



深圳高速公路集团股份有限公司

SHENZHEN EXPRESSWAY CORPORATION LIMITED

Stock code: 00548 (SEHK) 600548 (SSE)

2022 Annual Results

24 March 2023

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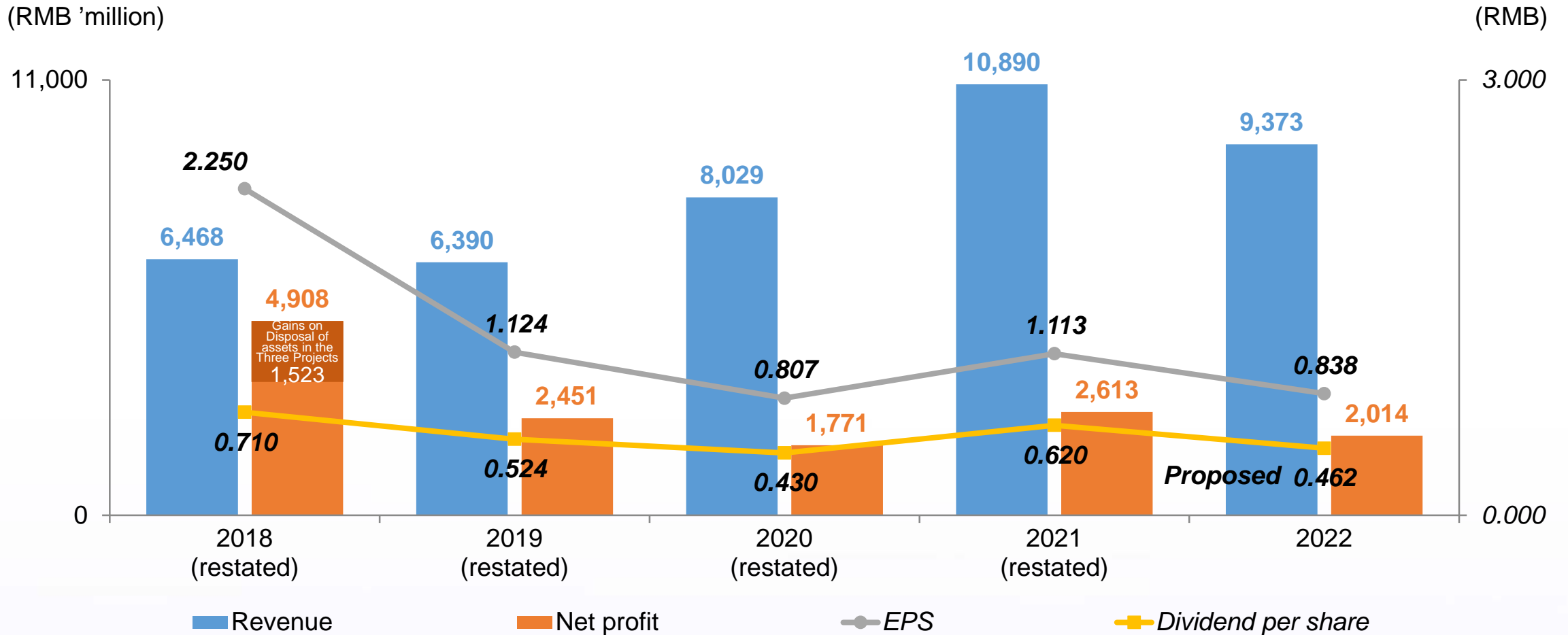
The financial statements of the Company were prepared in accordance with China Accounting Standards for Business Enterprise (CASBE), and also were complied with the disclosure requirements under the Hong Kong Companies Ordinance and the Listing Rules of HKEx.

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

Financial Analysis

Financial Analysis

Financial Highlights



- Due to the consolidation of SIICHIC (holding 71.83% equity interests of Bay Area Development) into the Group as a jointly controlled entity, the Company adjusted the data of consolidated financial statements of previous years



Earnings Highlights

(RMB 'million)	2022	2021 (restated)	Change
Net profit attributable to owners of the Company	2,014	2,613	-22.92%
Earnings per share (EPS) (RMB) ^{Note 1}	0.838	1.113	-24.71%
Return on equity - weighted average (ROE) ^{Note 1}	9.93%	11.53%	-1.60 p.pt
<i>Excluding non-recurring items ^{Note 2}</i>			
<i>Net profit attributable to owners of the Company</i>	<i>1,226</i>	2,331	-47.40%
<i>Earnings per share (EPS) (RMB) ^{Note 1}</i>	<i>0.477</i>	0.983	-51.48%
<i>Return on equity - weighted average (ROE) ^{Note 1}</i>	<i>5.65%</i>	10.26%	-4.61 p.pt

Note 1: EPS and ROE have been deducted the impact of perpetual bonds

Note 2: The non-recurring items mainly include investment income recognised on completion of capital reduction by United Land, income tax effects, gains or losses on fair value changes arising from equity interests in participating companies, and performance compensation receivable from subsidiaries for unfulfilled commitment

(RMB 'million)	2022	Proportion	2021 (restated)	Change
Revenue	9,373	100.00%	10,890	-13.93%
Toll highways	4,978	53.12%	5,893	-15.52% ^{Note 1}
Clean energy	808	8.62%	713	+13.32% ^{Note 2}
Solid waste treatment - kitchen waste treatment	554	5.91%	865	-35.88% ^{Note 3}
Solid waste treatment - vehicle dismantling & comprehensive battery utilization	392	4.18%	120	+226.72% ^{Note 4}
Other environmental protection businesses	3	0.03%	114	-97.46% ^{Note 5}
Entrusted construction and management	888	9.47%	1,034	-14.11% ^{Note 6}
Real estate development (Guilong Project)	165	1.76%	303	-45.56% ^{Note 7}
Construction services under concession arrangements	1,256	13.40%	1,540	-18.43% ^{Note 8}
Other businesses	328	3.50%	309	+6.09% ^{Note 9}

Note 1: Traffic volume and toll revenue decreased due to the decline in the willingness to travel in short term and diversion of the opening of Guanglian Expressway

Note 2: Newly added revenue from wind power projects such as Zhongwei Gantang and Yongcheng Zhuneng

Note 3: Decrease in the construction revenue related to the kitchen waste treatment projects of Bioland

Note 4: Business growth of Shenshan Qiantai

Note 5: Decline in operation, maintenance and management business of wind farm projects

Note 6: YOY decrease in the quantities of Longli River Bridge and Bimeng Project

Note 7: Decrease in the number of delivered houses of Guilong Project

Note 8: YOY decrease in the quantities of projects, such as Coastal Phase II, Jihe R&E, Bioland kitchen waste treatment, and Guangming Environmental Park

Note 9: Business growth of Financial Leasing Company



Operating Revenue from Toll Highways

(RMB 'million)	2022	2021	Change
Toll highway			
Outer Ring	955	921	+3.65%
Qinglian	615	876	-29.73%
Jihe East	633	735	-13.88%
Jihe West	469	557	-15.90%
Shuiguan	571	660	-13.44%
Coastal	481	591	-18.64%
Yichang	387	466	-17.05%
Wuhuang	362	479	-24.31%
Changsha Ring Road	238	298	-20.26%
Meiguan	136	164	-16.86%
Longda	132	146	-9.78%
Total	4,978	5,893	-15.52%



Cost of Services & General and Administrative Expenses

(RMB 'million)	2022	Proportion	2021 (restated)	Change
Cost of services	6,354	100.00%	7,105	-10.58%
Toll highways	2,800	44.06%	3,002	-6.71%
Clean energy	377	5.94%	343	+9.86% Note 1
Solid waste treatment - kitchen waste treatment	534	8.40%	801	-33.33% Note 2
Solid waste treatment - vehicle dismantling & comprehensive battery utilization	372	5.86%	135	+176.49% Note 3
Other environmental protection businesses	6	0.09%	71	-92.24% Note 4
Entrusted construction and management	690	10.87%	820	-15.84% Note 5
Real estate development (Guilong Project)	120	1.88%	142	-15.93% Note 6
Construction services under concession arrangements	1,256	19.77%	1,540	-18.43% Note 7
Other businesses	198	3.12%	251	-21.01% Note 8
General and administrative expenses	444	-	572	-22.41% Note 9

Note 1: Increase in costs of newly added wind power projects, such as Zhongwei Gantang and Yongcheng Zhuneng

Note 2: Decrease in the construction service costs related to the kitchen waste treatment of Bioland

Note 3: Business growth of Shenshan Qiantai

Note 4: Decline in cost of operation, maintenance and management business of wind farm projects

Note 5: YOY decrease in the quantities of Longli River Bridge and Bimeng Project

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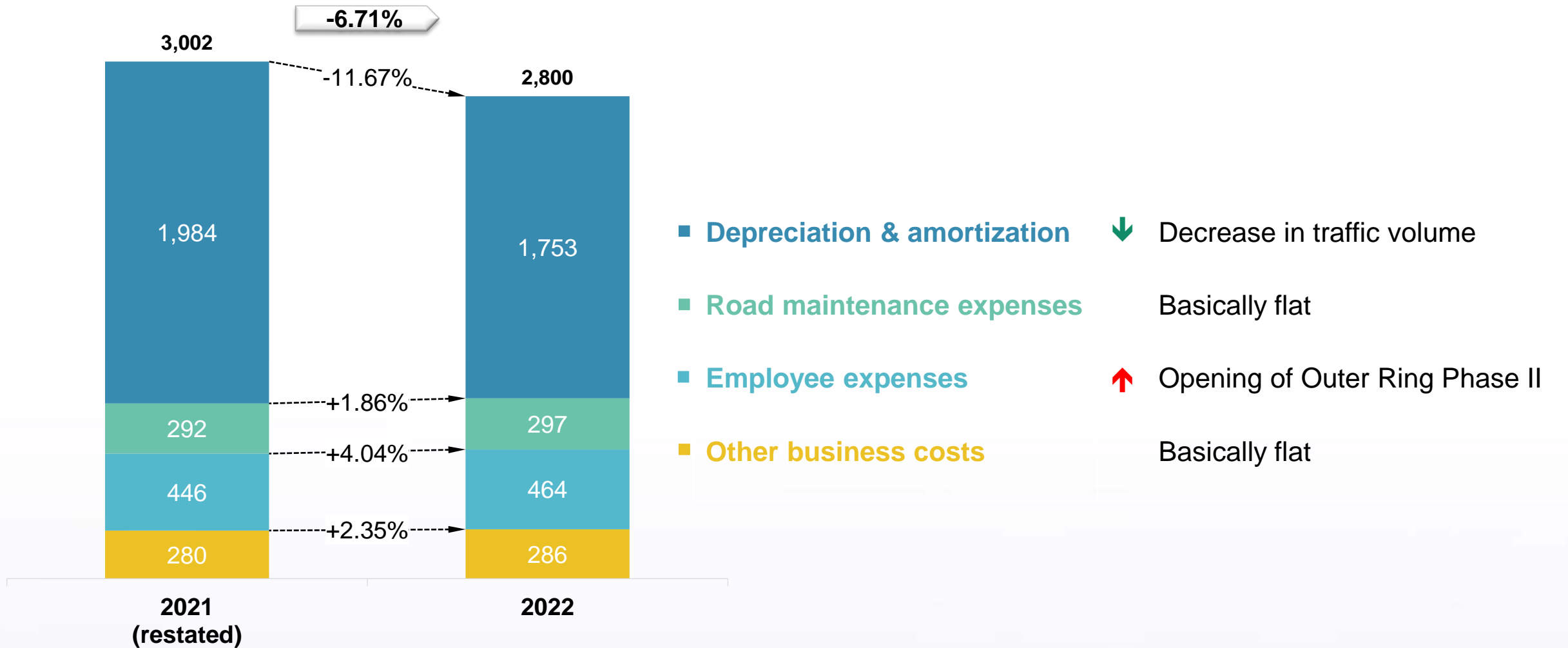
Note 8: The business decrease in Asphalt Company

Note 9: The reversal of part of the unpaid bonuses provided for in past years



Operating Costs from Toll Highways

(RMB 'million)





Operating Profit and Gross Profit Margin from Toll Highways

(RMB 'million)	Cost of Services		Operating Profit		Gross Profit Margin
	2022	Change	2022	Change	2022
Toll highway					
Outer Ring	449	+10.84%	506	-1.99%	53.01%
Qinglian	424	-14.98%	191	-49.24%	31.10%
Jihe East	293	-8.57%	340	-17.99%	53.68%
Jihe West	124	-7.05%	344	-18.69%	73.47%
Shuiguan	512	-7.19%	60	-45.15%	10.44%
Coastal	290	-11.84%	191	-27.20%	39.61%
Yichang	210	-12.93%	176	-21.48%	45.60%
Wuhuang	257	+7.98%	105	-56.28%	29.03%
Changsha Ring Road	86	-30.64%	151	-12.79%	63.59%
Meiguan	77	-4.47%	59	-28.99%	43.15%
Longda	76	-1.37%	55	-19.28%	42.02%
Total	2,800	-6.71%	2,178	-24.66%	43.75%

Operating profit = Operating revenue – Operating costs



Operating Profit and Gross Profit Margin from General-Environmental Protection and Other Businesses

(RMB 'million)	Operating Profit		Gross Profit Margin
	2022	Change	2022
General-environmental Protection	468	+1.53%	26.65%
Clean energy	431	+16.53%	53.31%
Solid waste treatment - kitchen waste treatment	21	-67.82%	3.71%
Solid waste treatment - vehicle dismantling & comprehensive battery utilization	20	N/A	5.00%
Other environmental protection businesses	-3	-106.24%	-91.48%
Entrusted construction and management	197	-7.46%	22.24%
Real estate development (Guilong Project)	45	-71.86%	27.37%
Construction services under concession arrangements	0	N/A	0%
Other businesses	130	+122.87%	39.57%

Operating profit = Operating revenue – Operating costs

(RMB 'million)	2022	2021 (restated)	Change
Item			
Investment income attributable to associates:			
Associated/joint toll highway enterprises	145	559	-415
Derun Environment	256	298	-42
United Land (Meilin Checkpoint Renewal Project)	26	65	-39
Others ^{Note}	156	130	+25
Subtotal	583	1,053	-470
Investment income arising from transfer of equity interests in associates	921	25	+896
Investment income from other non-current financial assets	28	8	+20
Gains or losses from delivery of foreign exchange forward contracts	-	-126	+126
Others	2	8	-6
Total	1,534	968	+566

- Investment income increased by 58.50% YOY: mainly due to the transfer from capital reserve to investment income of the Company's corresponding capital increase premium after the completion of the capital reduction by United Land, the decrease in the income from associate/joint venture toll highways affected by the decline in willingness to travel in short term, and the investment loss recognized from the expiry and completion of the foreign exchange forward contracts in the same period of the previous year, etc.

Note: Including Yunji Intelligent, Bank of Guizhou, Shengchuang Fund, Guizhou Hengtongli, Huaian Zhongheng, Fengrunjiu, Fenghe Energy, and State-owned Assets Collaborative Development Fund , etc.



Financial Expenses

(RMB 'million)	2022	2021 (restated)	Change
Item			
Interest expenses	1,213.88	1,168.04	+3.92%
Less: Interest capitalised	- 28.81	- 28.08	+2.59%
Interest income	130.09	179.26	-27.43%
Add: Exchange loss	+ 318.16	+ -66.50	N/A
Others	13.53	14.92	-9.33%
Total financial expenses	1,386.67	909.12	+52.53% ^{Note}
	2022	2021 (restated)	Change
Comprehensive borrowing cost - nominal costs	3.49%	3.54%	-0.05 p.pt
Average borrowing scale (RMB 'billion)	32.9	31.1	+5.79%

Note: Mainly due to the increase in exchange losses of foreign currency liabilities resulting from RMB depreciation and the increase in interest expenses resulting from the rise in the borrowing scale of the Group



Assets and Liabilities Highlights

(RMB 'million)	31 December 2022	31 December 2021 (restated)	Change
Total equity attributable to owners of the Company	21,346	25,561	-16.49%
Net assets per share (RMB) ^{Note 1}	7.95	9.89	-19.62%
Total assets	69,201	72,305	-4.29%
of which: Cash and cash equivalents	3,197	5,457	-41.41%
Total liabilities	41,841	40,772	+2.62%
of which: Total outstanding interest-bearing liabilities	33,331	30,409	+9.61% ^{Note2}

Note 1: Net assets per share have been deducted the impact of perpetual bonds

Note 2: Mainly due to the increase in borrowings as a result of the payment for the acquisition of equity interests in SIICHIC and the increase in the balance of local and base currency balance converted from foreign currency liabilities caused by exchange rate fluctuation



Debt Ratio and Repayment

	31 December 2022	31 December 2021 (restated)
Debt-to-asset ratio (Total liabilities / Total assets)	60.46%	56.39%
Net borrowings-to-equity ratio ((Total borrowings – cash and cash equivalents) / Total equity)	110.13%	79.13%
Net borrowing / EBITDA ((Total borrowings – cash and cash equivalents) / Earnings before interests, tax, depreciation and amortization)	5.16	3.69

	31 December 2022	31 December 2021 (restated)
Interest covered multiple ((Profit before tax + interest expenses) / Interest expenses)	3.16	4.05
EBITDA interest multiple (Earnings before interests, tax, depreciation and amortization / Interest expenses)	5.12	6.19

Financial Strategies

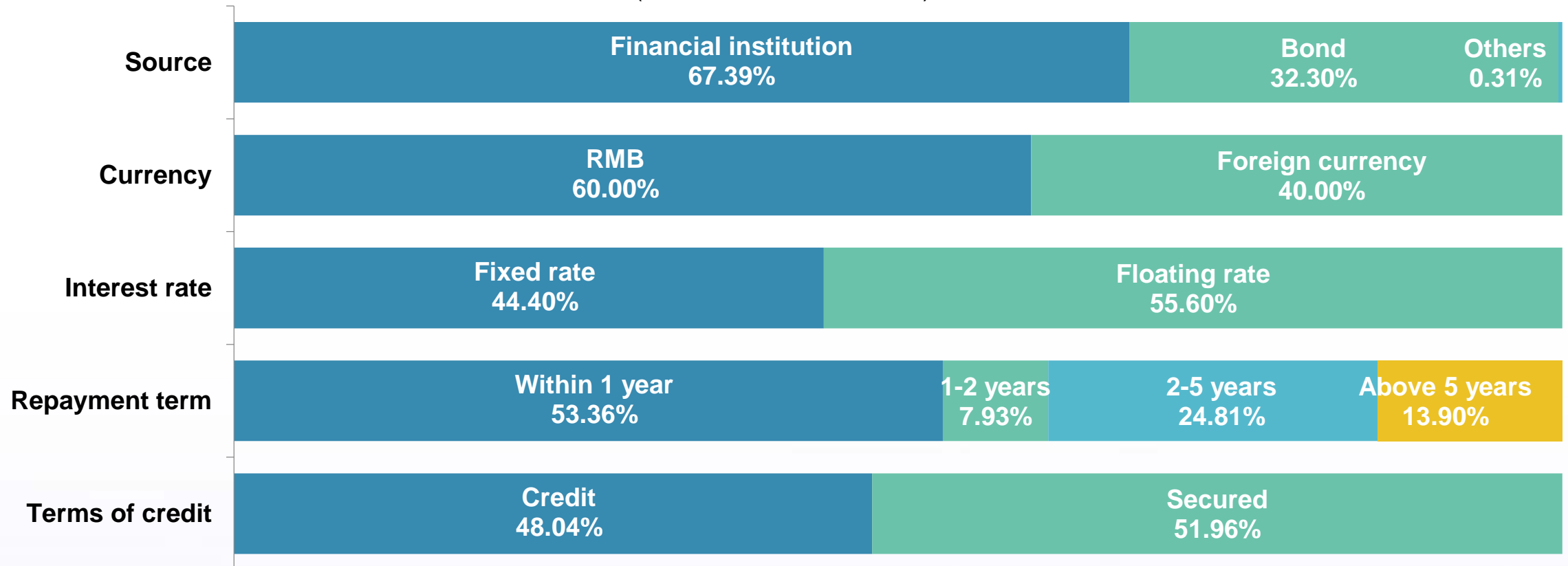
- Paying close attention to capital market dynamics, expanding financing channels, reducing financing costs, optimizing debt structure and maintaining a healthy financial situation

Financing Arrangements

- Used self-owned funds, bank loans, bond funds, etc. to meet capital needs
- Issued financing bond instruments such as the corporate bonds and ultra-short-term commercial paper (FIP) to debt replace and replenish working capital
- Strived for bank loans with better terms to further lower financial costs
- In 2022, completed the issuance of RMB1.5 billion corporate bonds (coupon rate: 3.18%) and RMB3 billion ultra-short-term commercial paper (coupon rate: 1.72% -2.12%)

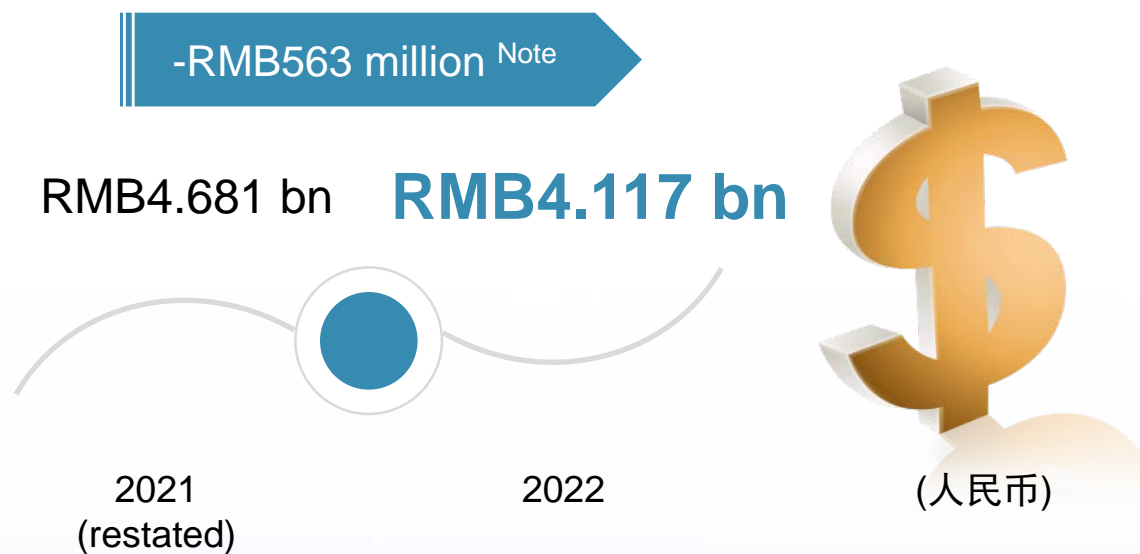
Borrowing Structure

(as at 31 December 2022)

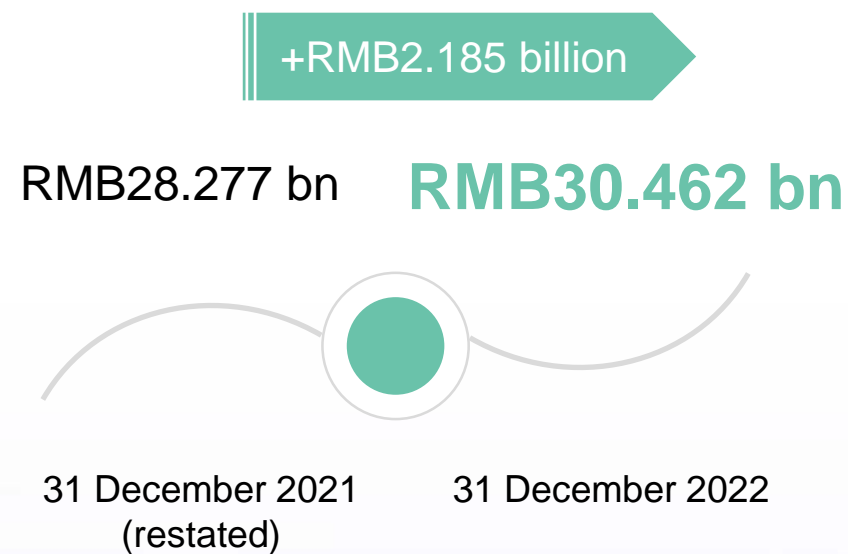


- Maintained the highest credit rating and bond rating of AAA for domestic entities, and the investment grade from international rating

Net cash flows from operating activities & Recurring cash return on investments



Unused banking facilities

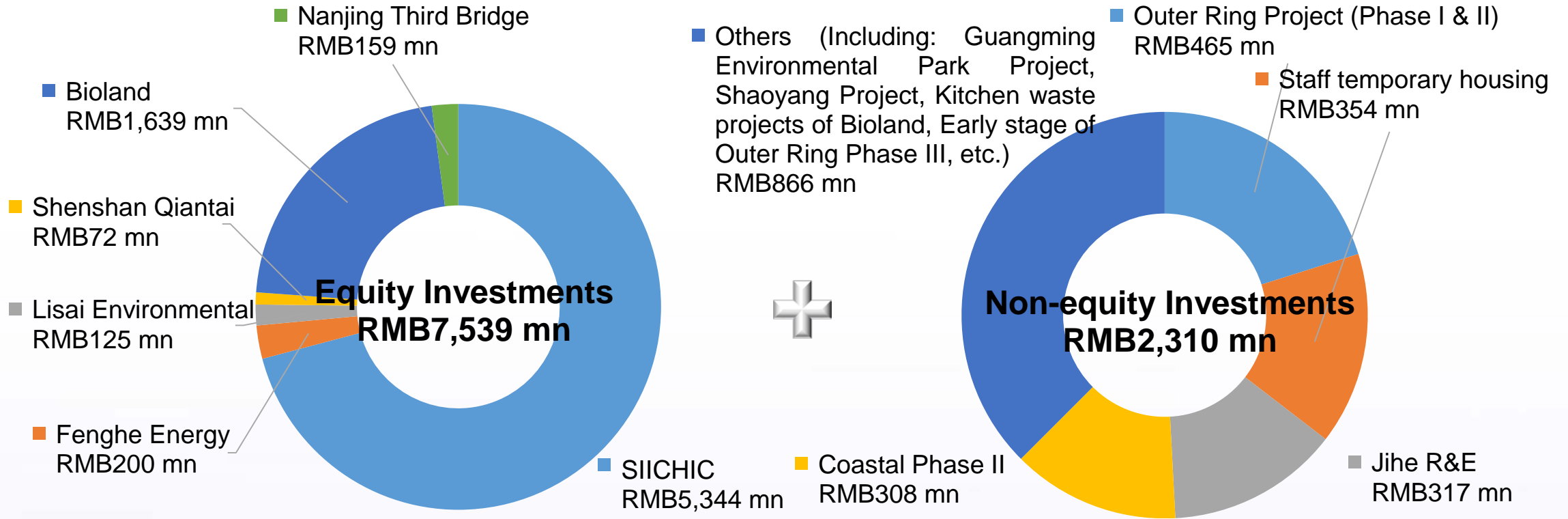


Note: Mainly due to the decrease in toll revenue of the ancillary toll highways and the decrease in the amount of dividends received from GS Expressway

Note: bn= billion

Capital Expenditure in 2022

RMB9.849 billion



Note: mn= million



Capital Expenditure Plan

(RMB 'million)

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	2023	2024	2025	Total
Investment in intangible assets and fixed assets	2,738	1,058	202	3,998
Outer Ring Phase I & II	635	-	-	635
Preliminary expenditure of Outer Ring Phase III	145	130	-	275
Coastal Phase II	534	82	-	616
Jihe Expressway R&E Project	354	748	-	1,102
Preliminary expenditure of Shenshan Second Expressway	15	70	40	125
Kitchen waste projects of Bioland	424	20	4	448
Guangming Environmental Park	438	1	159	597
Shaoyang Kitchen Waste Treatment Project	160	-	-	160
Lisai Environmental Technological Renovation Project	24	3	-	27
Final payment for decoration of the office property	-	4	-	4
Reinforcement of Changsha Ring Road Pavement Structure	9	-	-	9
Equity Investment	2,182	-	-	2,182
Acquisition of Bay Area Development ^{Note}	2,176	-	-	2,176
Acquisition of Lisai Environmental	6	-	-	6
Total	4,920	1,058	202	6,180

- The investment and financing models for projects such as Jihe Expressway R&E Project, Shenshan Second Expressway, and Outer Ring III are not yet determined

Note: Including the liabilities incurred due for repayment

Business Review

Business Review



Analysis of Business Environment

- Global inflation risks increased, China's economy faced pressure in multiple aspects
- Due to the decline of travel willingness and social activity caused by the external situation, the toll road business and other businesses faced pressure
- Temporary policies of toll highway industry have had negative impacts
- Changes in road networks resulted positive or negative impacts on toll highway projects
- Policies promote the orderly development of the solid waste treatment industry and the clean energy industry
- "Dual Carbon" strategy brings major market opportunities for general-environmental protection industry



Projects in Shenzhen Region

Outer Ring Expressway

(RMB2.616 mn/d, 242,000 v/d)

- ☺ Outer Ring Phase II opened to traffic on 1 January 2022
- ☺ The most convenient high-speed west-to-east main road in Shenzhen
- ☹ Impact of reduced traffic demand

Coastal Project

(RMB1.318 mn/d, 141,000 v/d)

Meiguan Expressway

(RMB0.373 mn/d, 138,000 v/d)

Longda Expressway

(RMB0.361 mn/d, 140,000 v/d)

- ☺ Road network synergy effect of Outer Ring Expressway
- ☹ Impact of reduced traffic demand

- Traffic volume which is toll free during holidays is not included in the figures of average daily mixed traffic volume
- 1) mn/d=million per day; 2) v/d= vehicles per day

Jihe East

(RMB1.733 mn/d, 283,000 v/d)

Jihe West

(RMB1.284 mn/d, 187,000 v/d)

- ☹ Diversion by Outer Ring Expressway
- ☹ Impact of reduced traffic demand

Shuiguan Expressway

(RMB1.566 mn/d, 238,000 v/d)

Shuiguan Extension

(RMB0.189 mn/d, 55,000 v/d)

- ☹ Impact of reduced traffic demand

Projects in Other Regions

Qinglian Expressway

(RMB1.686 mn/d, 44,000 v/d)

- ☺ Passing through economic towns, industrial parks and tourist resorts
- ☺ Road network synergy effect of Erguang Expressway Lianzhou Connecting Line, etc.
- ☹ Diversion by Guanglian Expressway
- ☹ Impact of reduced traffic demand

Yichang Expressway

(RMB1.060 mn/d, 55,000 v/d)

Changsha Ring Road

(RMB0.651 mn/d, 83,000 v/d)

- ☹ Rain and snow weather impact
- ☹ Impact of reduced traffic demand

GS Expressway

(RMB6.186 mn/d ^{Note}, 527,000 v/d)

- ☺ Important fast channel between Guangzhou and Shenzhen
- ☹ Impact of reduced traffic demand

GZ West Expressway

(RMB2.862 mn/d ^{Note}, 222,000 v/d)

- ☺ A component of the Pearl River Delta Ring Expressway
- ☹ Diversion by GZJ Expressway Phase IV
- ☹ Impact of reduced traffic demand

Wuhuang Expressway

(RMB1.053 mn/d, 63,000 v/d)

- ☺ Road network synergy effect of Ezhou Airport Expressway Phase I
- ☹ Impact of reduced traffic demand

The concession period of Wuhuang Expressway expired at 24:00 on 10 December 2022

Yangmao Expressway

(RMB1.682 mn/d, 44,000 v/d)

- ☺ Increase in tariff after the completion of reconstruction and expansion
- ☺ Road network interconnection effect of neighboring highways
- ☹ Impact of reduced traffic demand

GZ W2 Expressway

(RMB1.110 mn/d, 73,000 v/d)

- ☹ Diversion by Guangfozhao Expressway
- ☹ Impact of reduced traffic demand

Nanjing Third Bridge

(RMB1.250 mn/d, 29,000 v/d)

- ☹ Traffic control for transit vehicles
- ☹ Impact of reduced traffic demand

■ Traffic volume which is toll free during holidays is not included in the figures of average daily mixed traffic volume

Note: Excluding tax

Completion and Opening to Traffic

Outer Ring Phase II

- 9.35 km, opened to traffic on 1 January 2022

Reconstruction & Expansion of Yangmao Expressway

- 79.76 km, opened to traffic in December 2021

Projects in Planning

Reconstruction & Expansion of Jihe Expressway

- The total investment in the originally approved plan is RMB43.29 bn
- The Company has signed a PPP contract and investment cooperation and joint construction agreements
- The Shenzhen Municipal Government intends to optimize and adjust the implementation plan and adjust the investment and financing plan accordingly, and the adjustment scheme is being studied and verified

Shenshan Second Expressway

- The branch line of Shenzhen Outer Ring Expressway is about 15.28 km, intersecting with Outer Ring Phase III, and connecting with Nanping Expressway Phase III. It has been approved by the Guangdong Provincial Development and Reform Commission, and the project feasibility study plan has been approved. Special works such as environmental impact assessment are being carried out

Outer Ring Phase III

- Planned length of 16.8 km, carrying out the preliminary works

Construction in Progress

Coastal Phase II

- Mainly including the interchange of the International Convention and Exhibition Center and the connecting line on the Shenzhen side of Shenzhen-Zhongshan Tunnel
- The interchange of the International Convention and Exhibition Center was completed and put into operation in 2019. About 5.7 km of Shenzhen side of Shenzhen-Zhongshan Tunnel is under construction
- 78.4% of construction progress has been completed

Equity Operation

Bay Area Development

- Completion of 71.83% equity delivery in January 2022
- Acquisition of 51% equity of Coastal Company through capital increase
- Promoted the reconstruction and expansion and the land development of GS Expressway, and completed the acquisition and reservation of the Luogang Interchange plot

Coastal Company

- Transfer of 51% controlling interest to Bay Area Development, the Company currently holds 85.63% of interest in Coastal Company directly and indirectly

Note: km=kilometer

Becoming a segment leader with industry-leading technology and scale advantages, exploring other investment opportunities in the segment

Bioland

- 20 organic waste treatment PPP (incl. BOT) projects with a designed capacity of over 4,800 t/d, 13 of which commenced commercial operation (designed capacity of 3,020.5 t/d)
- Operational performance and construction progress for 2022 are less than expected
- The Group's shareholding ratio increased to 92.29%
- Achieved the annual organic waste treatment volume of 844,000 tons with an operating income of RMB389 mn

Lisai Environmental

- Acquired 70% equity for RMB130 mn and consolidated in April 2022
- Concession period: 10+5 yrs for kitchen waste treatment, 25 yrs for municipal sludge treatment
- Designed biogenic waste treatment capability: 500 t/d
Improved processing capacity after upgrading: 650 t/d for kitchen waste, newly added 30 t/d for grease, and waste collection and transportation capacity of more than 600 t/d
- Quantity of kitchen waste collection increased 45% from the pre-purchase level with 158,000 tons of kitchen waste treated and 3,642 tons of oil refined for the year, and turned losses into profits in the first year of the acquisition

Note: 1) t/d= ton per day; 2) yrs= years

Organic waste			Organic waste disposal volume ('000 tons)	Operating revenue (RMB 'million)
Project	Holding ratio	Revenue consolidation ratio	2022	2022
Bioland				
Guiyang Project	100%	100%	121.93	88.65
Nanning Project	100%	100%	179.52	87.74
Dezhou Project	100%	100%	141.97	35.52
Taizhou Project	100%	100%	85.65	34.19
Other projects	70~100%	100%	315.15	143.51
Subtotal			844.22	389.60
Lisai Environmental	70%	100%	112.63	82.99
Total			956.85	472.59

▶ Guangming Environmental Park

- Total investment: not more than RMB958 mn
- BOT mode, concession period: 10+5 yrs
- Processing capacity: 1000 t/d for organic waste + 100 t/d for bulk waste (waste furniture) + 100 t/d for greening waste
- 76.23% of physical shape has been completed and is expected to be completed in 2023

▶ Shaoyang Project

- Won the bid in November 2022 and signed a franchise agreement in December, with a total investment of no more than RMB330 mn
- TOT model, concession period: 30 yrs
- Kitchen waste treatment capacity of 200 t/d

▶ Shenshan Qiantai

- Increased in shareholding by 13.33%, share ratio increased to 63.33%
- Scrapping business for traditional fuel vehicles and new energy vehicles
- The annual operating revenue in 2022 nearly doubled YOY, and the strategic cooperative relationships were established with some automotive service companies in the fields of vehicles and battery replacement

The organic waste treatment
designed capacity of the Group

6,900 tons/day

Wind Farm Operation

Wind power				On-grid power supply ('000 MWh)	Revenue (RMB 'million)
Project	Installed capacity (MW)	Holding ratio	Revenue consolidation ratio	2022	2022
Baotou Nanfeng	247.5	100%	100%	748.0	254.20
Xinjiang Mulei	299	100%	100%	734.7	344.51
Yungcheng Zhuneng	32	100%	100%	79.5	42.20
Zhongwei Gantang	49.5	100%	100%	105.0	50.72
Huaian Zhongheng	99.4	20%	-	216.8	106.08

Cumulative installed capacity of the wind power projects of the Group

648 MW

Wind Turbine Manufacturing

Nanjing Wind Power

- Facilitated the implementation of in-hand and reserve projects and continued to provide post-operations and maintenance services for projects such as Huaian Zhongheng, Zhongwei Gantang and Yuncheng Zhuneng
- Underperformed in 2022 due to the factors such as the lagging progress of projects under construction
- To strengthen management integration and business promotion to improve profitability

Wind Farm Operation & Management

Nanjing Avis

- High market share in the gearbox equipment maintenance market
- Cumulative signed sales orders amounting to RMB438 mn



General-Environmental Protection

- Water Environmental Remediation and Others



Derun Environment

- 20% shareholding
- Holding A-share main board-listed Chongqing Water (601158) and Sanfeng Environment (601827) with the major businesses including water supply and sewage treatment, waste incineration power generation and environmental restoration
- Contributed investment income of RMB256 mn



Shenzhen Water Planning

- 11.25% shareholding
- Listed on ChiNext Market of Shenzhen Stock Exchange in August 2021 (stock code: 301038)



Entrusted Management

■ Entrusted construction business

Outer Ring Project, Cargo Organization Adjustment Project, Shenshan Environmental Park Project, Longli River Bridge Project (Duohua Bridge Project) and Bimeng Project, etc.

■ Entrusted management business

The comprehensive management and maintenance project of the Four Expressways, interim card access station projects, municipal road maintenance business, road repair, landscaping and other market service projects

- Achieved revenue of RMB888 mn

Industrial - Financial Integration

- **Bank of Guizhou** 3.44% shareholding, Listing on the main board of the Stock Exchange (Code: 06199. HK)

- **Financial Leasing Company** 100% shareholding, the newly signed project contract of RMB459 mn, the performance contract in the amount of RMB1,772 mn and the investment in the amount of RMB1,375 mn

Shengchuang Fund 45% shareholding, mainly invested in four types of operating projects: industrial hazardous waste treatment, solid waste treatment, sewage treatment and the new energy of wind power. As of 2022, the Company's paid-in capital is RMB135 mn and completed investment in 2 projects

- **State-owned Assets Collaborative Development Fund** Holding 7.48% interest, mainly investing in public utilities, financial and strategic emerging industries. The Company's contribution is RMB300 mn and has invested in 2 projects

Land Development & Management

■ Guilong Project

The commercial supporting properties in Group B and the residential properties in Group C of Phase II, the residential properties in Group A and the low-rise apartment house in Group C of Phase III are on sale, and the commercial supporting properties in Group B of Phase III are under construction

Achieved revenue of RMB165 million

■ Meilin Checkpoint Renewal Project

The residential units of Phase I, II and III have been sold out, 1,081 sets of over 2,700 business apartments have been contracted for sale, and the office and commercial buildings are not available for sale

Achieved investment income of RMB26 mn

- **Xintang Project** The planned building area of 600,000 m² is divided into three phases: Phase I had been completed by 85% in physical shape; Phase II was at the stage of the main structure construction

Smart Elderly Care

■ Three PPP Guangming Wellness Projects

Guangming Two Communities Projects: community embedded elderly care service complexes (in operation)

Guangming District Social Welfare Home PPP Project: high-quality elderly care services (initial trial operation in early 2023)

Concession period: 20.5 yrs (incl. 5 yrs for construction period)

Note: m²=square meter

Outlook

Outlook

Operating Environment and Core Competitiveness

Operating Environment

Challenges

- Aggravating geopolitical conflicts
- Rising risk of global stagflation

Opportunities

- Restorative economic growth
- Market demand revival
- Favorable industry and regional policies

Core Competitiveness

- State-owned platform advantage of infrastructures in the Greater Bay Area
- Comprehensive integrated management capability of investment, construction, operation and maintenance, and industrial synergy ability
- Innovation capability of business model and technology management
- Advantages of good financing platform at home and abroad

The state has introduced a series of economic boosting policies

The major goals of economic and social development during the "14th Five-Year Plan" period including: accelerating the establishment of China's strength in transport, building a modern energy system, continuously improving environmental quality, and promoting the construction of the Guangdong-Hong Kong-Macao Greater Bay Area in a proactive and steady manner.

Overall development strategy

Seize the opportunities of such an era arising from the Guangdong-Hong Kong-Macao Greater Bay Area and Shenzhen in building a pilot demonstration area of socialism with Chinese characteristics by pursuing a market-oriented and innovation-driven strategy, the aim of which would be to consolidate and enhance its advantages in the toll highway industry and actively expand into the featured environmental protection, thereby building an intelligent Shenzhen Expressway and facilitating quality sustainable development of the Company.

Strategic goals

Expand the presence nationwide while staying focused on Shenzhen and the Guangdong-Hong Kong-Macao Greater Bay Area, and to provide cities with solutions of sustainable development featuring “innovation, intelligence, environmental protection, and high efficiency”, thereby striving to become a first-class infrastructure construction and operation service provider including transportation via highway and environmental protection that realizes growth of scale, optimization of organization, enhancement of capabilities and improvement of systems

Development strategies of the dual-core businesses

Toll highway sector

Consolidate and enhance the toll highway business by such means as carrying out new construction projects, expansion projects, mergers and acquisitions (M&A), and resources consolidation, at the same time actively expanding the business of investment, construction, management and maintenance of expressways and high-speed roads, extending the operating periods of toll highway projects, and maintaining the leading advantages of its core highway business by increasing the scale of highway assets, promoting cost reduction and efficiency improvement, and refining its management. The Company will also actively explore market-oriented projects from upstream to downstream along the industrial chain, focusing on intelligent upgrade and comprehensive management and maintenance

General environmental protection sector

Enhance and build up its operational capability with a focus on segments such as organic waste treatment and clean energy power generation, and increase its resource investment with enhanced efforts made in construction. The Group will also enhance its treatment capacity for organic waste projects, thereby establishing its scale advantages and hence securing a leading position in these industry segments. The Group will newly invest or acquire the equity interests in wind farms or photovoltaics power stations, explore and moderately invest in other opportunistic quality environmental projects such as scrap vehicle dismantling and municipal environmental protection

Toll Highway Business

- ✓ Technical solutions for free flow toll collection
- ✓ Conduct cost control properly
- ✓ Improve operational quality and efficiency
- ✓ Promote the construction of ongoing projects
- ✓ Promote the preliminary work of proposed projects
- ✓ Pay attention to high-quality projects on the market
- ✓ Expand the output of management and maintenance services
- ✓ Promote the development and utilization of land resources



General-Environmental Protection & Other Businesses

- ✓ Focus on solid waste resource treatment and clean energy segments
- ✓ Complete the business and management integration of the existing projects, as well as the completion and production schedule
- ✓ Improve system, reduce costs, increase efficiency and improve profitability
- ✓ Enhance the ability to acquire high-quality projects and expand market share
- ✓ Continue to carry out the output of entrusted construction and management businesses
- ✓ Explore business opportunities in new urban construction



Financial Management & Corporate Governance

- ✓ Strengthen standardized financial management and unified resource planning, and improve financial operating efficiency
- ✓ Closely monitor changes in monetary policy and the financing environment
- ✓ Expand financing channels, expand the equity capital
- ✓ Realize optimal overall capital costs while ensuring the security
- ✓ Improve the classified management level of holding enterprises and equity enterprises, improve decision-making and operational management efficiency
- ✓ Adhere to the principle of governance, improve governance rules and management systems, and enhance corporate transparency



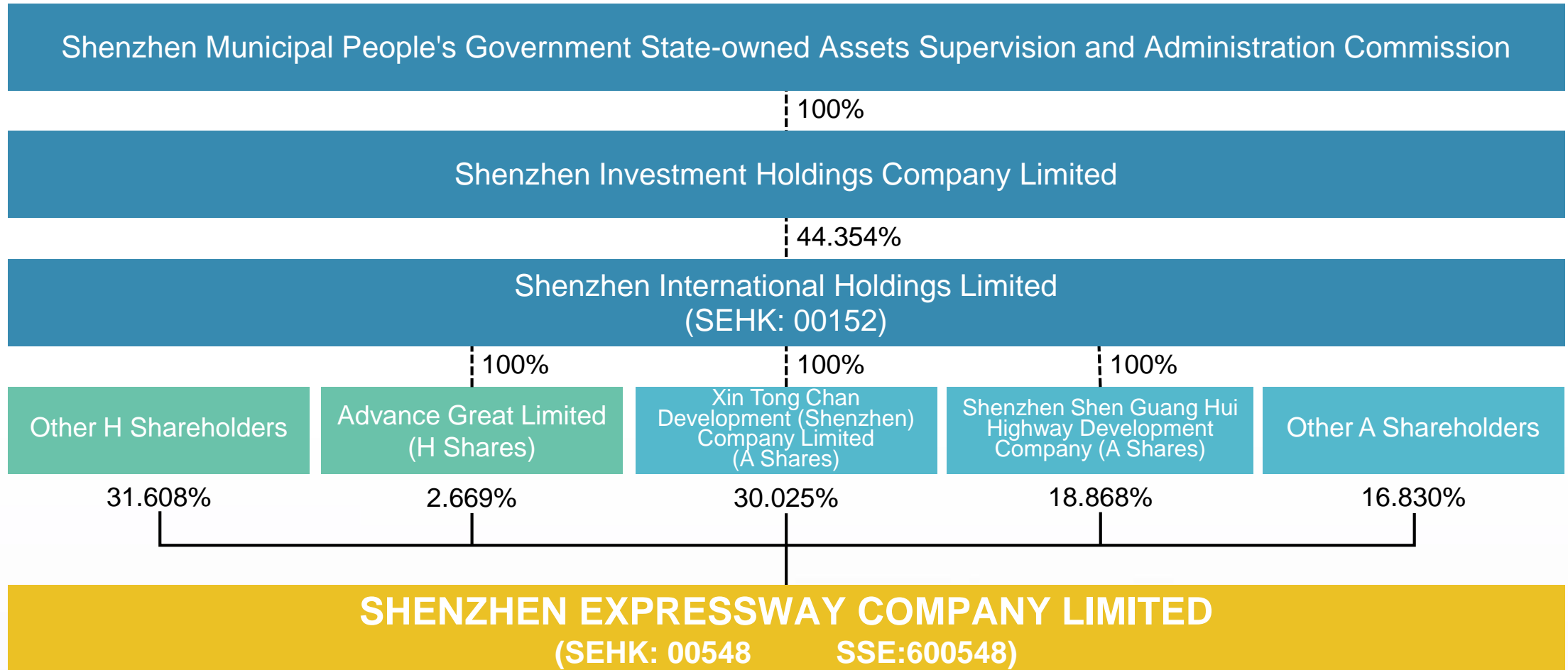
Operating Targets

- ✓ Total revenue target: RMB11 bn
- ✓ Total of operating costs, management expenses and selling expenses (excluding depreciation and amortization): RMB5.7 bn
- ✓ It is expected that the average borrowing scale and the financial cost of the Group will increase on a YOY basis

Appendix

Appendix

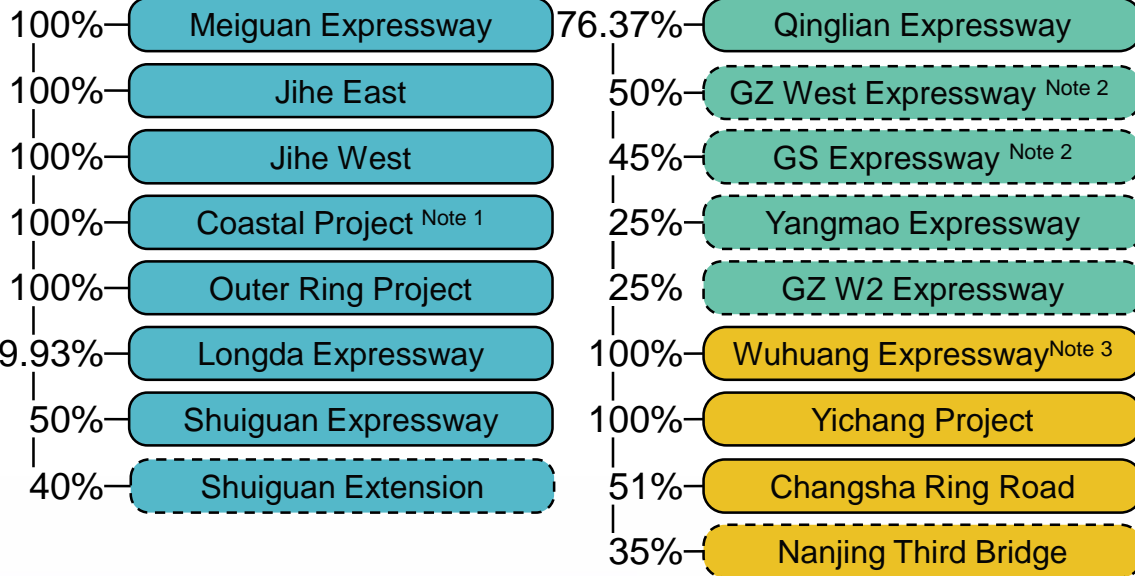
Shareholding Structure



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%.

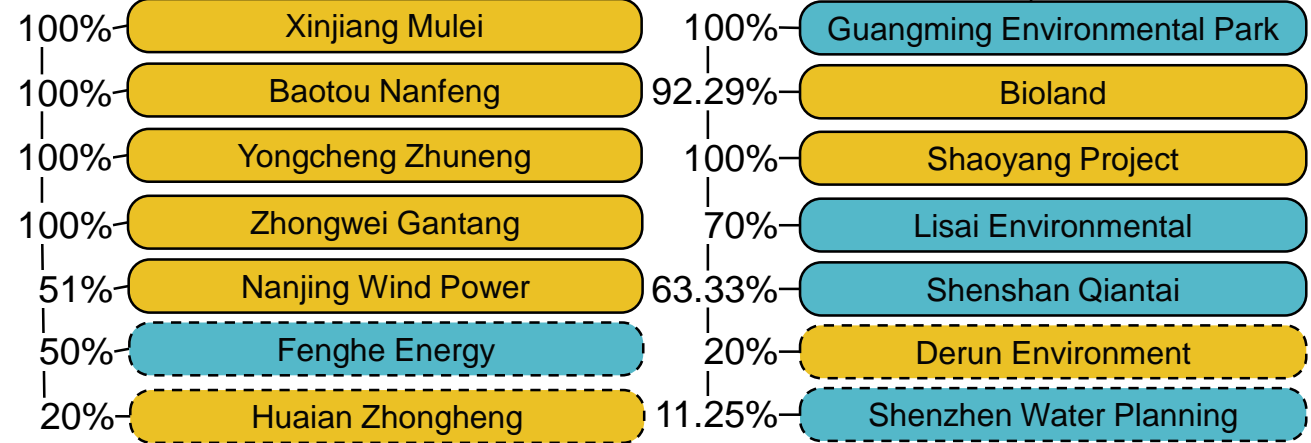
Shenzhen Expressway Company Limited

Toll Highway Business



- Icon: Shenzhen region in Guangdong Province
- Icon: Other regions in Guangdong Province
- Icon: Other provinces in the PRC
- Icon: Consolidated project
- Icon: Non consolidated project

Environmental Business



Entrusted Management and Other Infrastructure Development

Industrial-Financial Integration

Other Businesses

- Digital Technology
- Engineering Consulting
- Inter-network Toll Collection

Note 1: The Company holds 49% equity interests in Coastal Project directly and 51% equity interests in Coastal Project indirectly through Bay Area Development

Note 2: Indirectly holding interests in GS Expressway and GZ West Expressway through holding 71.83% of the shares of Bay Area Development

Note 3: The concession period of Wuhuang Expressway expired at 24:00 on 10 December 2022



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 operation
Longda Expressway	89.93%	Shenzhen	4.4	6	Under operation
Yangmao Expressway	25%	Guangdong	79.8	8	Under operation
GZ W2 Expressway	25%	Guangdong	40.2	6	Under operation
Qinglian Expressway	76.37%	Guangdong	216.0	4	Under operation
GZ West Expressway	50%	Guangdong	98.0	6	Under operation
GS Expressway	45%	Guangdong	122.8	6	Under operation
Wuhuang Expressway ^{note}	100%	Hubei	70.3	4	Expiration
Yichang Expressway	100%	Hunan	78.3	4	Under operation
Changsha Ring Road	51%	Hunan	34.7	4	Under operation
Nanjing Third Bridge	35%	Jiangsu	15.6	6	Under operation

Note: The concession period of Wuhuang Expressway expired at 24:00 on 10 December 2022



Environmental Projection Projects Summary

Environmental Projection Project	Interest Held by the Company	Project Location	Capacity / Business Characteristics	Consolidation / Acquisition Time
Xinjiang Mulei	100%	Xinjiang Uygur Autonomous Region	Installed capacity: 299 MW (Qianzhi & Qianhui: 249.5 MW, Qianxin: 49.5 MW)	First quarter of 2021
Baotou Nanfeng	100%	Inner Mongolia Autonomous Region	Installed capacity: 247.5 MW	September 2019
Yongcheng Zhuneng	100%	Henan	Installed capacity: 32 MW	September 2021
Zhongwei Gantang	100%	Ningxia Hui Autonomous Region	Installed capacity: 49.5 MW	December 2021
Nanjing Wind Power	51%	Nationwide	Specializing in renewable and new energy wind power generation business, with experience and ability in wind farm development, construction and operation management	April 2019
Fenghe Energy	50%	Nationwide	Acquired 51% equity interests in Nanjing AVIS	February 2022
Huaian Zhongheng	20%	Jiangsu	Installed capacity: 99 MW	July 2021
Guangming Environmental Park	100%	Shenzhen	Organic waste treatment capacity: 1,000 t/d Large pieces waste (wasted furniture) treatment capacity: 100 t/d Greening waste treatment capacity: 100 t/d	February 2021 (winning bid)
Bioland	92.29%	Nationwide	Designed capacity: over 4,800 t/d	January 2020
Lisai Environmental	70%	Shenzhen	Designed capacity of biomass waste: 500 t/d	April 2022
Shaoyang Project	100%	Hunan	Designed capacity: 200 t/d	December 2022
Shenshan Qiantai	66.33%	Shenzhen	Owning over 10 independent intellectual property rights related to key technologies of electric-vehicle battery recycling and scrapping new energy vehicles	December 2020
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
Shenzhen Water Planning	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



Average Daily Toll Revenue for Five Years

(RMB '000)	2018	2019	2020	2021	2022
Shenzhen region in Guangdong Province					
Meiguan Expressway	350.9	382.9	392.6	448.9	373.2
Jihe East	2,076.4	2,104.8	2,012.0	2,012.4	1,733.0
Jihe West	1,794.4	1,829.5	1,680.4	1,526.7	1,284.0
Outer Ring Project ^{Note 1}	-	-	-	2,523.5	2,615.6
Coastal Project	1,273.5	1,459.1	1,498.4	1,619.6	1,317.8
Longda Expressway ^{Note 2}	-	-	-	400.1	361.0
Shuiguan Expressway	1,738.1	1,786.4	1,658.5	1,808.7	1,565.6
Shuiguan Extension	328.6	331.0	252.8	244.1	189.2
Other regions in Guangdong Province					
Qinglian Expressway	2,084.1	2,293.2	2,274.5	2,399.5	1,686.1
GS Expressway ^{Note 3}	-	-	-	-	6,186.4
GZ West Expressway ^{Note 3}	-	-	-	-	2,862.4
Yangmao Expressway	1,770.5	1,524.0	1,293.6	1,352.6	1,681.9
GZ W2 Expressway	1,653.2	1,597.1	1,543.5	1,380.4	1,109.6
Other provinces in the PRC					
Wuhuang Expressway ^{Note 4}	1,055.5	1,130.2	1,059.5	1,311.4	1,053.1
Changsha Ring Road	394.6	427.8	511.5	816.3	650.9
Nanjing Third Bridge	1,341.4	1,393.2	1,516.9	1,301.3	1,250.1
Yichang Expressway	1,119.1	1,105.5	1,065.8	1,277.5	1,059.7

Note 1: Outer Ring Phase I opened to traffic on 29 December 2020; Outer Ring Phase II opened to traffic on 1 January 2022

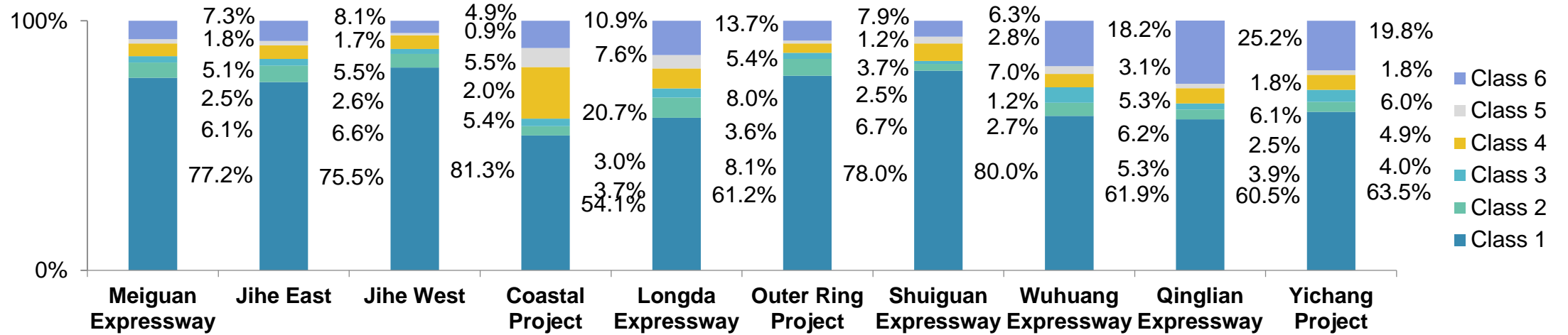
Note 2: As the Group completed the acquisition of 89.93% equity interests in Longda Company November 2020, Longda Company has been consolidated into the consolidated financial statements of the Group since 26 November 2020

Note 3: Since 11 January 2022, the Group has indirectly held approximately 71.83% equity interest in Bay Area Development, which indirectly enjoys 50% profit of GZ West Expressway and 45% profit of GS Expressway

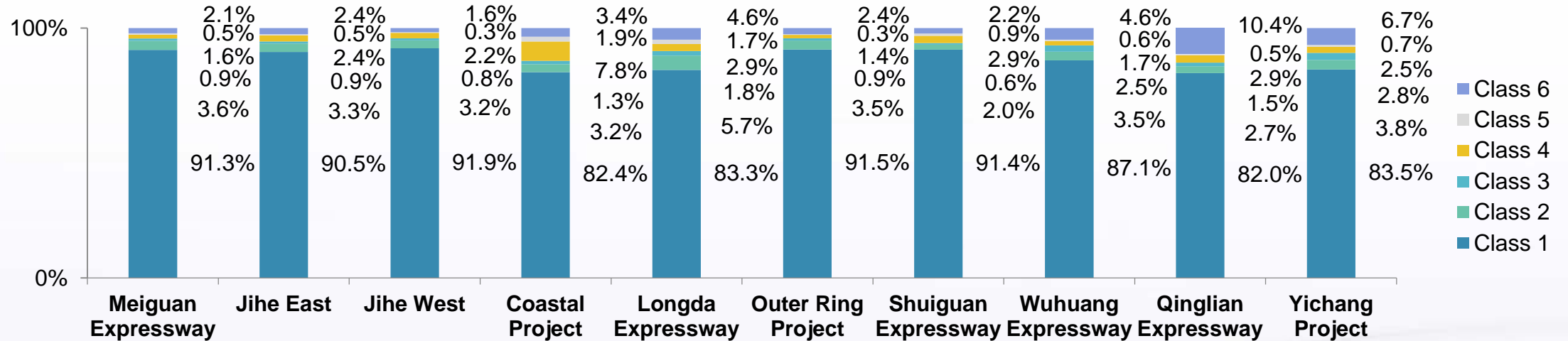
Note 4: The concession period of Wuhuang Expressway expired at 24:00 on 10 December 2022

Vehicle Category of Major Highways in 2022

By revenue



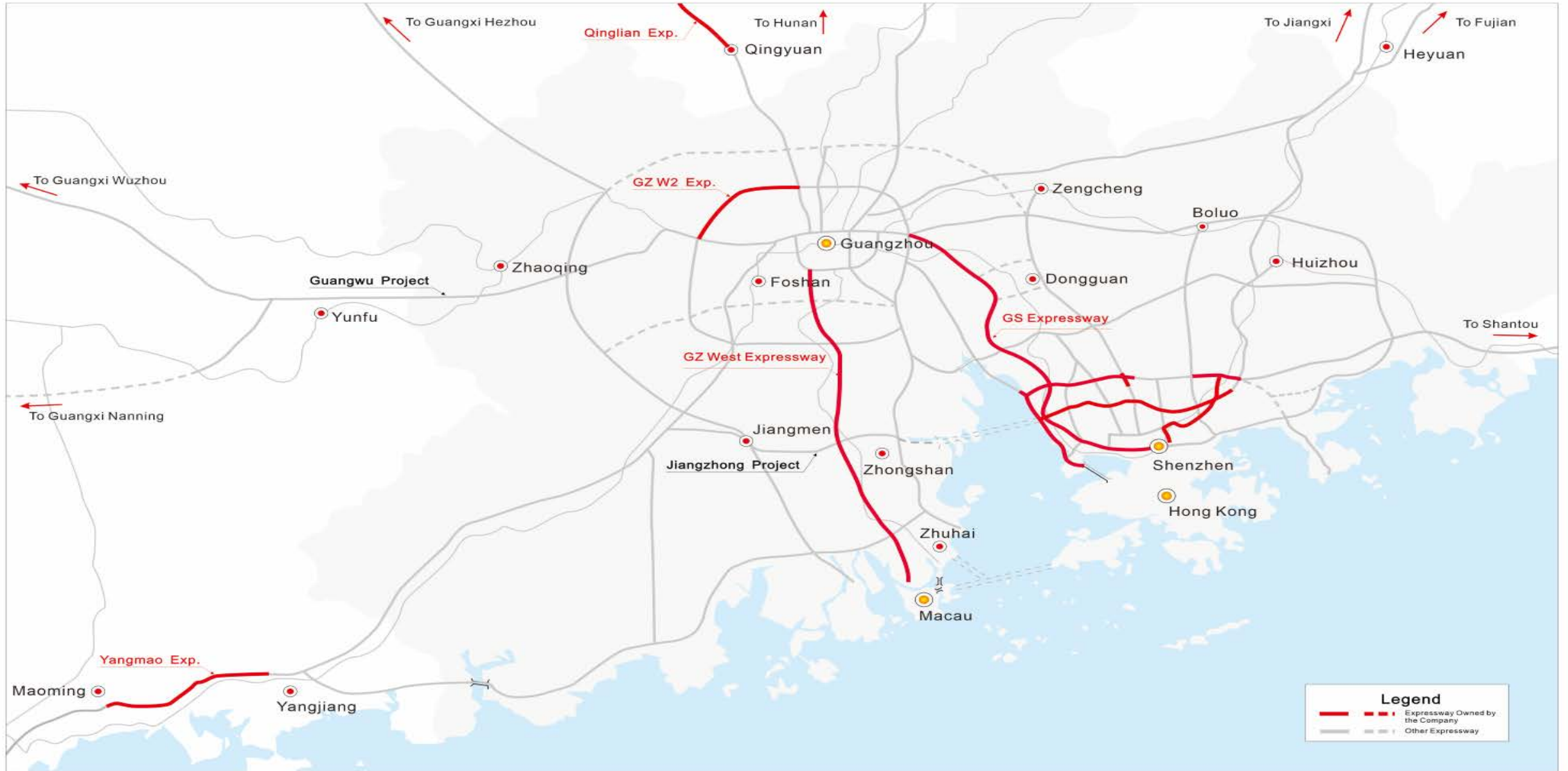
By traffic volume



Road Network of Shenzhen



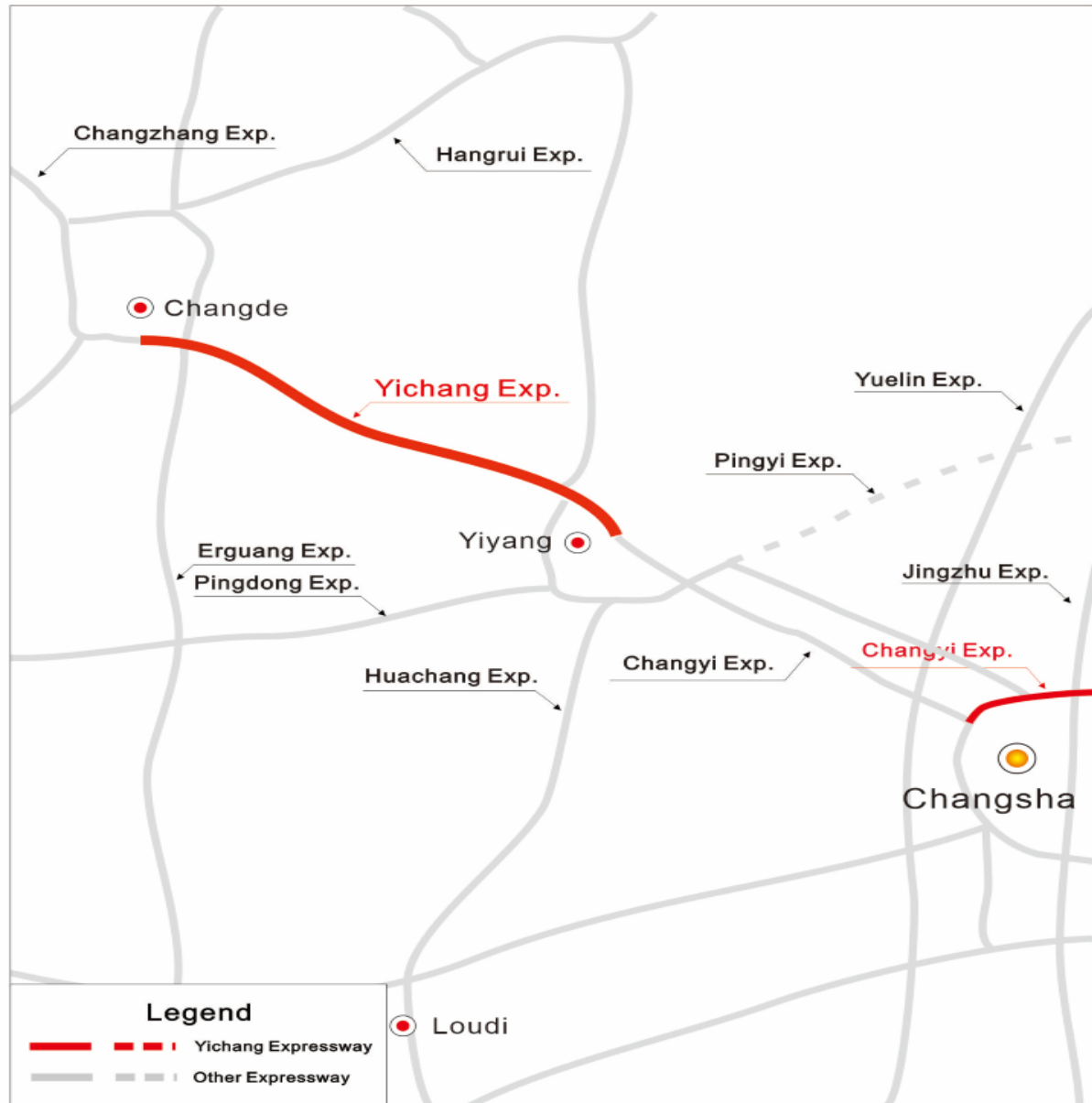
Road Network of Pearl River Delta



Road Network of Qinglian Expressway



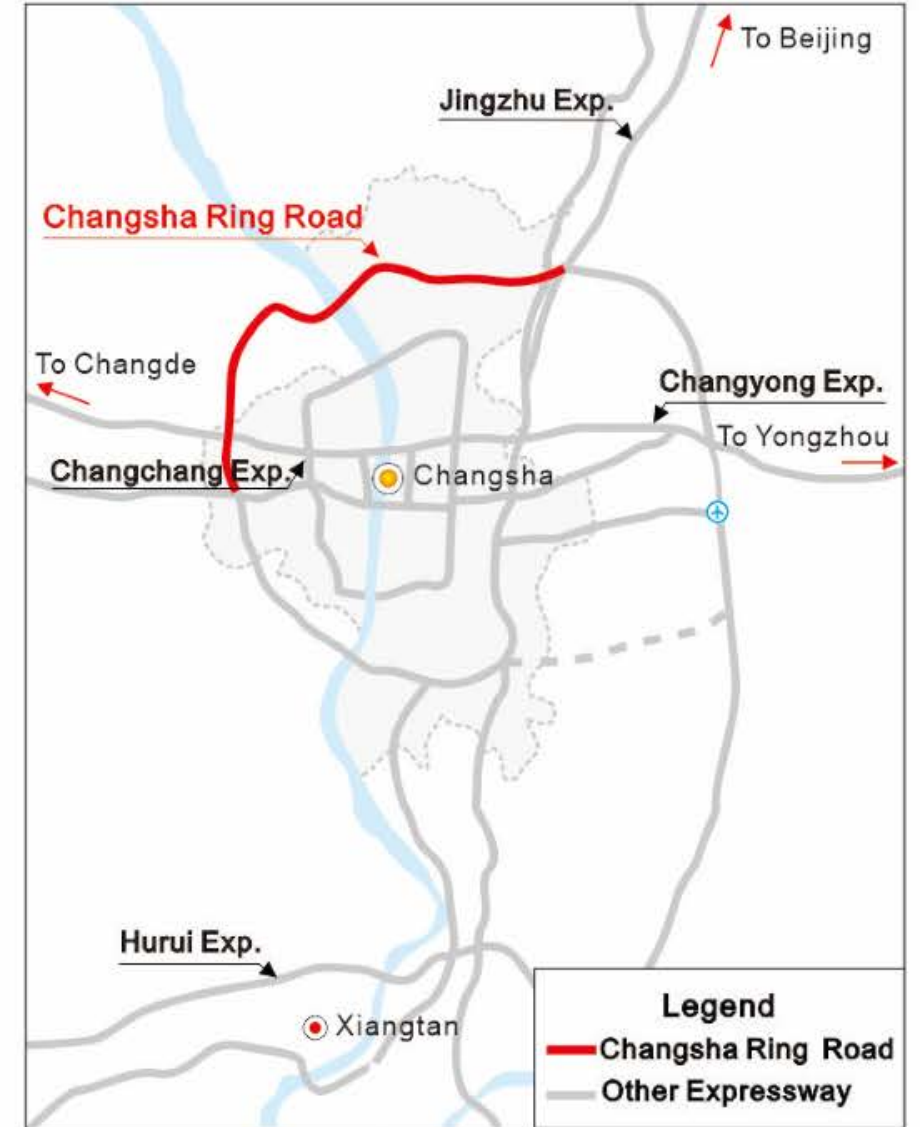
Road Network of Yichang Expressway



Road Network of 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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