business segment; 2) Baotou Nanfeng's abandonment of wind power decreased, resulting in an increase in the gross profit margin of the wind power business

**Operating profit = Operating revenue – Operating costs**



	1H2021 (RMB '000)	1H2020 (RMB '000)	Change in Amount (RMB '000)
<b>Item</b>			
<b>Investment income attributable to associates:</b>			
<b>Associated toll highway enterprises in total</b>	92,126	-4,843	+96,969
<b>United Land Company (Meilin Checkpoint Renewal Project)</b>	-7,112	-4,138	-2,975
<b>Derun Environment</b>	163,093	98,900	+64,193
<b>Others</b> <small>Note 1</small>	80,817	52,563	+28,254
<b>Sub-total</b>	<b>328,923</b>	<b>142,482</b>	<b>+186,441</b>
<b>Investment income arising from transfer of equity interests in associates</b>	<b>25,337</b>	-	<b>+25,337</b>
<b>Investment income from other non-current financial assets</b>	<b>7,105</b>	-	<b>+7,105</b>
<b>Total</b>	<b>361,365</b>	<b>142,482</b>	<b>+218,884</b>

- Investment income increased by 153.62% YOY: the impact of the epidemic and the Toll-free Policy during the Epidemic in the corresponding period of last year; the profitability of the invested companies in this period has increased well; the recognition of equity transfer income of Jiangzhong Company and Guangyun Company during the current period

Note: Including Consulting Company, Bank of Guizhou, Shengchuang Environmental Technology and Guizhou Hengtongli



# Financial Expenses

	1H2021 (RMB '000)	1H2020(restated) (RMB '000)	Change
<b>Item</b>			
<b>Interest expenses</b>	446,675	462,056	-3.33%
Less: <b>Interest capitalized</b>	- 15,189	- 122,416	-87.59%
<b>Interest income</b>	44,037	29,680	+48.37%
Add: <b>Exchange loss</b>	-20,370	33,023	-161.68%
<b>Finance income arising from the early repayment of     finance leases</b>	+ - 131	+ -1,166 6,750	N/A -98.05%
<b>Total financial expenses</b>	<b>367,210</b>	<b>348,567</b>	<b>+5.35%</b>
	<b>1H2021</b>	<b>1H2020</b>	<b>Change</b>
<b>Comprehensive borrowing cost - nominal costs (%)</b>	3.94%	4.32%	-0.38 p.pt
<b>Average borrowing scale (RMB 'billion)</b>	22.5	18.9	+19.00%

- The increase in expensed interest expenses during the current period and the foreign currency liabilities affected by the appreciation of the RMB exchange rate resulted in exchange gains (exchange losses in the same period last year), resulting in a YOY increase in financial expenses
- After hedging the “Gains or losses from changes in fair value - Gains or losses from changes in fair value of foreign exchange forward contracts”, the Group’s consolidated financial cost was RMB409 million (2020 interim (restated): RMB318 million), representing a YOY increase of 28.74%



# Assets and Liabilities Highlights

	30 June 2021 (RMB 'million)	31 December 2020 (RMB 'million)	Change in Amount (RMB 'million)	Change
<b>Total equity attributable to owners of the Company</b>	<b>23,242</b>	23,043	+199	+0.86%
<b>Net assets per share (RMB)</b> <sup>Note 1</sup>	<b>8.82</b>	8.73	+0.09	+1.05%
<b>Total assets</b>	<b>57,329</b>	55,145	+2,184	+3.96% <sup>Note 2</sup>
of which: <b>Cash and cash equivalents</b>	<b>3,553</b>	3,678	-125	-3.40%
<b>Total liabilities</b>	<b>30,837</b>	28,866	+1,971	+6.83%
of which: <b>Total outstanding interest-bearing liabilities</b>	<b>22,973</b>	19,312	+3,662	+18.96% <sup>Note 3</sup>

Note 1: In 2020, the Company issued RMB4 billion of perpetual bonds, which were included in other equity instruments. The impact of perpetual bonds was deducted when calculating the above net assets per share

Note 2: The purchase of the new office property and the consolidation of Mulei Project into the financial statements

Note 3: The increase in borrowings as a result of the acquisition of Mulei Project through borrowings and the purchase of new office property



# Debt Ratio and Repayment

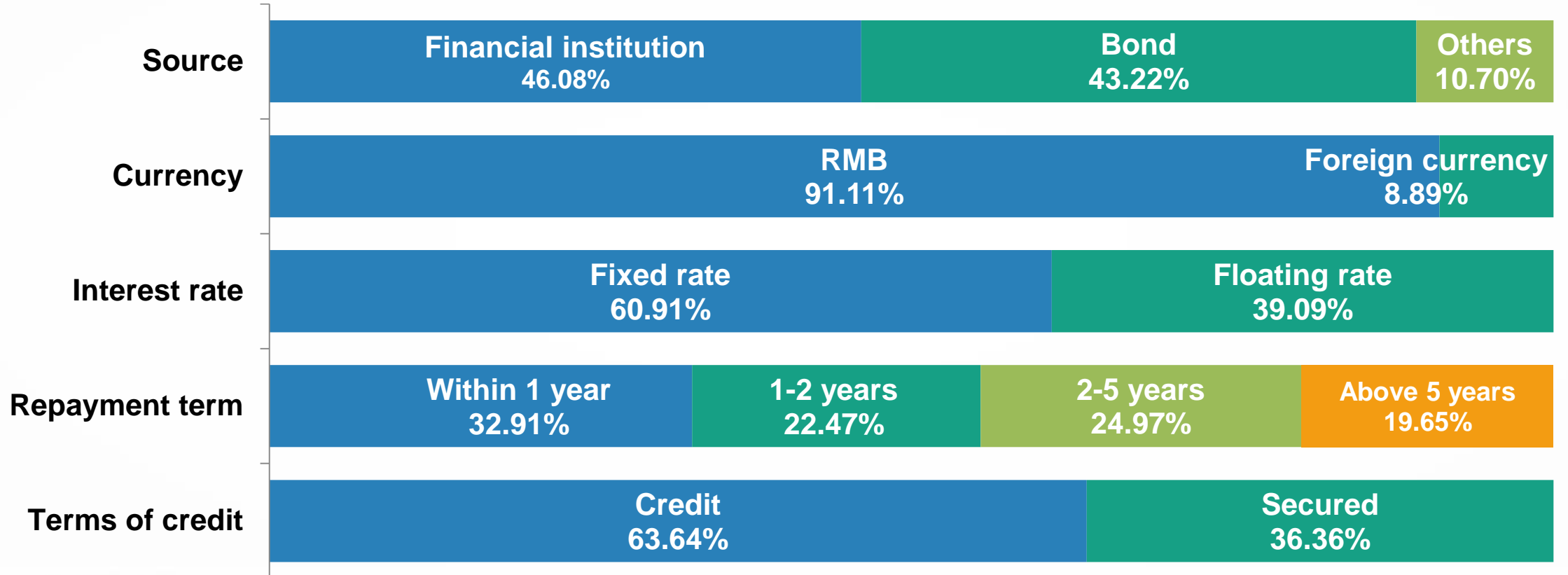
	30 June 2021	31 December 2020
<b>Debt-to-asset ratio</b> (Total liabilities / Total assets)		
	53.79%	52.35%
<b>Net borrowings-to-equity ratio</b> ((Total borrowings - cash and cash equivalents) / Total equity)		
	73.31%	61.18%
	1H2021	1H2020 (restated)
<b>Interest covered multiple</b> ((Profit before tax + interest expenses) / Interest expenses)		
	4.82	0.67
<b>EBITDA interest multiple</b> (Earnings before interests, tax, depreciation and amortization / Interest expenses)		
	7.61	2.56



# Borrowing Structure

## Borrowing Structure

(as at 30 June 2021)

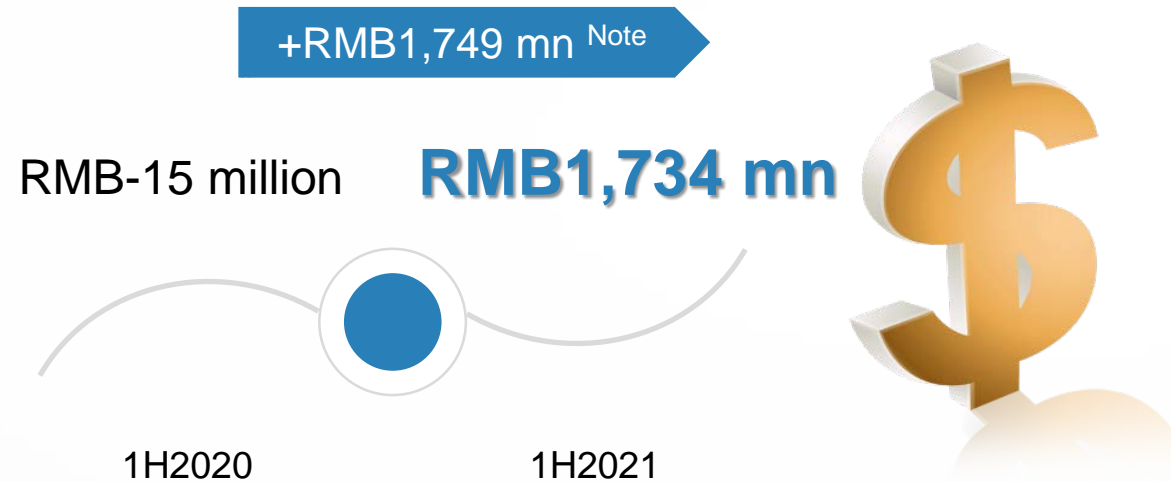


■ Maintained the highest credit rating and bond rating of AAA for domestic entities, and the investment grade from international rating

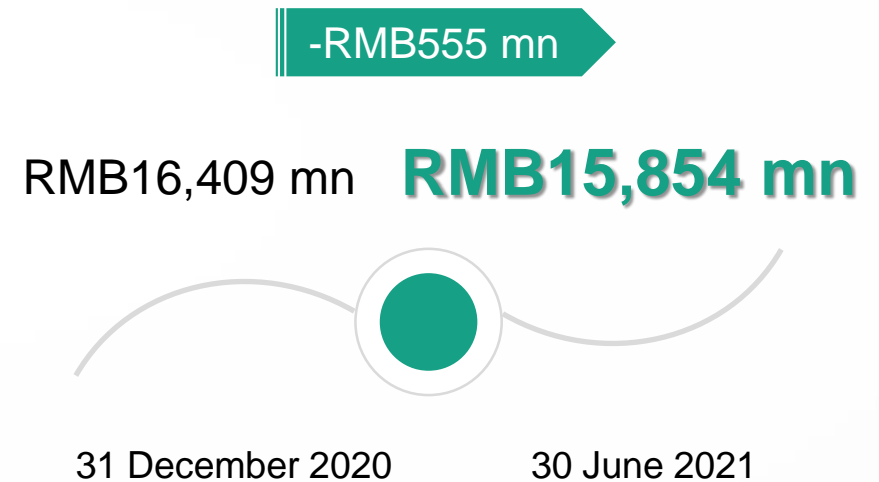


# Cash Flow & Financial Resources

## Net cash flows from operating activities



## Un-utilized banking facilities



Note: Due to the decrease in toll revenue as a result of the epidemic and the Toll-free Policy during the Epidemic in the corresponding period of last year and newly added cash flows from operating activities resulting from Outer Ring Phase I and Mulei Project for the current period

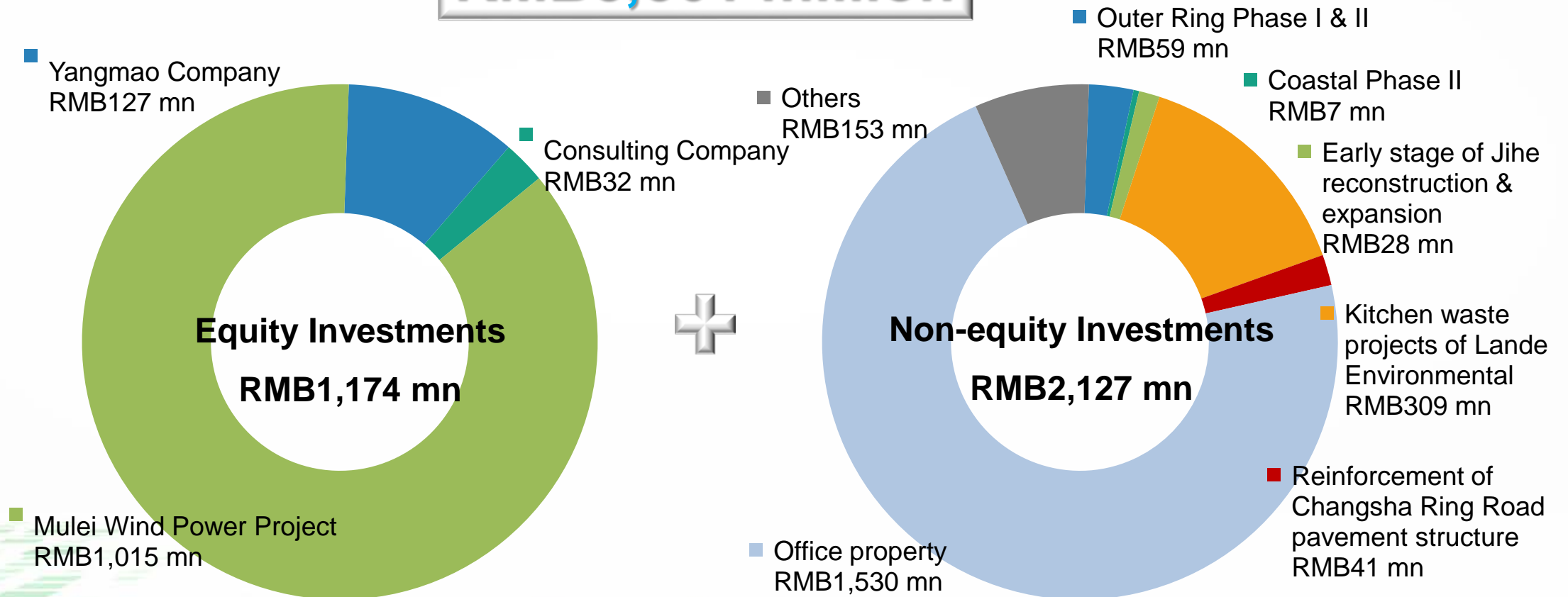




# Capital Expenditure

## Capital Expenditure in 1H2021

**RMB3,301 million**





# Capital Expenditure Plan

(RMB '000)	Capital Expenditure Plan			
	2H2021	2022	2023	Total
<b>Investment in intangible assets and fixed assets</b>	<b>1,198,156</b>	<b>1,898,176</b>	<b>440,304</b>	<b>3,536,637</b>
Outer Ring Expressway	316,649	1,083,350	-	1,399,999
Coastal Phase II	14,245	321,669	321,669	657,583
Kitchen waste project of Lande Environmental	451,540	113,157	8,400	573,097
Guangming Environmental Park Project	225,491	380,000	98,191	703,682
Renovation of the office property	121,833	-	-	121,833
Reinforcement of Changsha Ring Road pavement structure	68,398	-	12,044	80,442
<b>Equity investment</b>	<b>7,067,369</b>	<b>215,000</b>	<b>2,051,607</b>	<b>9,333,976</b>
Acquisition of Bay Area Development	6,768,130	-	2,051,607	8,819,737
Yangmao Renovation and Expansion	65,625	35,000	-	100,625
Shengchuang Environmental Technology Industry Fund	135,000	180,000	-	315,000
Others	98,614	-	-	98,614
<b>Total</b>	<b>8,265,525</b>	<b>2,113,176</b>	<b>2,491,911</b>	<b>12,870,612</b>

- The capital expenditures (for 2H2021 to 2023) of approximately RMB2.568 billion for Jihe Reconstruction and Expansion project, the early stage of Shenshan Second Expressway and Outer Ring Phase III, etc. The investment and financing methods of such projects and the scale of capital expenditure to be incurred by the Company are not yet determined.
- The acquisition of Bay Area Development need to be proposed at the general meeting of the Company for consideration.

# Outlook





# Strategic Development Plans for the 14<sup>th</sup> Five-Year Plan

Inheriting the achievements of transformation and development of the last strategy and adhering market orientation and innovative drive, the Group will seize the opportunities of such era arising from the Guangdong-Hong Kong-Macau Greater Bay Area and Shenzhen in building a pioneering demonstration zone for socialism with Chinese characteristics as well as the opportunities arising from the “Regional Integrated Trial Reforms for State-financed and State-owned Enterprises” and the “Three-Year Action Plan for the Reform of State-owned Enterprises” with a view to consolidating and enhancing the advantages of the toll highway industry, to expand the integrated clean energy industry of featured environmental protection, to build an intelligent Shenzhen Expressway and to facilitate quality sustainable development of the Company.

Continue the mission to establish quality infrastructure and provide better city life experience

With "innovation, wisdom, green and efficiency" as the characteristics

Provide cities with sustainable solutions of sustainable development

Become a first-class construction and operation service provider for transportation and environmental protection infrastructure



## Toll Highway

- ✓ Improve operation management system
- ✓ Improve the overall income of the projects
- ✓ Improve the traffic efficiency of the road networks
- ✓ Promote the construction for the projects under construction and the preliminary work of planned projects
- ✓ Promote the approval of the model of investment and financing
- ✓ Strengthen the service capabilities throughout the industry chain of highways
- ✓ Promote the acquisition of Bay Area Development



## General Environmental Protection

- ✓ Focus on organic waste treatment, clean energy and other subdivisions
- ✓ Focus on opportunities of M&A, improve the layout and expand the scale
- ✓ Establish and improve the safety production standardization system of wind farms
- ✓ Promote the construction of Lande Environmental and Guangming Environmental Park
- ✓ Integrate the management system and financial structure of subsidiaries in the general-environmental protection industry and integrate with the group resources and coordinate the development between industry and finance



## Financial Management

- ✓ Broaden the channels for fundraising, enrich capital and ensure financial security
- ✓ Strengthen fund management and fundraising method, implement funding requirements, and raise low-cost funds through multiple channels
- ✓ Strengthen financial management, improve capital income and efficiency of use



## Corporate Governance

- ✓ Seize the opportunity of comprehensive reform of State-owned enterprises and further improve corporate governance and operating rules
- ✓ Improve and optimize the multi-level incentive and restraint system, actively try to reform and innovate the mechanism to meet the actual needs of the group for business management and so as to promote the healthy and stable development of the Company

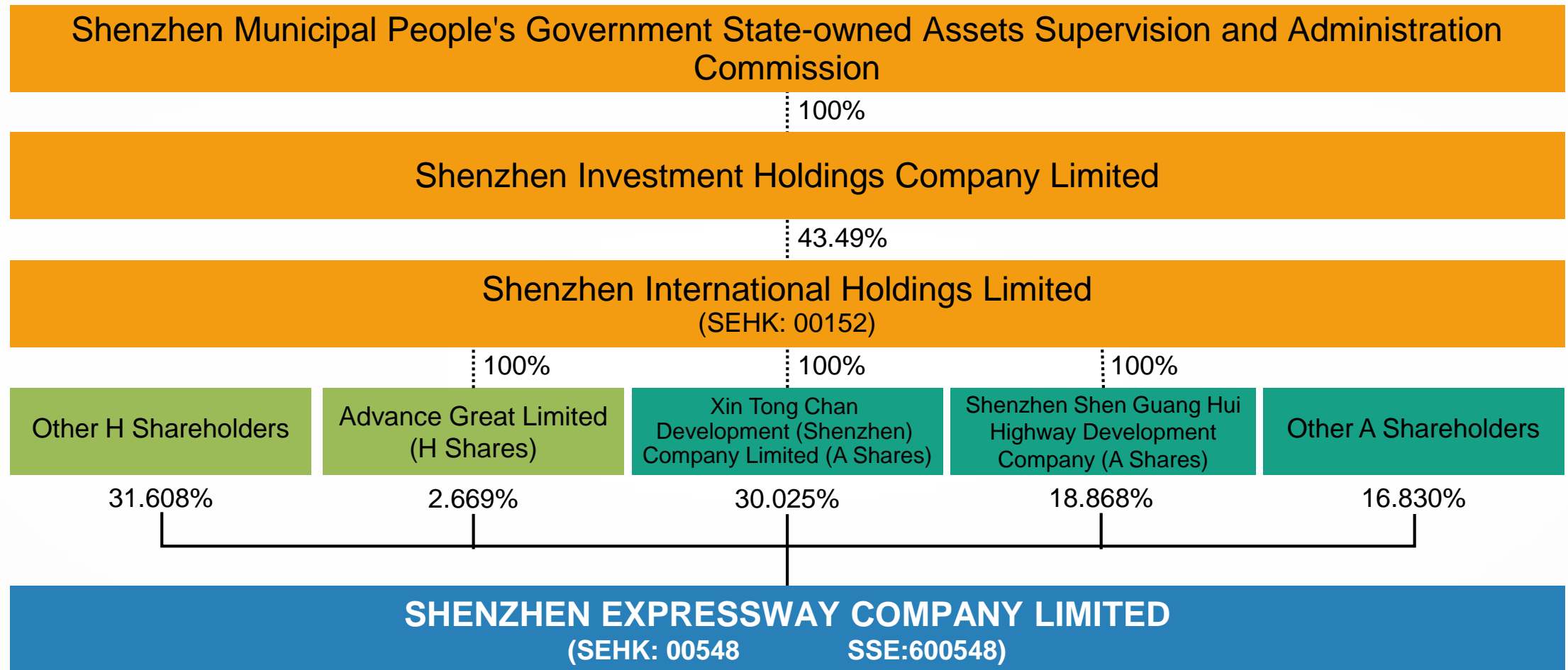
# Appendix

Appendix





# Shareholding Structure

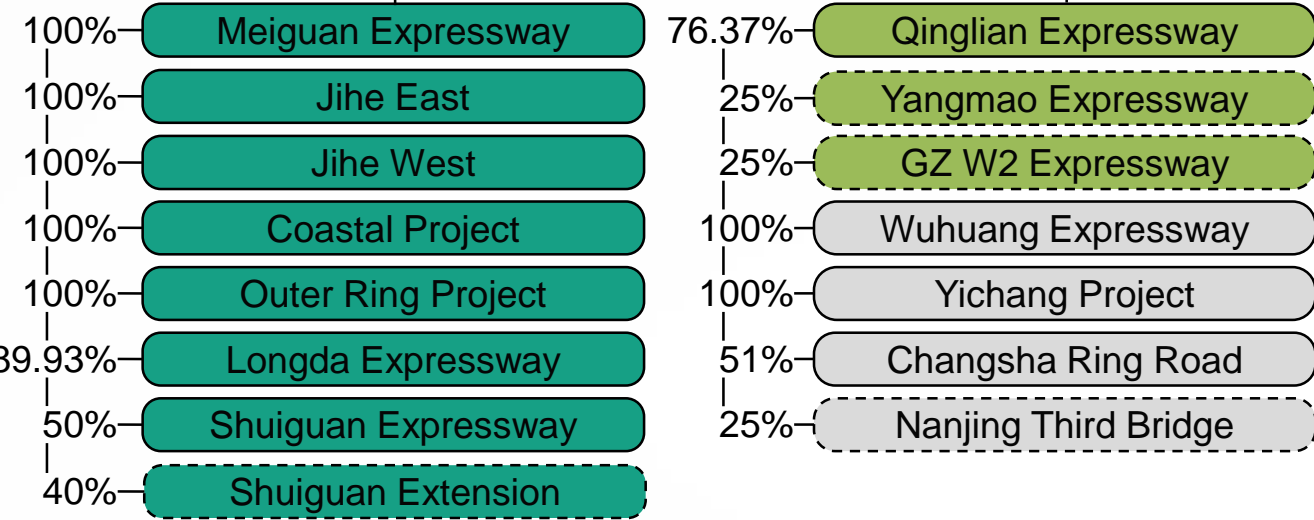


The total share capital of the Company is 2,180,770,326, of which H shares are 747,500,000, accounting for 34.28% and domestic shares are 1,433,270,326, accounting for 65.72%.



## Shenzhen Expressway Company Limited

### Toll Highway Business



Icon: Shenzhen region in Guangdong Province Other regions in Guangdong Province Other provinces in the PRC

  Consolidated project  
  Non consolidated project

### Environmental Business



### Entrusted Management and Other Infrastructure Development

### Industry and Finance Business

### Other Businesses

- Advertising
- Engineering Consulting
- Inter-network Toll Collection





# Toll Highway Projects Summary

Toll Highway	Interest Held by the Company	Location	Toll Mileage (km)	No. of Lanes	Status
Meiguan Expressway	100%	Shenzhen	5.4	8	Under operation
Jihe East	100%	Shenzhen	23.7	6	Under operation
Jihe West	100%	Shenzhen	21.8	6	Under operation
Shuiguan Expressway	50%	Shenzhen	20.0	10	Under operation
Shuiguan Extension	40%	Shenzhen	6.3	6	Under operation
Coastal Project	100%	Shenzhen	36.6	8	Phase I: Under operation Phase II: Under construction
Outer Ring Project	100%	Shenzhen	60.0	6	Phase I: Under operation Phase II: Under construction
Longda Expressway	89.93%	Shenzhen	4.426	6	Under operation
Yangmao Expressway	25%	Guangdong	79.8	4	Under operation
GZ W2 Expressway	25%	Guangdong	40.2	6	Under operation
Qinglian Expressway	76.37%	Guangdong	216.0	4	Under operation
Wuhuang Expressway	100%	Hubei	70.3	4	Under operation
Yichang Expressway	100%	Hunan	78.3	4	Under operation
Changsha Ring Road	51%	Hunan	34.7	4	Under operation
Nanjing Third Bridge	25%	Jiangsu	15.6	6	Under operation



# Environmental Projection Projects Summary

Environmental Projection Project	Interest Held by the Company	Project Location	Capacity / Business Characteristics	Consolidation / Acquisition Time
Lande Environmental	67.14%	Nationwide	Designed treatment capacities of kitchen waste: 4,000-5,000 tons/day	January 2020
Guangming Environmental Park	-	Shenzhen	Treatment capacities of kitchen waste: 1,000 tons/day Treatment capacities of large pieces waste (wasted furniture): 100 tons/day Treatment capacities of greening waste: 100 tons/day	February 2021 (winning bid)
Qiantai Company	50%	Shenzhen	Owning over 10 independent intellectual property rights related to key technologies of electric-vehicle battery recycling and scrapping new energy vehicles	December 2020
Nanjing Wind Power	51%	Nationwide	Specializing in renewable and new energy wind power generation business, and possessing the technological capacity to self-develop and producing large scale wind power generating units, as well as the experience and ability to develop, construct, operate and manage wind farms	April 2019
Baotou Nanfeng	100%	Baotou	Total installed capacity: 247.5 MW	September 2019
Mulei Project (Qianzhi, Qianhui, Qianxin)	100%	Changji Hui Autonomous Prefecture, Xinjiang Uygur Autonomous Region	Actual aggregated installed capacity: 299 MW (Qianzhi & Qianhui: 249.5 MW, Qianxin: 49.5 MW)	January 2021 (signing)
Huaian Zhongheng 99.4MW Wind Power Project	20%	Huai'an	Installed capacity: 99MW	July 2021
Derun Environment	20%	Chongqing / Nationwide	A comprehensive environmental enterprise with majority owned subsidiaries including Chongqing Water and Sanfeng Environment, etc., and with major business segments including water supply and sewage treatment, waste incineration power generation and environmental restoration, etc.	May 2017 (signing)
Water Planning Company	11.25%	Shenzhen	A comprehensive survey and design organization for integrated water planning, and possessing a number of A-grade qualifications in areas such as water conservancy industry, municipal water supply and drainage, comprehensive engineering survey and other types of surveying etc.	July 2017 (signing)



# Average Daily Toll Revenue for Five Years

(RMB '000)	2016	2017	2018	2019	2020
<b>Shenzhen region in Guangdong Province</b>					
Meiguan Expressway	311.3	336.3	350.9	382.9	392.6
Jihe East	1,767.1	1,962.0	2,076.4	2,104.8	2,012.0
Jihe West	1,641.7	1,729.4	1,794.4	1,829.5	1,680.4
Shuiguan Expressway	1,692.9	1,762.8	1,738.1	1,786.4	1,658.5
Shuiguan Extension	299.5	314.3	328.6	331.0	252.8
Coastal Project <sup>Note 1</sup>	N/A	1,093.1	1,273.5	1,459.1	1,498.4
<b>Other regions in Guangdong Province</b>					
Qinglian Expressway	1,834.9	2,016.5	2,084.1	2,293.2	2,274.5
Yangmao Expressway	1,800.3	1,819.5	1,770.5	1,524.0	1,293.6
GZ W2 Expressway	1,073.8	1,343.2	1,653.2	1,597.1	1,543.5
<b>Other provinces in the PRC</b>					
Wuhuang Expressway	939.0	1,004.9	1,055.5	1,130.2	1,059.5
Changsha Ring Road	311.9	373.4	394.6	427.8	511.5
Nanjing Third Bridge	1,097.8	1,269.7	1,341.4	1,393.2	1,516.9
Yichang Expressway <sup>Note 2</sup>	-	1,157.3	1,119.1	1,105.5	1,065.8

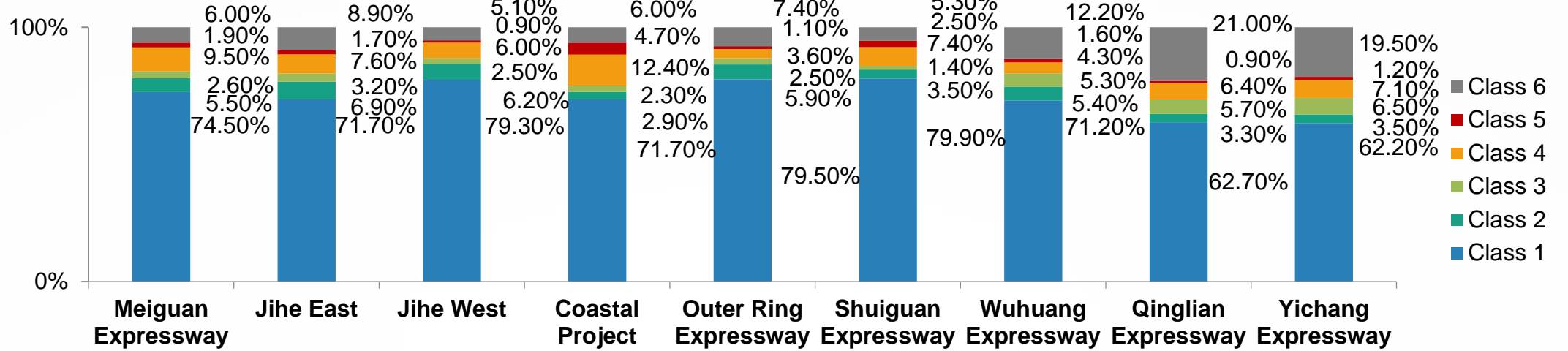
Note 1: As the Company completed the acquisition of 100% equity interests in Coastal Company in February 2018, Coastal Company has been consolidated into the Group's financial statements since 8 February 2018.

Note 2: As the Company completed the acquisition of 100% equity interests in Yichang Company in June 2017, Yichang Company has been consolidated into the Group's financial statements since 15 June 2017.

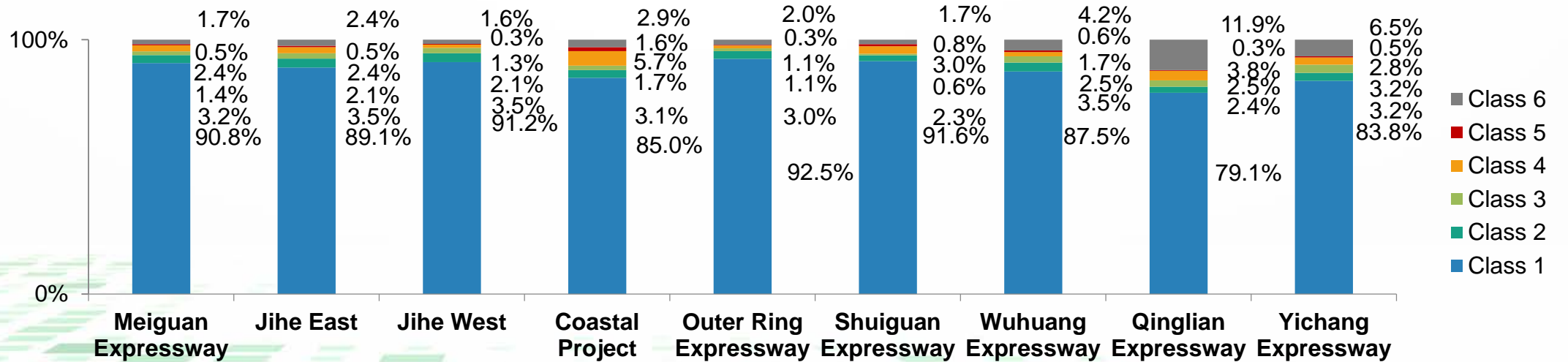


# Vehicle Category of Major Highways in 1H2021

By revenue



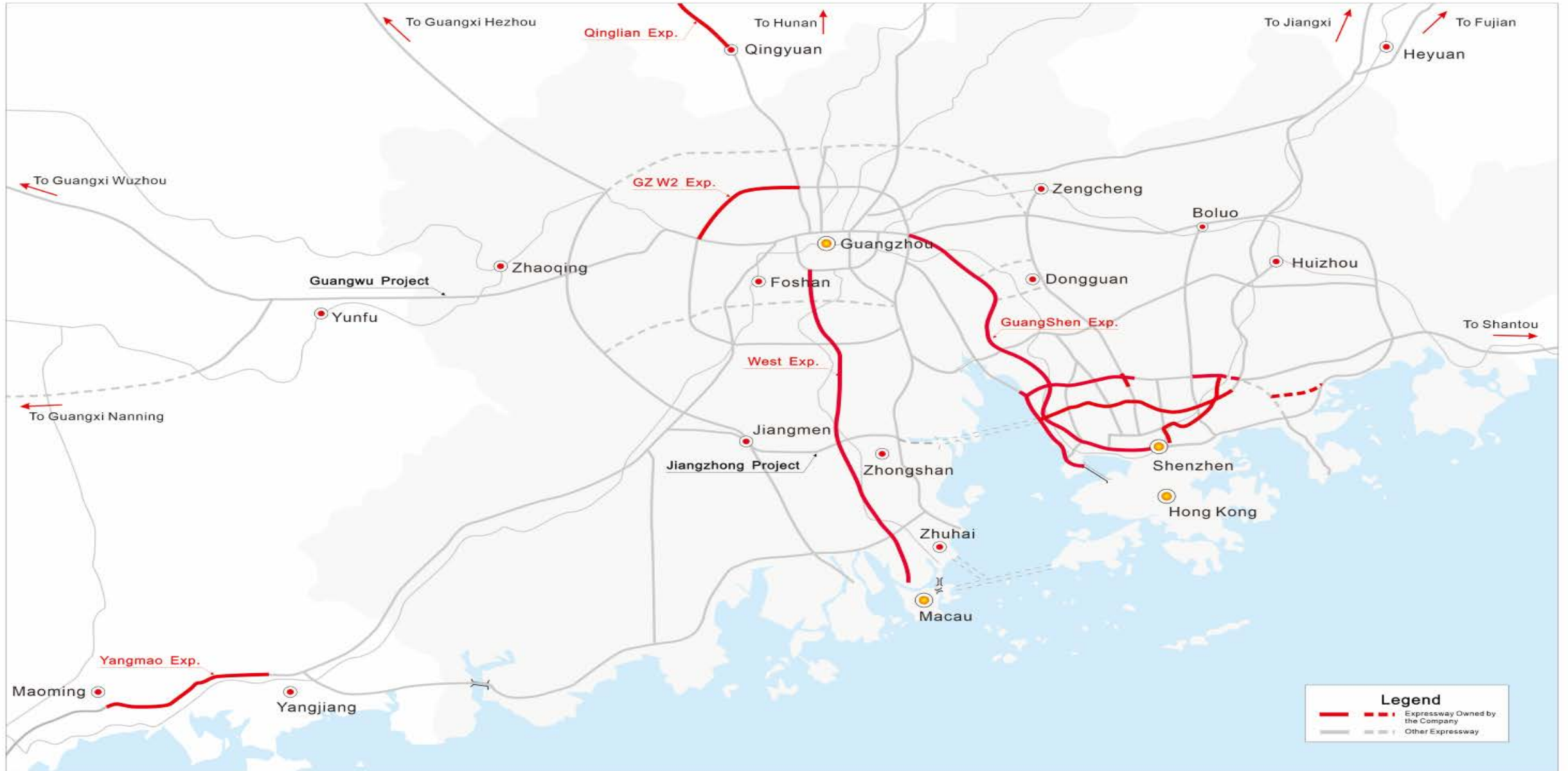
By traffic volume



# Road Network of Shenzhen



# Road Network of Pearl River Delta



# Road Network of Qinglian Expressway



# Road Network of Yichang Expressway



# Road Network of Wuhuang Expressway



# Road Network of Nanjing Third Bridge



# Road Network of Changsha Ring Road





## Company Declaration

All information presented here is publicly available and for the purpose of understanding the operation and development planning of the Company. The Company might adjust the contents without pre-notice in any forms. Besides, investors should note that the data presented in this document does not constitute an invitation to trade the Company's stock and does not guarantee the performance of the stock in the future.

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