



SHENZHEN EXPRESSWAY COMPANY LIMITED

Stock code: 00548(SEHK) 600548(SSE)

Information Update

13 November 2018

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.



- The Company was incorporated at the end of 1996 and listed in Hong Kong and Shanghai in 1997 and 2001, respectively. 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%.
- Core business: The Company principally engages in the investment, construction, operation and management of toll highways and roads, as well as other urban and transport infrastructure. Other urban infrastructure mainly refers to the further environmental protection business areas including water environmental remediation and solid waste treatment. In the current stage, the Company operated and invested in a total of 19 toll highway projects, which mainly located in Shenzhen region and Pearl River Delta area of Guangdong Province as well as economically developed provinces outside of Guangdong Province. The mileage of the highways (on equity basis) is approximately 622km. The Company is the largest toll road operator in Shenzhen City.
- Total assets: RMB44.4 billion (as at 30 September 2018)
- Development Strategies
 - Development orientation: Construction and operation service provider of urban and transport infrastructure.
 - Development strategy: Consolidating and strengthening the business of toll highway and proactively expanding the environmental protection business with solid waste treatment, water environment remediation, and sanitation integration as the main direction.
 - Development goals: the main business indicators of the toll road business will reach the leading level of domestic industry by 2020; the subdivision of environmental protection business will strive to achieve the leading level of industry within 3 to 5 years; to create intelligent transportation, intelligent environmental protection, and intelligent Shenzhen Expressway.



2018 Third Quarterly Results



July - September 2018

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- The overall traffic volume and toll revenues of the toll highway projects maintained growth with toll revenue increasing by 2.72% YOY.
- Revenue amounted to RMB1,463 million with a YOY increase of 7.27%.
- Net profit amounted to RMB552 million with a YOY increase of 19.75%.

January - September 2018

- The overall traffic volume and toll revenues of the toll highway projects maintained growth with toll revenue increasing by 9.96% YOY.
- Revenue amounted to RMB4,140 million with a YOY increase of 13.31%.
- Net profit amounted to RMB1,521 million with a YOY increase of 30.43%.



Financial Highlights 1

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	Jul - Sep 2018	Jul -Sep 2017 (restated)	Change YOY
<i>(RMB 'million)</i>			
Revenue	1,463	1,363	+7.27%
Including: Toll revenue	1,363	1,327	+2.72%
Net profit attributable to owners of the Company	552	461	+19.75%
Earnings per share (EPS) (RMB)	0.253	0.211	+19.75%



Financial Highlights 2

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	Jan - Sep 2018	Jan -Sep 2017 (restated)	Change YOY
<i>(RMB 'million)</i>			
Revenue	4,140	3,654	+13.31%
Including: Toll revenue	3,825	3,479	+9.96%
Net profit attributable to owners of the Company	1,521	1,166	+30.43%
Earnings per share (EPS) (RMB)	0.697	0.535	+30.43%
Return on equity -weighted average (ROE) (%)	10.78%	8.00%	+2.78p.pt



Financial Analysis - Revenue & Investment Income

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	Jul-Sep 2018	Jul-Sep 2017 (restated)	Change YOY	Jan-Sep 2018	Jan-Sep 2017 (restated)	Change YOY
<i>(RMB '000)</i>				<i>(RMB '000)</i>		
Revenue	1,462,638	1,363,476	+7.27%	4,140,160	3,653,767	+13.31%
Toll revenue	1,362,918	1,326,883	+2.72%	3,825,403	3,478,991	+9.96%
Other revenue	99,720	36,594	+172.51%	314,758	174,776	+80.09%
Investment income	196,741	158,899	+23.81%	485,353	405,490	+19.70%

- The growth of revenue was mainly due to the increase in toll revenue.
- The YOY increase in toll revenue from January to September was mainly due to :
 - the revenue contribution resulted from the consolidation of Shenchang Company and Yichang Company into the combined financial statements;
 - the growth of toll revenue from the existing ancillary toll highways.
- The YOY increase in other revenue from January to September was mainly due to the growth of revenues from real estate development of Guilong Development Project and entrusted management services.
- From January to September, the addition of investment income is from Derun Environment.



Financial Analysis - Cost & Expenses

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	Jul-Sep 2018	Jul-Sep 2017 (restated)	Change YOY	Jan-Sep 2018	Jan-Sep 2017 (restated)	Change YOY
	(RMB '000)			(RMB '000)		
Cost of services	693,873	620,723	+11.78%	1,876,734	1,744,069	+13.34%
General and administrative expenses	33,492	37,928	-11.70%	75,688	78,444	-3.51%
Financial expenses	325,683	196,826	+65.47%	826,232	546,493	+51.19%
Income tax expenses	132,192	112,114	+17.91%	399,940	314,125	+27.32%

- From January to September, Cost of services recorded a YOY increase of 13.34%, mainly due to the effect of the consolidation of Shenchang Company and Yichang Company, the increases in the depreciation and amortization expenses of other ancillary toll highways and in the cost of entrusted management services.
- From January to September, financial expenses recorded a YOY increase of 51.19%, mainly due to the increases in the average borrowing scale and in exchange losses resulting from Foreign currency liabilities and H-share dividends impacted by the depreciation of Renminbi. Exchange losses from USD debentures and the fair value gains basically achieved financial hedging.



Financial Analysis - Investment & Borrowings

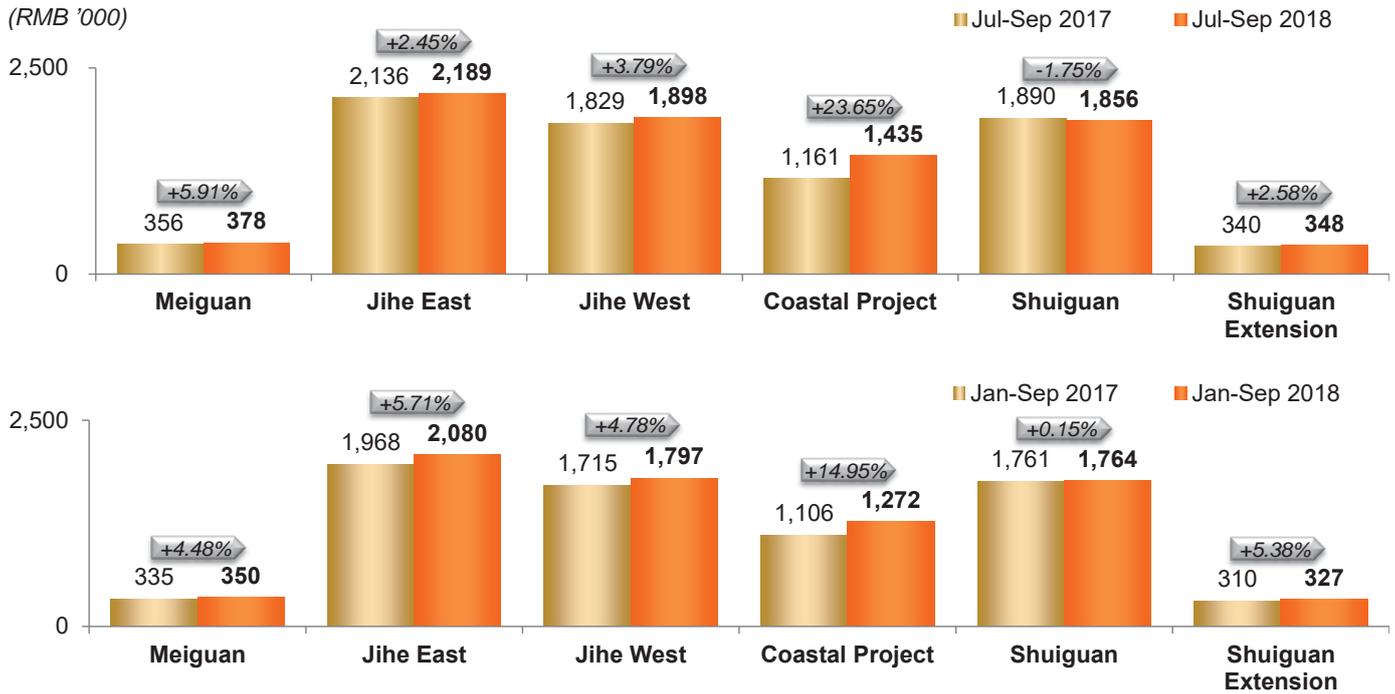
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- Capital expenditure from January to September 2018: RMB729 million
- Total outstanding interest-bearing debts at the end of 30 September 2018: RMB21,407 million (as at 31 December 2017 (restated): RMB21,686 million)
- Debt-to-asset ratio at the end of 30 September 2018: 62.22% (decreasing by 1.9 percentage points over the beginning of the year) (after deducting the compensation for pre-receipt of fees and charges for the Three Projects and the balance of funds allocated by Outer Ring Project and Coastal Phase II Project, the debt-to-asset ratio is about 52.89%)
- Composite borrowing costs: 4.69% (same period of 2017 (restated): 4.73%)



Operational Performance - Average Daily Toll Revenue

Shenzhen Region

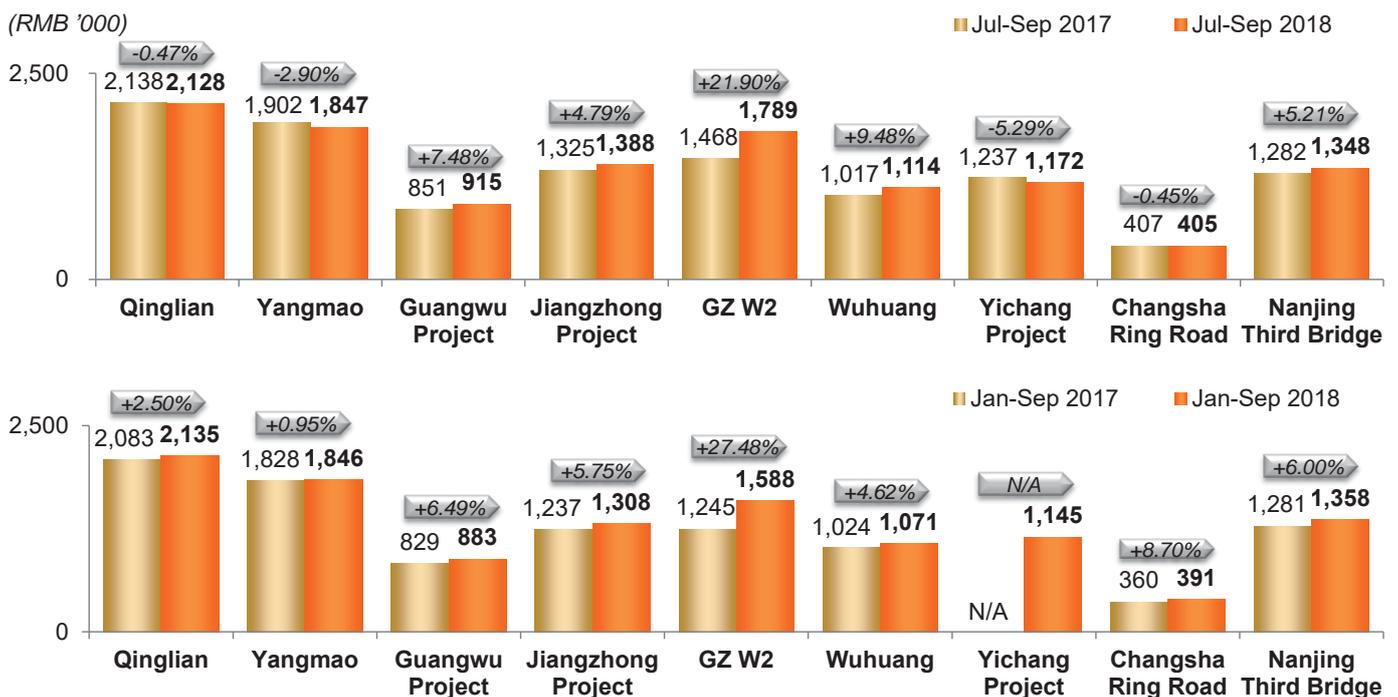


■ The toll-free policy has been implemented for Nanguang Expressway, Yanpai Expressway and Yanba Expressway (the "Three Projects") from 00:00 on 7 February 2016, the Company no longer discloses data for the Three Projects.



Operational Performance - Average Daily Toll Revenue

Other Regions





Operational Performance - Average Daily Mixed Traffic Volume

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	Jul-Sep 2018	Jul-Sep 2017	Change YOY	Jan-Sep 2018	Jan-Sep 2017	Change YOY
Shenzhen region	<i>(Number of vehicles in thousands)</i>			<i>(Number of vehicles in thousands)</i>		
Meiguan	108	100	+7.83%	99	92	+8.20%
Jihe East	304	295	+2.95%	288	270	+6.54%
Jihe West	235	231	+1.74%	221	215	+2.76%
Coastal Project	97	89	+9.22%	90	81	+10.58%
Shuiguan ^{Note}	235	232	+1.25%	222	214	+3.54%
Shuiguan Extension ^{Note}	85	81	+5.06%	80	74	+7.47%

- Coastal Project has been consolidated into the statements since February 2018.
- The traffic volume which is toll free during the holidays is not included in the figures of average daily mixed traffic volume.

Note: In September 2018, Shuiguan Expressway and Shuiguan Extension adjusted their statistical caliber after January 2017, resulting in a great change in traffic volume data. The toll revenue statistics are still using the original caliber. The adjustment does not affect the actual traffic volume and toll revenue of the above-mentioned two projects.



Operational Performance - Average Daily Mixed Traffic Volume

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	Jul-Sep 2018	Jul-Sep 2017	Change YOY	Jan-Sep 2018	Jan-Sep 2017	Change YOY
Other regions	<i>(Number of vehicles in thousands)</i>			<i>(Number of vehicles in thousands)</i>		
Qinglian	46	43	+5.90%	44	42	+5.38%
Yangmao	57	57	+1.02%	54	51	+5.52%
Guangwu Project	42	36	+17.25%	40	36	+11.15%
Jiangzhong Project	160	152	+5.49%	148	142	+3.89%
GZ W2	70	77	-9.60%	74	69	+7.37%
Wuhuang	56	54	+4.14%	55	51	+7.37%
Yichang	55	51	+6.57%	52	N/A	N/A
Changsha Ring Road	40	34	+17.79%	35	31	+14.34%
Nanjing Third Bridge	36	33	+7.55%	35	33	+7.04%

- Yichang Expressway has been consolidated into the combined financial statements of the Group since 15 June 2017.
- The traffic volume which is toll free during the holidays is not included in the figures of average daily mixed traffic volume.



Operational Performance - Brief Description

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- After the implementation of toll-free policy for the Three Projects, the growth of traffic volume also drove the traffic growth of the connecting Jihe Expressway and Shuiguan Expressway.
- The toll-free policy implemented for Phase II of Qingping Expressway since May 2018 has slight diversion effect on the traffic volume of Shuiguan Expressway.
- Coastal Project has been consolidated into the statements since February 2018. It implements Toll Adjustment of Lorries from 1 March 2018 to 31 December 2020, which is expected to drive the freight traffic volume and has positive effect on its future operation.
- The super typhoon “Mangosteen” has a certain negative impact on the toll revenue of highway projects in Shenzhen during the Reporting Period.
- Due to the continuous impact of the diversion of Yunzhan Section of Shanzhan Expressway and the implementation of the governing over-limit and overloaded vehicles policy, the growth rates of daily average traffic volume and toll revenue of Yangmao Expressway has slowed down.
- Due to the combined effect of changes in road network, reconstruction of connected roads and implementation of traffic administration measures, though the average daily traffic volume of GZ W2 Expressway declined, its toll revenue kept a relatively high YOY growth.
- The traffic diversion effect of Jiangluo Expressway Phase II on Guangwu Project has gradually been eased by the natural growth of traffic, and its average daily toll revenue showed a steady YOY growth.
- Guangzhongjiang Expressway has a slight diversion effect on Jiangzhong Project, but benefited from the positive impact of the road network penetration effect, the average daily traffic volume and toll revenue of Jiangzhong Project increased slightly YOY.
- Guisan Expressway (Guilin-Sanjiang), which was opened at the end of October 2017, diverted some of the transit traffic volume from the Qinglian Expressway. During the Reporting Period, the average daily toll revenue of Qinglian Expressway remained stable year-on-year. The construction of Qingxi Bridge and connected engineering and Yuewang Expressway (Yueyang-Wangcheng) was completed successively at the end of the period. The traffic artery from Southern China to Central China will be further highlighted and drive the traffic volume on Qinglian Expressway.
- The diversion impact arising from neighboring road network on Wuhuang Expressway still existed. However, benefited from the rapid growth of car ownership in the surrounding cities, the operational performance of Wuhuang Expressway was generally stable.
- Due to the positive impact of factors such as peripheral and regional economic development and the implementation of preferential policies for transportation within the province, the average daily traffic volume and toll revenue of Nanjing Third Bridge recorded a steady YOY growth.
- Due to various factors including the implementation of toll-by-weight, traffic diversion of newly-opened road sections, implementation of traffic control measures and changes in the function of business district along the highway, the YOY growth of the toll revenue of Changsha Ring Road slowed down, though its natural traffic volume kept increasing.
- The operational performance of Yichang Expressway was stable, due to the factors such as the economic growth in northwestern Hunan and surrounding road construction and traffic control.



Business Development

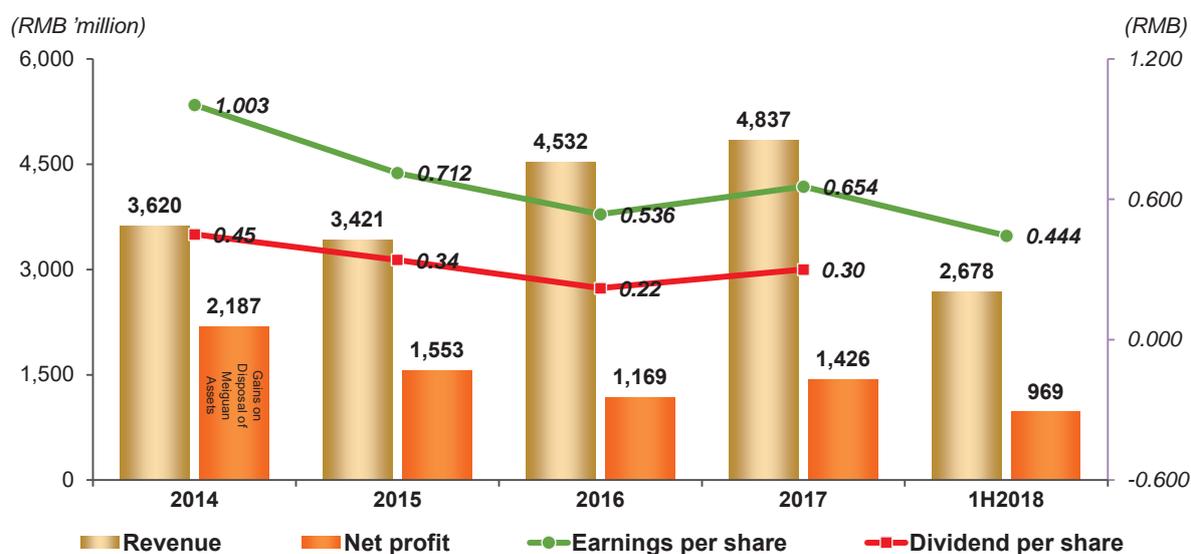
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- Toll Adjustment of the Three Projects: In November 2018, according to the original adjustment agreement, the Fee Entitlement Right of the Three Projects will be returned to the Transport Commission and the Transport Commission will implement toll-free for the Three Projects. The Transport Commission will pay cash compensation to the Company as agreed in the adjustment agreement. The Company will no longer have the Fee Entitlement Right of the Three Projects and will not be responsible for the management and maintenance of the Three Projects. It is expected that the Company will recognize a one-off gain on asset disposal attributable to shareholders of approximately RMB1.52 billion (after tax). The above amount is subject to final review by auditor of the Company.
- Meilin Checkpoint Renewal Project: In order to ensure the quality of the project, improve the project management level and overall return, and achieve the project's expected goals, United Land Company planned to increase the capital contribution on the existing basis. The Company would abandon the priority right of the capital increase. United Land Company intended to introduce Vanke as a strategic investor through public listing with the price for the Capital Increase of RMB2.9 billion. The three parties has entered into the “Capital Injection Agreement” and the Capital Increase has been approved by the general meeting of the Company on 13 November 2018. After completion of the Capital Increase, Vanke will have 30% interests in United Land Company and the interests owned by Xin Tong Chan and the Company in United Land will be accordingly diluted to 35.7% and 34.3%.

2018 Interim Results



Financial Highlights





Financial Analysis - Income Highlights

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	1H2018	1H2017 (restated)	Change in Amount	Change
Net profit attributable to owners of the Company (RMB 'million)	969	705	+264	+37.42%
Earnings per share (EPS) (RMB)	0.444	0.323	+0.121	+37.42%
Return on equity – weighted average (ROE) (%)	6.91%	4.87%		+2.04p.pt
Excluding non-recurring items ^{Note :}				
Net profit attributable to owners of the Company (RMB 'million)	788	716	+72	+10.11%
Earnings per share (EPS) (RMB)	0.361	0.328	+0.033	+10.11%
Return on equity – weighted average (ROE) (%)	5.66%	4.94%		+0.72p.pt

Note: The non-recurring items mainly include the compensation income of demolition of Meilin Checkpoint Renewal Project, the fair value gain/loss on Forex Swap, the amortization of compensation for Three Projects provided by concession grantor, the net income from entrusted operation and management services provided by Longda Company, interest income for the advance payment of projects such as the comprehensive management of Nanmen River, and the current net income of Coastal Company from the beginning of the period to the date of consolidation arising from the merger of enterprises under the same control.



Financial Analysis - Revenue, Cost & Expenses

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	1H2018 (RMB 'million)	1H2017 (RMB 'million) (restated)	Change in Amount (RMB 'million)
Revenue	2,678	2,290	+387 ^{Note1}
Toll highways	2,462	2,152	+310 ^{Note2}
Entrusted management services	45	20	+24 ^{Note3}
Real estate development	111	56	+55 ^{Note4}
Advertising and others	60	62	-2
Cost of services	1,283	1,123	+160 ^{Note5}
Toll highways	1,164	1,036	+128
Entrusted management services	22	13	+10 ^{Note6}
Real estate development	57	40	+17 ^{Note7}
Advertising and others	40	35	+5
General and administrative expenses	42	41	+2

Note 1: Revenue recorded a YOY increase of 16.91%, mainly due to the growth of toll revenue.

Note 2: Toll revenue recorded a YOY increase of 14.42%, in which the contribution from toll revenue of RMB224,879,000 during the Reporting Period was resulted from the consolidation of Shenchang Company and Yichang Company into the Group's financial statement.

Note 3: Revenue from entrusted management services recorded a YOY decrease of 118.23%, mainly due to the addition of entrusted construction management projects and the progress of construction or the completion settlement and audit of some original projects.

Note 4: Revenue from real estate development recorded a YOY increase of 98.65%, mainly due to the YOY increase in the number of delivered units in the current period of Guilong Development Project.

Note 5: Cost of services recorded a YOY increase of 14.20%, after deducting the effect of the change of scope of consolidation, the cost of services recorded a YOY increase of 5.58%, mainly due to the YOY increases in employee expenses and depreciation and amortization expenses of existing ancillary toll highways, and carry-forward of real estate development costs of Guilong Development Project.

Note 6: The cost of entrusted management services recorded a YOY increase of 76.89%, mainly due to the increase of the entrusted construction management cost of Section A of Outer Ring.

Note 7: The cost of real estate development recorded a YOY increase of 41.78%, mainly due to the increase of the carry-over real estate development cost of the commodity housing by Guilong Development Project.

Financial Analysis

- Operating Income

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	1H2018 (RMB' 000)	1H2017 (RMB' 000)	Change in Amount (RMB '000)
Toll highway			
Qinglian	387,232	372,102	+15,131
Jihe East	366,433	340,609	+25,824
Shuiguan	310,701	306,917	+3,784
Jihe West	315,996	299,974	+16,021
Wuhuang	190,064	186,029	+4,035
Nanguang	176,915	166,828	+10,088
Yanpai	88,587	86,543	+2,044
Yanba	76,415	89,885	-13,470
Meiguan	60,739	58,588	+2,152
Coastal	215,119	195,231	+19,888
Sub-total	2,188,203	2,102,706	+85,497 ^{Note}
Yichang	204,808	16,037	+188,770
Changsha Ring Road	69,474	33,366	+36,109
Total	2,462,485	2,152,109	+310,376

■ The Company recognized a compensation of RMB341,731,000 for toll revenue of the Three Projects during the Reporting Period.

Note: The toll revenue of the existing ancillary toll highways recorded a YOY increase of 4.07%, mainly due to the organic growth of traffic volume.

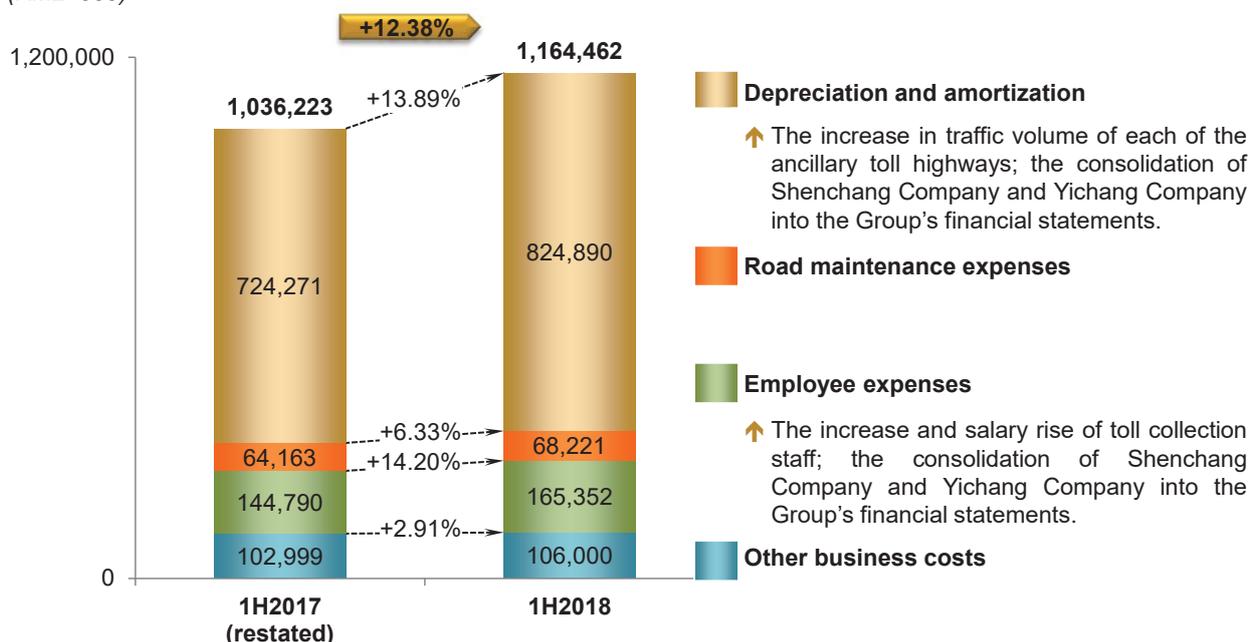
Financial Analysis

- Operating Costs

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Cost Breakdown of Toll Highway Business

(RMB '000)





Financial Analysis

- Operating Profit from Main Business

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	Cost of Services		Operating Profit	
	1H2018 (RMB '000)	Change in Amount (RMB '000)	1H2018 (RMB '000)	Change in Amount (RMB '000)
Toll highway				
Qinglian	198,101	+11,222	189,131	+3,909
Jihe East	150,664	+9,934	215,769	+15,890
Shuiguan	211,297	+6,271	99,404	-2,487
Jihe West	55,088	+2,567	260,908	+13,454
Wuhuang	118,468	+3,027	71,596	+1,008
Nanguang	80,417	-2,468	96,498	+12,556
Yanpai	35,489	-799	53,099	+2,843
Yanba	51,125	-5,219	25,290	-8,251
Meiguan	34,250	+868	26,489	+1,283
Coastal	113,081	+5,001	102,038	+14,887
Sub-total	1,047,979	+30,405	1,140,224	+55,092
Yichang	94,829	+86,893	109,979	+101,877
Changsha Ring Road	21,655	+10,941	47,819	+25,168
Total	1,164,462	+128,239	1,298,022	+182,137

Operating profit = Operating income – Operating costs



Financial Analysis

- Operating Profits from Entrusted Management Service & Real Estate Development

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	Operating Income		Operating Costs		Operating Profit	
	1H2018 (RMB '000)	Change in Amount (RMB '000)	1H2018 (RMB '000)	Change in Amount (RMB '000)	1H2018 (RMB '000)	Change in Amount (RMB '000)
Entrusted management project						
Outer Ring Project	12,560	+6,000	12,380	+5,820	180	+180
Entrusted construction management projects in Guizhou ^{Note1}	13,918	+11,156	4,292	+3,490	9,626	+7,666
Other entrusted construction management projects ^{Note2}	9,550	+6,962	5,516	+335	4,034	+6,628
Entrusted operation management projects ^{Note3}	8,491	0	0	0	8,491	0
Total	44,519	+24,119	22,188	+9,645	22,331	+14,474
Guilong real estate development project	110,811	+55,028	56,545	+16,662	54,265	+38,366

Operating profit = Operating income – Operating costs

Note 1: Including Duohua Bridge Project, Hengwu Road and Hengliu Road, Resettlement phase II in Longli Guizhou and Guizhou Logistics Harbor by Shenzhen International.

Note 2: Including the municipal facilities of Longda Municipal Section, Nanmen River Comprehensive Treatment Project in the Shenzhen-Guangdong-Shanwei Special Cooperation Zone and so on.

Note 3: Including Longda Expressway.



Financial Analysis - Investment Income

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	1H2018 (RMB '000)	1H2017 (RMB '000)	Change in Amount (RMB '000)
Item			
Joint ventures and associates:			
Changsha Ring Road ^{Note1}	-	7,080	-7,080
Shuiguan Extension	4,146	3,922	+223
Guangwu Project	19,324	18,683	+640
Yangmao Expressway	47,173	41,732	+5,441
Jiangzhong Project	11,782	11,404	+378
GZ W2 Expressway	29,014	19,720	+9,294
Nanjing Third Bridge	27,916	25,330	+2,586
Derun Environment ^{Note2}	92,446	18,036	+74,410
Bank of Guizhou ^{Note3}	50,878	62,862	-11,984
Others ^{Note4}	2,606	2,735	-130
Sub-total	285,283	211,505	+73,779
Gain from valuation of the fair value of the original equity interests held after consolidation of entity which is not under common control	-	27,504	-27,504
Investment income from wealth management products	3,329	7,582	-4,253
Total	288,612	246,591	+42,022

Note 1: It has been consolidated into the Group's financial statements since 1 April 2017. The investment income from Changsha Ring Road represents the data of the first quarter of 2017.

Note 2: The Group acquired 20% equity interests in Derun Environment in June 2017 and accounted for its investment income under the equity method of associates.

Note 3: The third party company has made capital injections to Bank of Guizhou since 2017. The board remained the same while the Company's shareholding ratio of Bank of Guizhou decreased from 4.41% to 3.44%.

Note 4: Including Consulting Company and United Land Company.



Financial Analysis - Financial Expenses

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	1H2018 (RMB '000)	1H2017 (RMB '000) (restated)	Change in Amount (RMB '000)
Item			
Interest expenses	511,949	429,512	+82,437
Less: Interest capitalized	- 29,711	- 8,028	+21,683
Interest income	32,428	28,386	+4,042
Add: Exchange losses and others	+ 50,739	+ (43,432)	+94,171
Total financial expenses	500,549	349,666	+150,883
	1H2018	1H2017 (restated)	Change in Amount
Composite borrowing costs - nominal costs (%)	4.70%	4.73%	-0.03p.pt
Average borrowing scale (RMB 'billion)	21.4	18.7	+2.7

- Interest expenses increased correspondingly with the increase in the average borrowing scale of the Group.
- Foreign currency liabilities and H-share dividends were impacted by the depreciation of Renminbi, resulting in an increase in exchange losses.
- Exchange losses from USD debentures and the fair value gains basically achieved financial hedging.
- Interest income increased as a result of the conversion of the receivables from United Land Company into creditor's rights.



Financial Analysis

- Assets and Liabilities Highlights

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	30 June 2018 (RMB 'million)	31 December 2017 (RMB 'million) (restated)	Change in Amount (RMB 'million)
Total equity attributable to owners of the Company	13,993	13,633	+360
Net assets per share (RMB)	6.42	6.25	+0.16
Total assets	44,400	44,015	+385
<i>of which: Cash and cash equivalents</i>	<i>2,147</i>	<i>1,885</i>	<i>+262</i>
Total liabilities	28,237	28,225	+12
<i>of which: Total outstanding interest-bearing liabilities</i>	<i>21,332</i>	<i>21,686</i>	<i>-354^{Note}</i>

Note: Total outstanding interest-bearing liabilities recorded a decrease of 1.63% over the end of 2017, mainly due to the repayment of part of bank loans and the reduction of the balance of the compensation for the Three Projects during the Reporting Period.



Financial Analysis

- Debt Ratio and Repayment

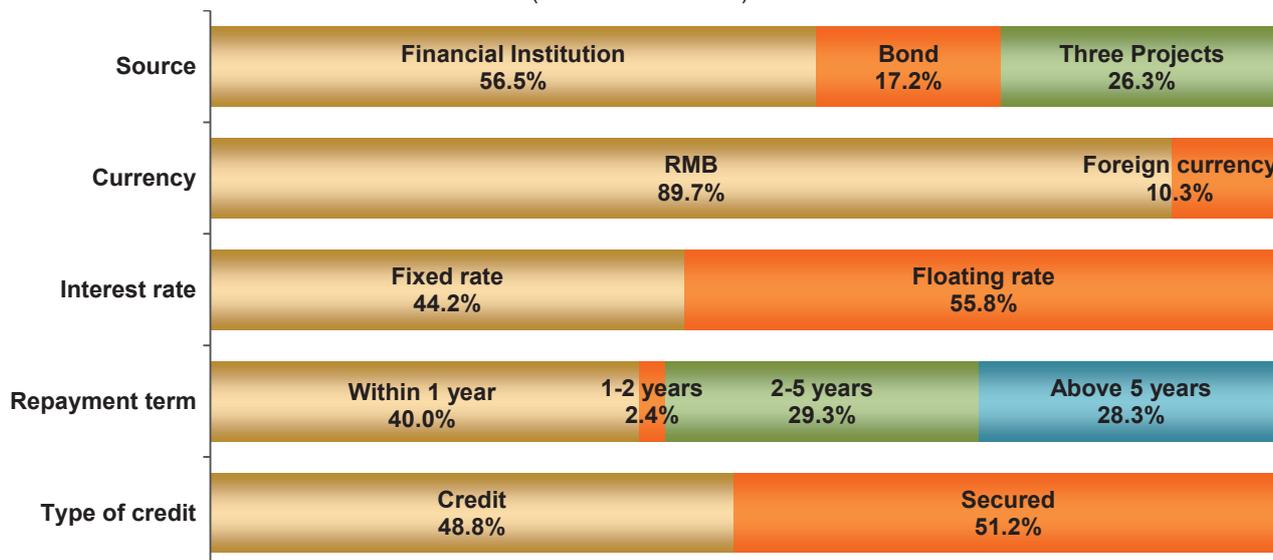
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	30 June 2018	31 December 2017 (restated)
Debt-to-asset ratio (Total liabilities / Total assets) ^{Note}	63.60%	64.13%
Net borrowings-to-equity ratio ((Total borrowings - cash and cash equivalents) / Total equity)	118.70%	125.41%
	1H2018	1H2017 (restated)
Interest covered multiple ((Profit before tax + interest expenses) / interest expenses)	3.60	3.22
EBITDA interest multiple (Earnings before interests, tax, depreciation and amortization / interest expenses)	5.29	4.93

- Due to the combined effect of decrease in the size of borrowings scale and the increase in cash balance, etc., the debt-to-asset ratio and the net borrowings-to-equity ratio of the Group decreased to a certain extent respectively as compared with that at the beginning of the year.
 - The Group's businesses demonstrated steady development, recording an increase in revenue while further enhancing the effectiveness of cost management and steadily improving the debt repayment capability.
- Note: After deducting the compensation for the advance payment of the Three Projects and the balance of the construction project funds of Outer Ring and Coastal Phase II, the debt-to-asset ratio is approximately 53.56%.

Borrowing Structure

(as at 30 June 2018)



- During the Reporting Period, the Company continued to maintain the highest rating of AAA in credit rating for domestic entities, and maintained the investment grade ratings for international entities. As for credit ratings of debt, corporate bonds and medium-term notes remained at the highest credit rating of AAA.
- The Company successfully issued RMB1 billion three-year medium-term notes and RMB800 million five-year medium-term notes on 26 July and 13 August 2018 with a coupon interest rate of 4.14% and 4.49%, respectively.

- In the first half of 2018, the total capital expenditure of the Group amounted to RMB447 million, of which, equity investments amounted to RMB58 million and non-equity investments amounted to RMB390 million.
- The Group's total capital expenditure will be expected to be approximately RMB5.2 billion from the second half of 2018 to 2020, which mainly comprised investment in Outer Ring Project, construction expenditures of projects such as Coastal Phase II project, and the investment in mechanical and electrical equipment of the highway sections operated by subsidiaries.
- During the Reporting Period, the Group's net cash inflows from operating activities and cash return on investments totaled RMB1.66 billion (1H2017 (restated): RMB1.41 billion).
- As at the end of the Reporting Period, unutilized banking facilities amounted to RMB14.4 billion.



Financial Analysis - Capital Expenditure 2

(RMB 'million)	Actual Expenditure	Capital Expenditure Plan			
	1H2018	2H2018	2019	2020	Total
Non-equity investments	389.7	1,185.6	2,203.9	1,491.6	4,881.1
<i>Outer Ring Project</i>	<i>300.0</i>	<i>983.6</i>	<i>2,051.6</i>	<i>1,396.7</i>	<i>4,431.9</i>
<i>Reconstruction and expansion of Meiguan Expressway</i>	<i>34.2</i>	<i>3.2</i>	<i>1.2</i>	<i>-</i>	<i>4.4</i>
<i>Qinglian Project</i>	<i>3.3</i>	<i>25.1</i>	<i>8.7</i>	<i>6.6</i>	<i>40.4</i>
<i>Nanguang Expressway</i>	<i>1.7</i>	<i>9.3</i>	<i>56.9</i>	<i>2.3</i>	<i>68.6</i>
<i>Coastal Phase II</i>	<i>5.3</i>	<i>12.1</i>	<i>17.4</i>	<i>17.4</i>	<i>46.8</i>
<i>Other investment (Investment in mechanical and electrical equipment, etc.)</i>	<i>45.1</i>	<i>152.3</i>	<i>68.1</i>	<i>68.6</i>	<i>288.9</i>
Equity investments	57.5	-	175.0	175.0	350.0
<i>Reconstruction and expansion of Yangmao Expressway</i>	<i>57.5</i>	<i>-</i>	<i>175.0</i>	<i>175.0</i>	<i>350.0</i>
Total	447.2	1,185.6	2,378.9	1,666.6	5,231.1



Operation Analysis of Toll Highways

Guangdong Province - Shenzhen Region

- After the adjusted toll collection scheme on the Meiguan Expressway was implemented, toll-free section of Meiguan Expressway stimulated the continuous growth of traffic volume of the toll section itself.
- After the implementation of Toll-free policy for Yanpai Expressway, Yanba Expressway and Nanguang Expressway (the "Three Projects"), the growth of traffic volume also drove the traffic growth of the connecting Jihe Expressway and Shuiguan Expressway.
- The implementation of the Administration of Use of Roads by Overloaded Transportation Vehicles has caused certain negative impacts on the freight volume and toll revenue of Jihe Expressway and Shuiguan Expressway.
- Coastal Project has been consolidated into the Group's financial statements since February 2018. From 1 March 2018 to 31 December 2020, all types of trucks passing through the Coastal Project will be charged a toll at 50% of the normal fee ("Toll Adjustment of Lorries"), which is expected to help drive the growth of freight traffic along the Coastal Project and have a positive effect on the future operation performance of the Coastal Project.

Guangdong Province - Other Regions

- Due to the continuous impact of the diversion of Yunzhan Section of Shanzhan Expressway and the implementation of the governing over-limit and overloaded vehicles policy, the growth rates of daily average traffic volume and toll revenue of Yangmao Expressway has slowed down.
- Both the average daily traffic volume and toll revenue of GZ W2 Expressway kept a high YOY growth due to the factors such as the economic growth in the areas along it, changes in road network and implementation of traffic administration measures.
- The traffic diversion effect of the surrounding road network on Guangwu Project has gradually been surpassed by the natural growth of traffic, and the average daily toll revenue showed a steady YOY growth.
- Guangzhongjiang Expressway has a slight diversion effect on Jiangzhong Project, but benefited from the positive impact of the road network penetration effect, the average daily traffic volume and toll revenue of Jiangzhong Project increased slightly YOY.
- Guisan Expressway (Guilin-Sanjiang), which was opened at the end of October 2017, diverted some of the transit traffic volume, resulting in a YOY slowdown in growth rates of both average daily traffic volume and toll revenue of Qinglian Expressway.

Other Provinces

- The diversion impact arising from neighboring road network on Wuhuang Expressway still existed. However, benefited from the rapid growth of car ownership in the surrounding cities, the operational performance of Wuhuang Expressway was generally stable.
- Due to the positive impact of factors such as peripheral and regional economic development and the implementation of preferential policies for transportation within the province, the average daily traffic volume and toll revenue of Nanjing Third Bridge recorded a steady YOY growth.
- The toll revenue of Changsha Ring Road maintained a relatively rapid YOY growth, due to the factors such as the improvement of road network, implementation of toll-by-weight policy, implementation of traffic control measures of neighboring roads and the business growth of enterprises along the highway.
- The operational performance of Yichang Expressway was stable, due to the factors such as the economic growth in northwestern Hunan and surrounding road construction and traffic control.



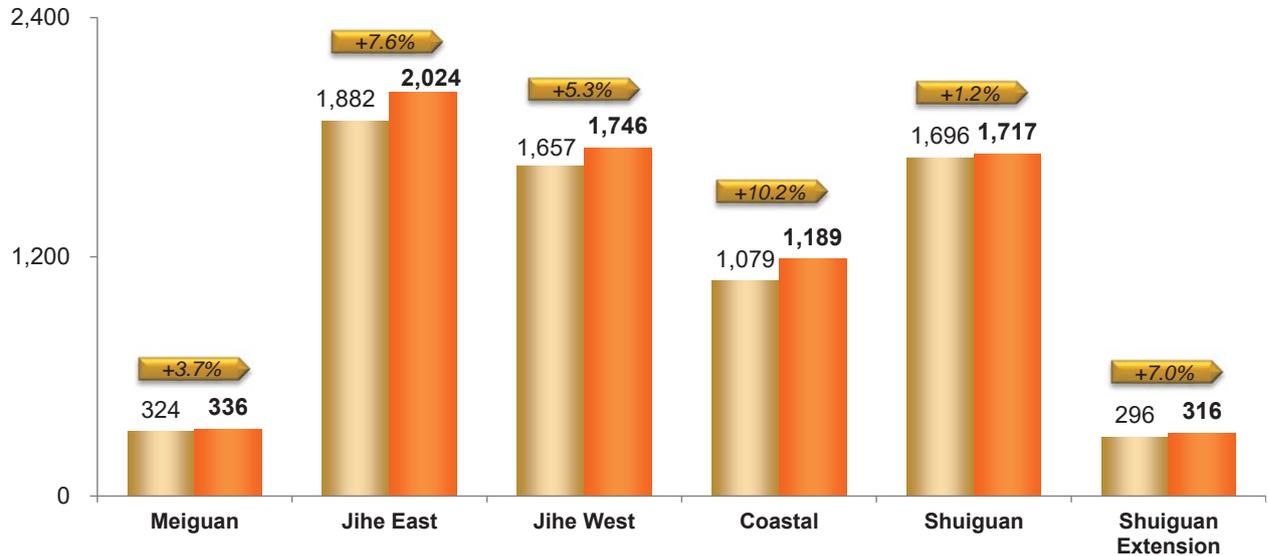
Operational Performance of Toll Highway - Shenzhen Region

31

Average Daily Toll Revenue

(RMB '000)

■ 1H2017 ■ 1H2018



- The toll-free policy has been implemented for Nanguang Expressway, Yanpai Expressway and Yanba Expressway (the "Three Projects") from 00:00 on 7 February 2016, the Company no longer discloses data for the Three Projects.
- Coastal Company has been consolidated into the Group's financial statements since 8 February 2018.



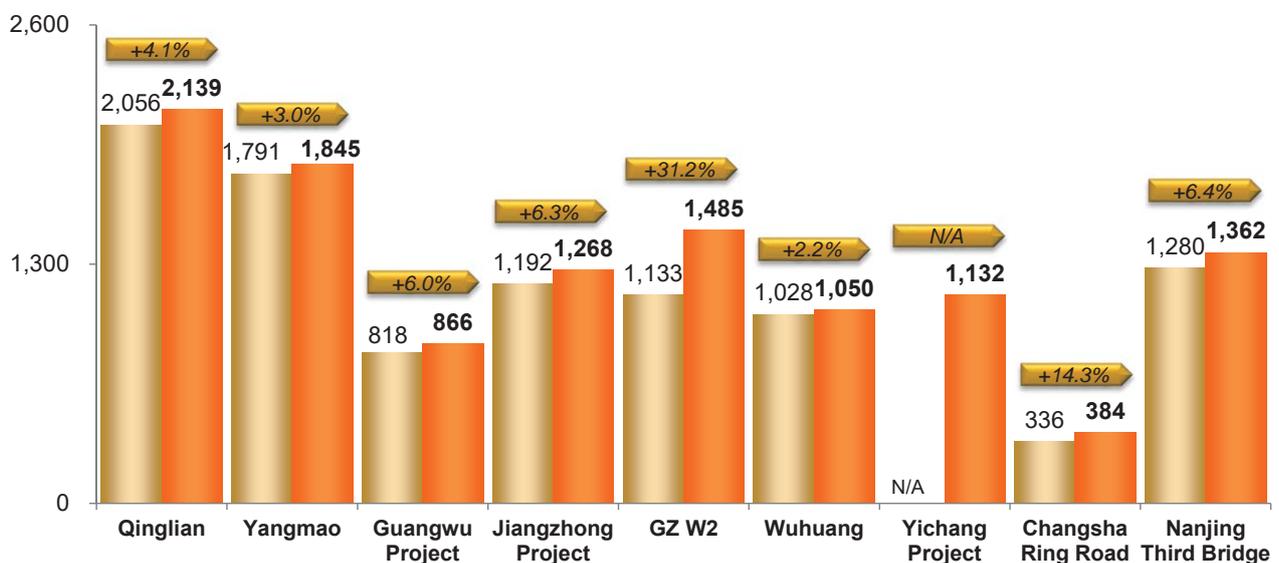
Operational Performance of Toll Highway - Other Regions

32

Average Daily Toll Revenue

(RMB '000)

■ 1H2017 ■ 1H2018



- Yichang Company has been consolidated into the Group's financial statements since 15 June 2017.
- Shenchang Company has been consolidated into the Group's financial statements since 1 April 2017.

- Explore the Opportunities for Establishing Intelligent Transportation and Enhance Service Efficiency.
 - The Group signed a strategic cooperation framework agreement with Baidu Netcom Science and Technology Co., Ltd. The two parties will take the major highway construction project as an opportunity to jointly promote intelligent transportation infrastructure construction, management and services.
 - “Shenzhen e-Traffic” was officially launched, and it was the first to achieve senseless payment and actual operation in Guangdong Province. Through the development and application of intelligent transportation technology, the Group can not only improve the quality and efficiency of operational services and reduce operating costs, but also open up new market businesses by exporting intelligent transportation technologies and services.
- Deepen the Marketing of Road Network and Actively Attract Traffic.
 - Qinglian Expressway boosted traffic volume by focusing on the Spring Festival marketing, holiday marketing and “the marketing of the integration of traffic and tourism”.
 - Wuhuang Expressway attracted traffic volume by multi-faceted promotion such as mobile applications and traditional media.
 - Leveraging on the changes of neighboring road networks, Jiangzhong Expressway and GZ W2 Expressway boosted traffic volume by multi-channel promotion.

Section A of Outer Ring

- Section A of Outer Ring is from Coastal Expressway in the west to the interchange of Shenshan Expressway in the east (excluding Dongguan section) with the length of approximately 60 km with six-lane.
- The Company and Shenzhen Government entered into agreements on 18 March 2016: the investment budget for Section A of Outer Ring is approximately RMB20.6 billion, the Group invests RMB6.5 billion to get its 100% equity, receive 100% of the operating revenue and undertake the operating cost, relevant taxes and risks of the project for a term of 25 years, and the cost overruns are assumed or financed by Shenzhen Special Economic Zone Construction and Development Company Limited, a company established and wholly-owned by Shenzhen Government.
- Section A of Outer Ring is the first toll highway project invested by the Group based on PPP model, which can effectively achieve a balance between the public welfare and reasonable return on business investment of infrastructure.
- Section A of Outer Ring contains Phase I and Phase II. The total length of Phase I is approximately 50.74 km and the construction of Phase I has been fully carried out. The total length of Phase II is approximately 9.35 km and the civil engineering, housing construction and pavement have been carried out. The construction of the main project is scheduled to be completed by the end of 2019.



Business Development - Toll Highways 2

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Coastal Project

- Coastal Expressway (Shenzhen Section) is a dual eight-lane expressway with the total mileage of approximately 37 km and comprised of Coastal Phase I and Coastal Phase II. Among which, the main line and the facilities referred to as Coastal Phase I with a toll mileage of approximately 30.9 km, which was opened to traffic on 28 December 2013. The ramp bridge of airport interchange and facilities referred to as Coastal Phase II with a total length of approximately 5.7 km. The construction of Coastal Phase II commenced in December 2015 and is scheduled to be opened to traffic by end of 2019.
- On 11 December 2017, the Company entered into the acquisition agreement with SIHCL and Coastal Company to acquire 100% equity interests in Coastal Company at a consideration of RMB1,472 million. Coastal Company has been consolidated into the Group's financial statements since February 2018.
- Coastal Company and Shenzhen Transportation Commission signed the "Freight Compensation Agreement for Guangshen Coastal Expressway Shenzhen Section" on 28 February 2018. Coastal Project implements Toll Adjustment of Lorries from 1 March 2018 to 31 December 2020, Shenzhen Transportation Commission will provide cash compensation amount of RMB300 million to Coastal Company.



Business Development - Toll Highways 3

36

Reconstruction and Expansion of Jihe Expressway

- To match the overall work plan and arrangement of the government's expressway construction and improve road safety and quality and the traffic environment, the Group has been approved to carry out the preliminary works such as the preliminary design, of the reconstruction and expansion of Jihe Expressway. At present, the design plan and investment model of the project are still at the stage of consultation with the competent government departments.

Capital Increase and Expansion of Yangmao Expressway

- The Company signed a capital contribution agreement with other shareholders of Yangmao Company in June 2018. The three shareholders of Yangmao Company will contribute a total of RMB3,024 million (including RMB756 million by the Company) according to the proportion of shares held by them, respectively, to be used as the capital for the reconstruction and expansion of Yangmao Expressway. Yangmao Expressway will be rebuilt and expanded according to the eight-lane standard. The total investment amount of the reconstruction and expansion project is approximately RMB8.64 billion.
- Yangmao Expressway has a total length of 79.76 km, and a favorable geographical position. After operating for more than ten years, it has shown a steadily growing operating performance. It has brought a good return on investment to the Company. As the growth of the economy along Yangmao Expressway, its transportation demand will continue to increase. The reconstruction and expansion of Yangmao Expressway can further leverage its line position and enhance its commercial value, which is in line with the Company's development strategy and overall interests.



Business Development - Environmental Protection Business 1

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Derun Environment

- Environmental Company, a wholly-owned subsidiary of the Company, acquired 20% equity interests in Derun Environment at the price of RMB4,408,644,500 in May 2017.
- Derun Environment is established in Chongqing in October 2014 with a registered capital of RMB1 billion. It is owned as to 54.9%, 25.1% and 20% by Water Asset, Suyu Industry and the Company, respectively. Derun Environment is a comprehensive environmental enterprise with two major business segments, namely water treatment and waste incineration power generation. It has stable profitability, abundant cash flow, strong scale advantages, regional competitive advantage and growth potentials.
- By acquiring Derun Environment's equity interests through Environmental Company at a reasonable price, the Company can expand its environmental business and obtain a reasonable return on investment. On the other hand, the Company may also carry out in-depth cooperation with Derun Environment and complement each other's advantages in business development. Recently, Environmental Company entered into an agreement with SITA Asia under the Suez Group and two parties established a joint venture to conduct business cooperation in hazardous waste disposal, sanitation integration and water environment remediation, etc.
- The Company recognized the investment income from Derun Environment for the first half of 2018 of RMB92,446,000.



Business Development - Environmental Protection Business 2

38

Water Planning Institute

- In July 2017, the Company subscribed for 15% of the equity interests as enlarged by the Capital Increase of Water Planning Institute at a consideration of RMB10.315/registered capital totaling RMB61.89 million.
- Water Planning Company is one of the first comprehensive survey and design organization in the PRC to commence integrated water design. It processes 7 A-grade qualifications in areas such as water conservancy industry, municipal water supply and drainage, comprehensive engineering survey and surveying etc. It is one of the top 500 PRC enterprises in the field of survey and design, and one of the top 50 PRC enterprises in the field of water conservancy survey and design.
- By investing in Water Planning Company at a reasonable price, the Company would be able to achieve reasonable investment return, at the same time striving for expansion into the water environmental management field from a high starting point. This will help the Company to acquire resources for technological research and development in respect of water environmental management and urban water planning, expand market channels, achieve complementary advantages along the industrial chain with related cooperating parties, thereby assisting the Company to rapidly enhance its competitiveness in market of water environmental management.

Nanmen River Comprehensive Treatment Project

- In the case of a total investment of no more than RMB320 million, the Company and CCCC Tianjin Dredging Co., Ltd. jointly established a consortium to participate in the investment, construction and management of the Nanmen River Comprehensive Treatment Project. As at the end of the Reporting Period, the works that met the operating conditions have started construction, and more than 50% of the overall image progress has been completed.

Others

- A project company was established by Environmental Company through equity investment to commence relevant preliminary work of the waste incineration power generation project in Longli County. At present, relevant preliminary work was progressing as planned.



Business Development - Entrusted Construction Management & Other Infrastructure

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Project Construction

- The construction of the main project of Outer Ring Project has fully commenced and is scheduled to be completed by the end of 2019.
- Coastal Phase II has completed most of the demolition work and the construction bidding for part of the contract sections. Three contract sections are under construction.
- The construction of four toll stations of the first batch of Cargo Organization Adjustment Project were underway, with a total investment of approximately RMB1.07 billion and it is expected that the construction for the first batch of toll stations will be completed in August 2018 and delivered at the end of 2018.
- Land levelling and related auxiliary projects regarding Shenzhen-Shanwei Special Cooperation Zone has completed approximately 50% of the image progress basically, and the whole project is scheduled to be fully completed by the end of 2019.

Acceptance and Audit

- The acceptance work and completion settlement audit of the construction of Resettlement Project Phase II in Longli, Guizhou have been completed.
- The main work of entrusted construction project on Hengwu Road and Hengliu Road in Longli, Guizhou was completed and accepted.
- The entrusted construction project of Guizhou Logistics Harbor of Shenzhen International has been completed and delivered for use.
- The completion settlement and government audit of Meiguan Toll Station, Dezheng Road Project, Coastal Phase I, auxiliary project of Longda Municipal Section and Guanlan Renmin Road-Meiguan Expressway Joints Project were underway.

Preliminary Planning

- Houmen Comprehensive Resettlement Building Project is at the preliminary stage of applying for construction currently. The construction is scheduled to commence in the second half of 2018.
- The total length of Duohua Bridge Project is approximately 2.2 km. Guisheng Company, a subsidiary of the Company, undertakes the project by BT Model. The investment budget of the project was approximately RMB900 million and the construction period is expected to be approximately 3 years.



Business Development - Development and Management of Land 1

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Guilong Proect

- Relying on BT Project, from 2012 up to the Reporting Date, the Group has successfully won the bids for parcels of land in Longli, Guizhou with an area of approximately 2,655 mu (approximately 1.77 million square meters) with a total consideration of approximately RMB896 million:
 - 1,045 mu (approximately 697,000 square meters) has been conducted secondary self-development as Shenzhen Expressway Interlaken Town:
 - Phase I (approximately 300 mu, equivalent to 200,000 square meters) has been developed. More than 300 sets of villas have been delivered for use. The revenue of RMB679 million has been recognized.
 - Phase II (approximately 389 mu, equivalent to 260,000 square meters) is under development. Among which, Stage I launched 238 sets of villas, which has been basically sold and is planned to be delivered for use before the end of 2018. Stage II is mainly for commercial supporting property. 51 sets out of the first batch of 60 commercial properties have been contracted for sale, which is expected to be completed and delivered in the first half of 2019.
 - Phase III (approximately 299 mu, equivalent to 153,000 square meters) is under development. Among which, Stage I launched 271 sets of villas, which were opened for sale in July 2018 and is expected to be completed before the end of 2020.
 - The Company completed the sale and transfer of the area of 504 mu (approximately 336,000 square meters), a cash amount of RMB0.15 billion has been received.
 - In May 2018, the Board approved to transfer 296 mu of land (held by Guizhou Yuelong). As at the reporting date, the transferee has been identified and signed the equity and creditor transfer contract with the transaction price of approximately RMB180 million. In July 2018, the Board approved to overall transfer 810 mu of land (held by Guizhou Shengbo, Guizhou Hengfengxin, Guizhou Henghongda, and Guizhou Hengda) with the listing price no lower than RMB550 million. At the reporting date, the assessment and audit of the transfers was in progress.
- In order to seize the opportunities in the market and effectively lower the risks in relation to the collection of receivables from Duohua Bridge Project, the Board has approved Guishen Company (or the project company it established for holding lands) to participate in the bidding of land of approximately 1,000 mu which was listed for sale and proposed to be sold in batches by the government of Longli County at a real price of not more than RMB500,000/mu (inclusive).
- The Group will, through means such as timely market transfer, cooperation or self-development based on the overall market conditions and development opportunities, realize the market value of the lands it holds and the Group's investment gains as soon as possible, at the same time prevent the contractual and market risks in relation to the lands in an effective way.



Business Development - Development and Management of Land 2

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Meilin Checkpoint Renewal Project

- The Company and Shenzhen International (through XTC Company, its wholly-owned subsidiary) have established United Land Company, in which two parties own 49% and 51% equity interests respectively, as the implementing entity of Meilin Checkpoint Renewal Project.
- The land area of the land parcels is approximately 96,000 square meters and the land is for residential and commercial purposes with a capacity building area of not more than 486,400 square meters (including public affiliated facilities, etc.). United Land Company has acquired the land use right of the land parcels in 2016.
- The Company entered into the Capital Reduction Agreement with XTC Company and United Land Company on 2 February 2018. The total amount of capital reduction was RMB4.5 billion. After the completion of the capital reduction, the registered capital of United Land Company will decrease from RMB5 billion to RMB500 million. The Company and XTC Company will hold the equity interests in United Land Company in proportion to their existing shareholdings and entitled to shareholders' rights and interests.
- In April 2018, Meiguan Company and United Land Company signed a supplementary agreement. United Land Company has increased the compensation with 9,120 square meters of office building for Meiguan Company's property involved in the Meilin Checkpoint Renewal Project. It will increase the net profit attributable to shareholders of the Company by approximately RMB131 million in 2018. However, the impact on the Group's total income of Meilin Checkpoint Renewal Project was slight.
- It is estimated that the land price of the project land parcel would be about RMB13,000.00 per square meter, including the land premium, relocation compensation for the properties on the land, preliminary planning costs, and relevant tax. The land parcels are situated at a geographically advantageous location with certain advantages on land price over the market prices of the peripheral areas and also have better investment value and appreciation potential.
- The project was determined to adopt the "entrusted development" model. Vanke has become the entrusted construction management party of the project through the public tendering. The construction of Phase I has been fully commenced.
- In order to ensure the quality of the project, improve the project management level and overall return, and achieve the project's expected goals, United Land Company planned to increase the capital contribution on the existing basis. The Company would abandon the priority right of the capital increase. United Land Company intended to introduce a professional real estate developer as a strategic investor through public listing. The listing price is not less than RMB2.9 billion. After the capital increase is completed, the strategic investors will have 30% interests in United Land Company. At present, the capital increase is in progress.



Business Development - Other Businesses

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Bank of Guizhou

- The Company subscribed 426 million additional shares of Bank of Guizhou. The equity interests held by the Company in the Bank of Guizhou accounts for 3.44% of the total shares after the increase in capital and shares of Bank of Guizhou.
- It has been recognized the investment income for the first half of 2018 of RMB50,878,000.
- Given the strong cash dividend capacity and there is more room for future development of Bank of Guizhou, the subscription of the additional shares issued by Bank of Guizhou will optimize the Company's asset allocation in pursuit of sound synergy for its subsequent infrastructure investments and operations in relevant regions.

Advertising Company

- The Group is engaged in the businesses of billboard leasing, advertising agency, design production and related businesses alongside the toll highways and at the toll stations through its wholly-owned subsidiary, Advertising Company.
- Advertising Company has also further developed outdoor media businesses of main urban roads and provided brand building and promotion plans for customers in recent years.

Consulting Company

- Consulting Company, held as to 24% by the Company, is a professional engineering consulting company with independent legal status. Its business scope covers pre-consultation, survey and design, tendering agency, cost consulting, engineering supervision, engineering experiment and testing, maintenance consulting, etc., with the qualification and capability of providing consulting services to the whole process of investment and construction of engineering project.

Guangdong UETC

- Guangdong UETC, held as to 12.86% by the Company, is principally engaged in electronic clearing business of the toll highways in Guangdong Province, including investment, management and services of electronic toll and clearing systems, and the sales of related products.

Guangzhou Fund

- The Company established Shenzhen Expressway (Guangzhou) Industrial Investment Fund Management Company Limited ("Guangzhou Fund") in December 2017 as the Group's channel for expanding the financing models in the transport infrastructure industry and environmental protection industry and a platform for incubating projects. As at the end of the Reporting Period, Guangzhou Fund has not yet initiated the establishment of a fund to carry out investment mergers and acquisitions business..



Major Works in 2H2018

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Toll Highway Business

- Further enhance the strategic cooperation with Baidu and promote intelligent transportation.
- Establish the key projects, such as Outer Ring Expressway, as exemplar and paragon of Shenzhen Expressway in the area of highway construction, management and maintenance.
- Proactively explore opportunities for mergers and restructuring, invest in potential toll road and bridge projects and continue to upgrade the core business of toll highway.

Environmental Protection Business

- Step up the efforts in innovating the mechanism and system for the core business of environmental protection, actively seek merger and acquisition opportunities in key areas such as solid waste (hazardous waste, waste-to-energy, environmental sanitation integration, etc.) and water pollution control.
- Strengthen the strategic cooperation with leading enterprises and institutions such as Derun Environment, Water Planning Company, Suez and Southern University of Science and Technology in environmental protection field.
- Actively follow up the environmental protection projects that have made initial progress, strengthen industry research work, deeply seek investment opportunities in sub-sectors, strengthen the construction of environmental protection talents, enhance market competitiveness, and fully promote the implementation of environmental protection entities.

Business Expansion

- Take the favorable opportunity in the Shenzhen-Guangdong-Shanwei Special Cooperation Zone and Longli County of Guizhou, consolidate the Company's strategic positioning as "city and transportation infrastructure construction and operation service provider", gradually expand the Company's business development area, and promote the mature areas to develop in depth.
- Actively promote the development of Meilin Checkpoint Renewal Project, manage the introduction of strategic investors, and further promote the preliminary work of reconstruction and expansion of Jihe Expressway.
- Continue to carry out research, screening and demonstration of toll road projects and new industrial projects that are in line with the Group's development strategy, and continue to focus on and control risks.

Financing and Financial Management

- Pay close attention to the real-time changes in financial policies and financing environment, timely adjust financial strategies, manage financial risks monitoring, ensure financial liquidity security and take into account the benefits of funds.
- Manage the issuance of A Shares Convertible Corporate Bonds, and lock the exchange rate of USD300 million bonds.
- Strengthen the coordination and planning management of the Group's funds, arrange reasonable financing plans, broaden and innovate domestic and overseas financing channels, guarantee the Company's capital needs, and provide strong support for the Group's development strategy.

Employee Incentive Scheme

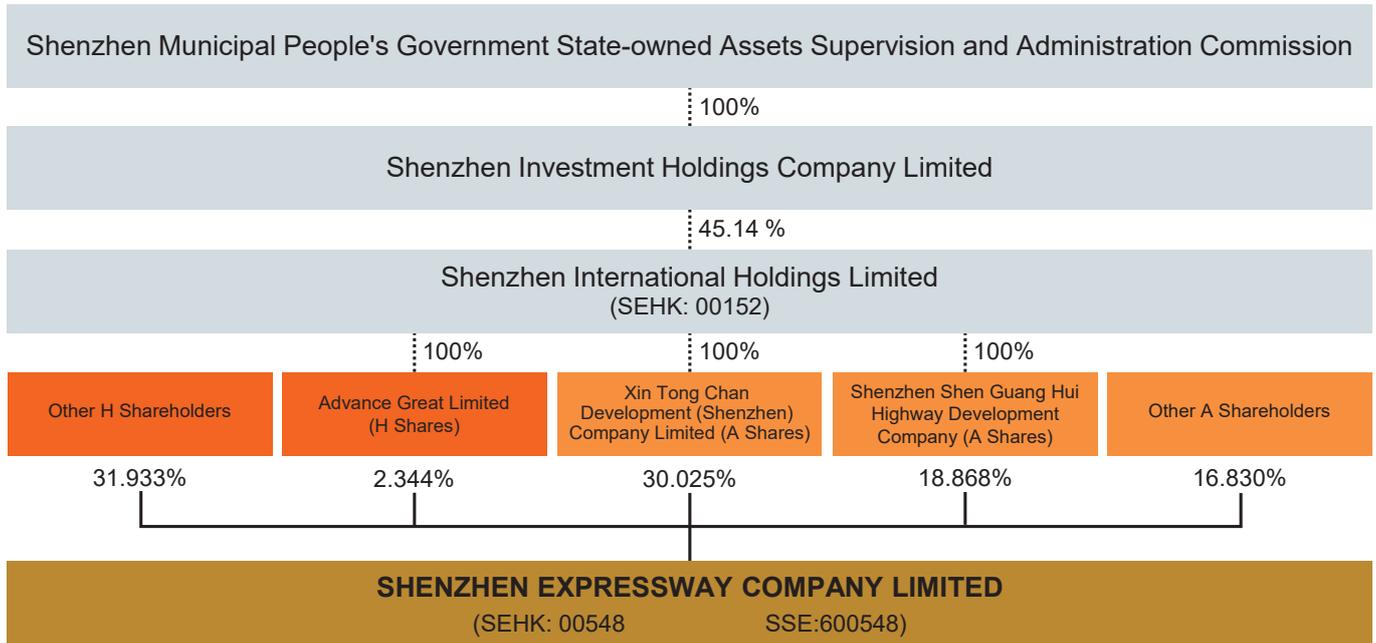
- Actively study and promote the design and implementation of incentive scheme for key employees.

44

Appendix



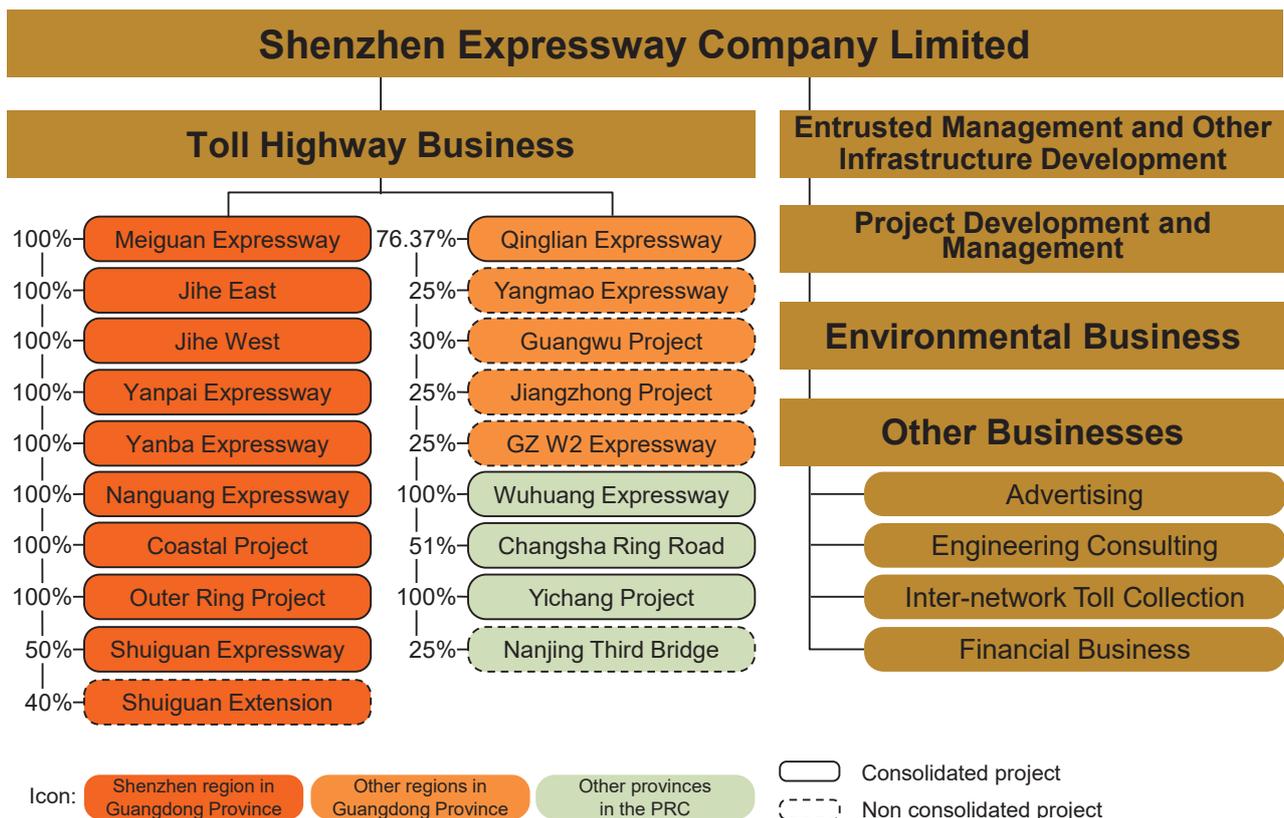
Shareholding Structure



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%.



Business Structure





Toll Highway Projects Summary

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Toll Highway	Interest Held by the Company	Location	Toll Mileage (km)	No. of Lanes	Status	Maturity
Meiguan Expressway	100%	Shenzhen	5.4	8	Under operation	2027.03
Jihe East	100%	Shenzhen	23.7	6	Under operation	2027.03
Jihe West	100%	Shenzhen	21.8	6	Under operation	2027.03
Yanba Expressway ^{Note}	100%	Shenzhen	29.1	6	Under operation	Section A: 2026.04 Section B: 2028.07 Section C: 2035.03
Shuiguan Expressway	50%	Shenzhen	20.0	10	Under operation	2027.02
Shuiguan Extension	40%	Shenzhen	6.3	6	Under operation	2027.02
Yanpai Expressway ^{Note}	100%	Shenzhen	15.6	6	Under operation	2027.03
Nanguang Expressway ^{Note}	100%	Shenzhen	31.0	6	Under operation	2033.01
Coastal Project	100%	Shenzhen	36.6	8	Phase I: Under operation Phase II: Under construction	2038.12
Outer Ring Project	100%	Shenzhen	60.0	6	Under construction	-
Yangmao Expressway	25%	Guangdong	79.8	4	Under operation	2027.07
Guangwu Project	30%	Guangdong	37.9	4	Under operation	2027.11
Jiangzhong Project	25%	Guangdong	39.6	4	Under operation	2027.08
GZ W2 Expressway	25%	Guangdong	40.2	6	Under operation	2030.12
Qinglian Expressway	76.37%	Guangdong	216.0	4	Under operation	2034.07
Wuhuang Expressway	100%	Hubei	70.3	4	Under operation	2022.09
Yichang Expressway	100%	Hunan	73.1	4	Under operation	2033.12
Changsha Ring Road	51%	Hunan	34.7	4	Under operation	2029.10
Nanjing Third Bridge	25%	Jiangsu	15.6	6	Under operation	2030.10

Note: Pursuant to the agreement between the Company and Transport Commission, the toll of the Three Projects has been adjusted since 7 February 2016. During the first phrase up to 31 December 2018, the Company will retain its fee entitlement right and be responsible for the maintenance and repair of the Three Projects, and will implement toll-free for the Three Projects in exchange for cash compensation from the Transport Commission.



Average Daily Mixed Traffic Volume

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(Number of vehicles)	2013	2014	2015	2016	2017	1H2018
Shenzhen region in Guangdong Province						
Meiguan Expressway ^{Note1}	129,769	84,622	74,956	83,211	92,078	94,858
Jihe East	149,896	189,586	219,169	249,608	270,742	279,494
Jihe West	123,343	149,921	175,533	202,458	215,315	214,371
Coastal Project ^{Note2}	-	-	-	-	-	89,341
Shuiguan Expressway	155,477	168,728	191,354	227,055	229,537	231,449
Shuiguan Extension	39,119	61,655	75,377	97,710	105,094	110,363
Other regions in Guangdong Province						
Qinglian Expressway	28,344	33,026	33,290	36,753	41,190	43,482
Yangmao Expressway	31,481	34,935	40,485	45,828	50,142	52,413
Guangwu Project	27,177	31,935	34,792	40,086	35,479	38,921
Jiangzhong Project	89,467	101,183	107,246	120,351	142,278	141,558
GZ W2 Expressway	42,175	46,205	50,007	58,638	71,316	76,295
Other provinces in the PRC						
Wuhuang Expressway	39,127	38,891	40,617	43,908	50,736	54,671
Changsha Ring Road	14,015	16,188	19,798	26,279	32,206	32,931
Nanjing Third Bridge	29,312	27,665	26,777	27,299	32,619	34,862
Yichang Expressway ^{Note3}	-	-	-	-	47,941	50,500

Note1: Toll-free for Meilin to Guanlan section of Meiguan Expressway with a mileage of approximately 13.8 km was implemented on 1 April 2014, and the toll for section from Shenzhen-Dongguan border to Guanlan with a mileage of approximately 5.4 km remained.

Note2: 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.

Note3: 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.



Average Daily Toll Revenue

(RMB '000)

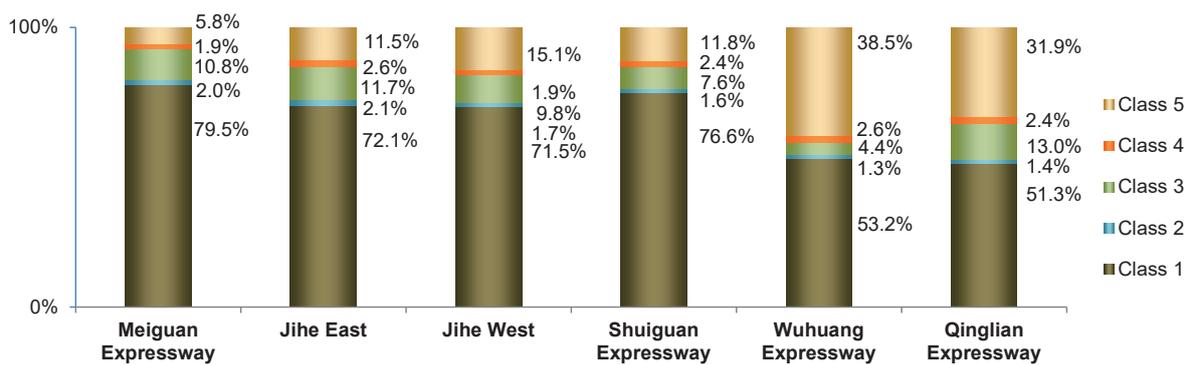
	2013	2014	2015	2016	2017	1H2018
Shenzhen region in Guangdong Province						
Meiguang Expressway ^{Note1}	803.1	413.6	282.9	311.3	336.3	335.6
Jihe East	1,328.8	1,614.6	1,745.1	1,767.1	1,962.0	2,024.5
Jihe West	1,048.2	1,267.6	1,491.0	1,641.7	1,729.4	1,745.8
Coastal Project ^{Note2}	-	-	-	-	-	1,188.5
Shuiguan Expressway	1,297.7	1,385.6	1,537.3	1,692.8	1,762.8	1,716.6
Shuiguan Extension	176.1	230.8	253.7	299.5	314.3	316.3
Other regions in Guangdong Province						
Qinglian Expressway	1,948.1	2,136.3	1,745.7	1,834.9	2,016.5	2,139.4
Yangmao Expressway	1,469.2	1,551.8	1,694.7	1,800.3	1,819.5	1,845.1
Guangwu Project	718.5	802.0	893.9	1,024.8	832.1	866.4
Jiangzhong Project	924.1	1,019.2	1,066.6	1,132.6	1,249.3	1,267.5
GZ W2 Expressway	824.8	917.2	990.3	1,073.8	1,343.2	1,485.5
Other provinces in the PRC						
Wuhuang Expressway	1,040.4	891.0	908.5	939.0	1,004.9	1,050.1
Changsha Ring Road	143.6	167.9	222.8	311.9	373.4	383.8
Nanjing Third Bridge	1,169.5	1,093.5	1,040.5	1,097.8	1,269.7	1,362.4
Yichang Expressway ^{Note3}	-	-	-	-	1,157.3	1,131.5

Note1: Toll-free for Meilin to Guanlan section of Meiguang Expressway with a mileage of approximately 13.8 km was implemented on 1 April 2014, and the toll for section from Shenzhen-Dongguan border to Guanlan with a mileage of approximately 5.4 km remained.
 Note2: 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.
 Note3: 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.

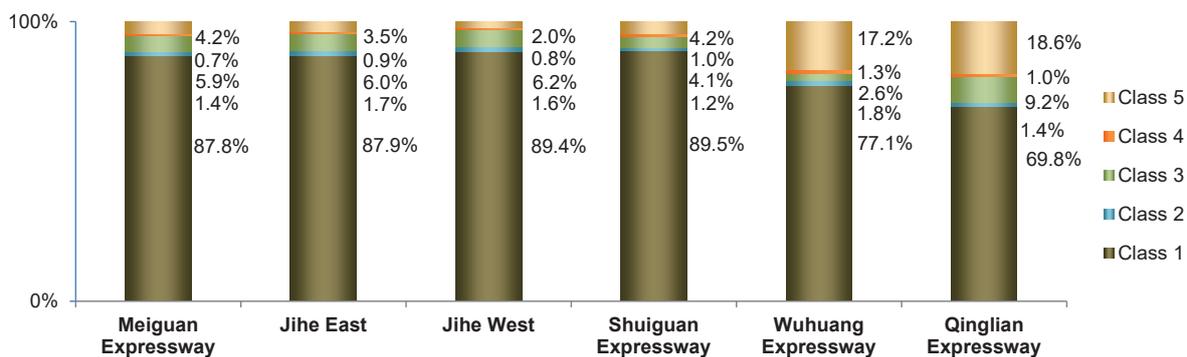


Vehicle Category of Major Highways in 1H2018

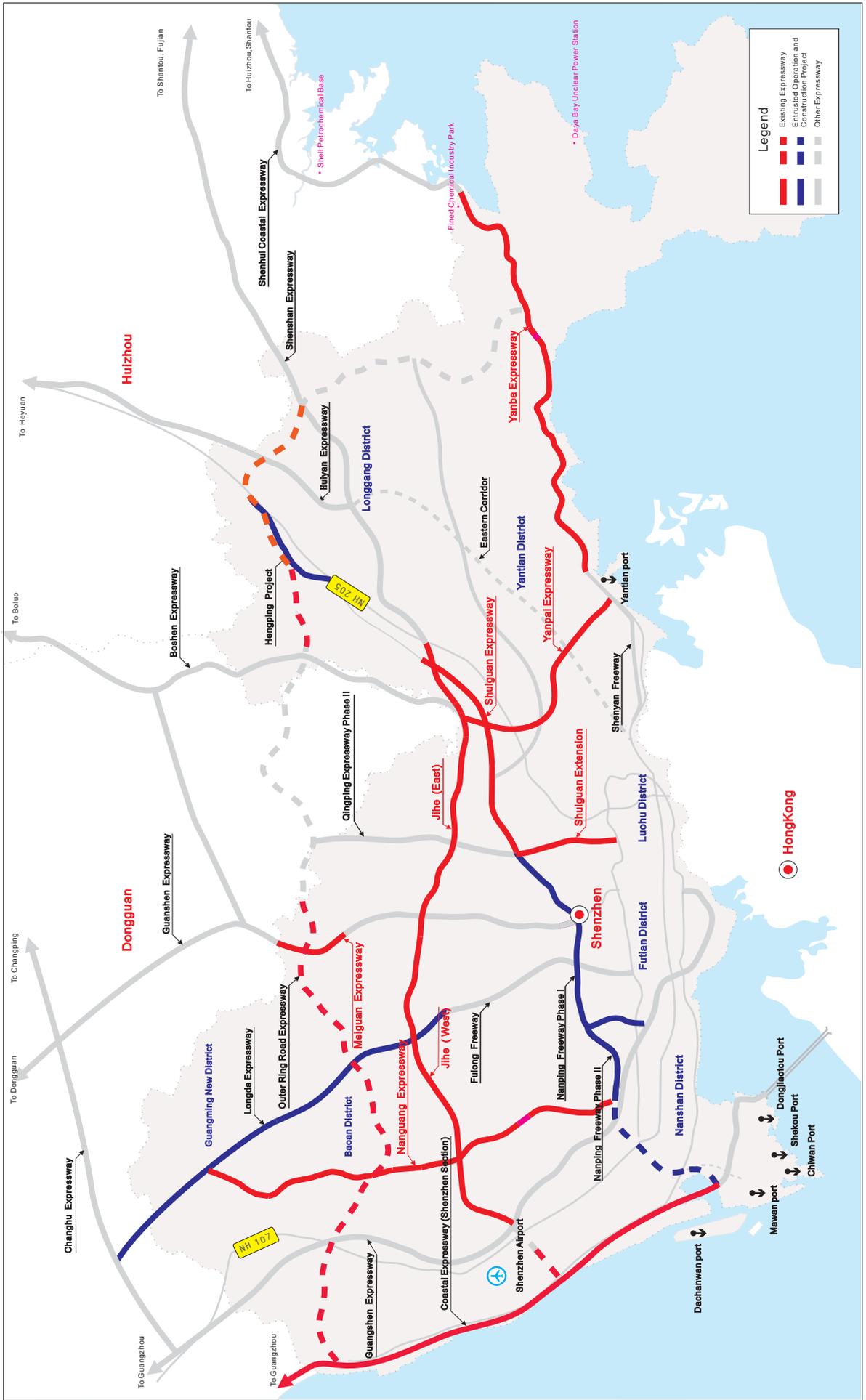
By revenue



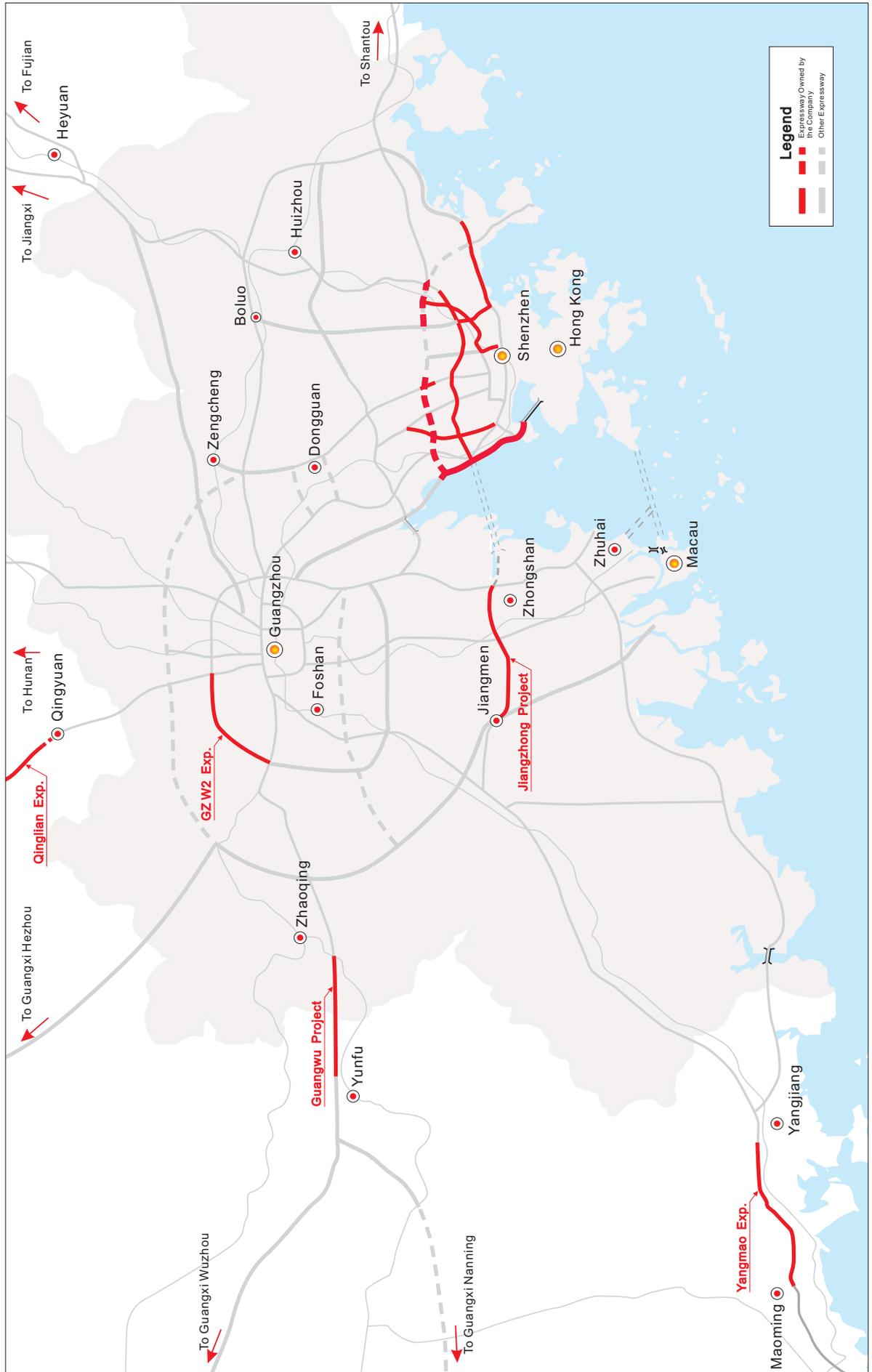
By traffic volume



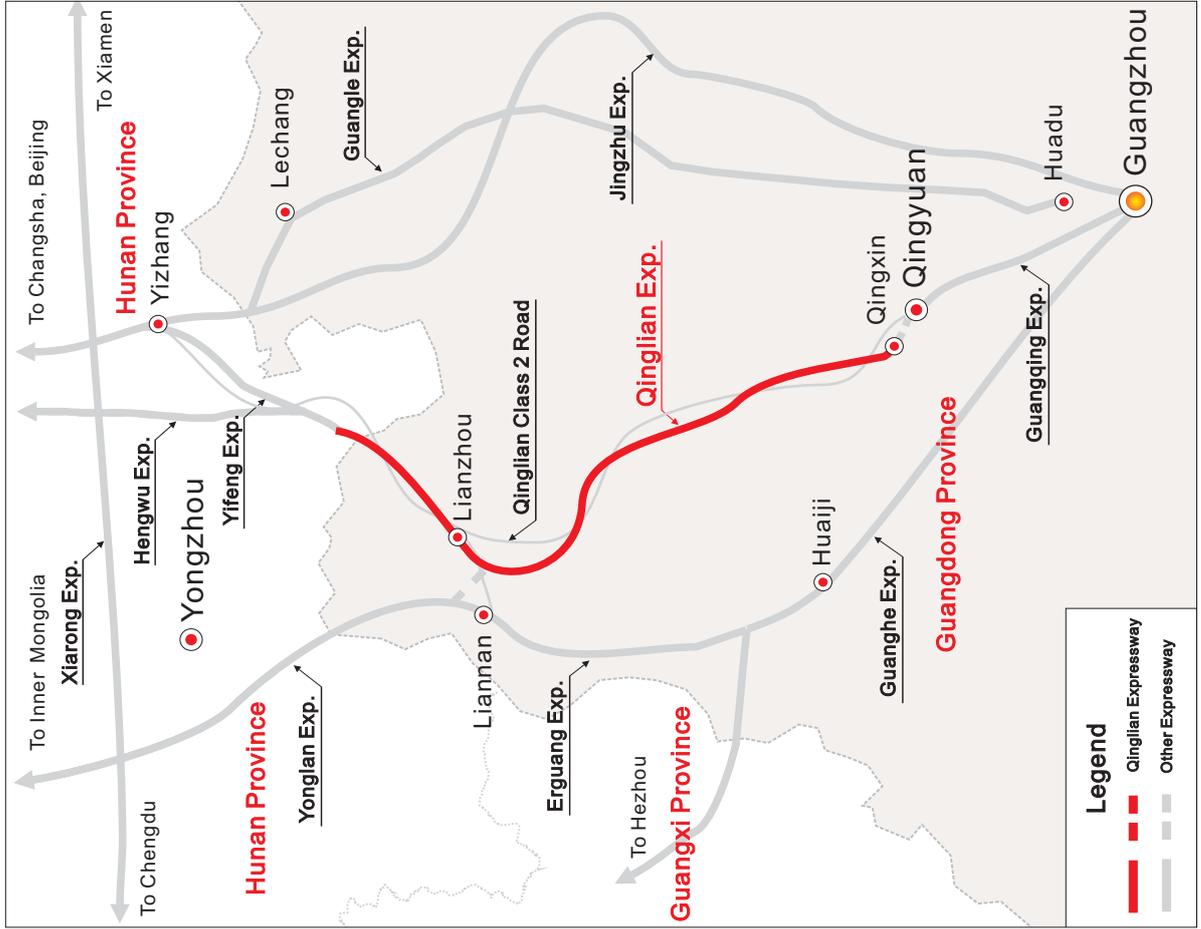
Road Network of Shenzhen



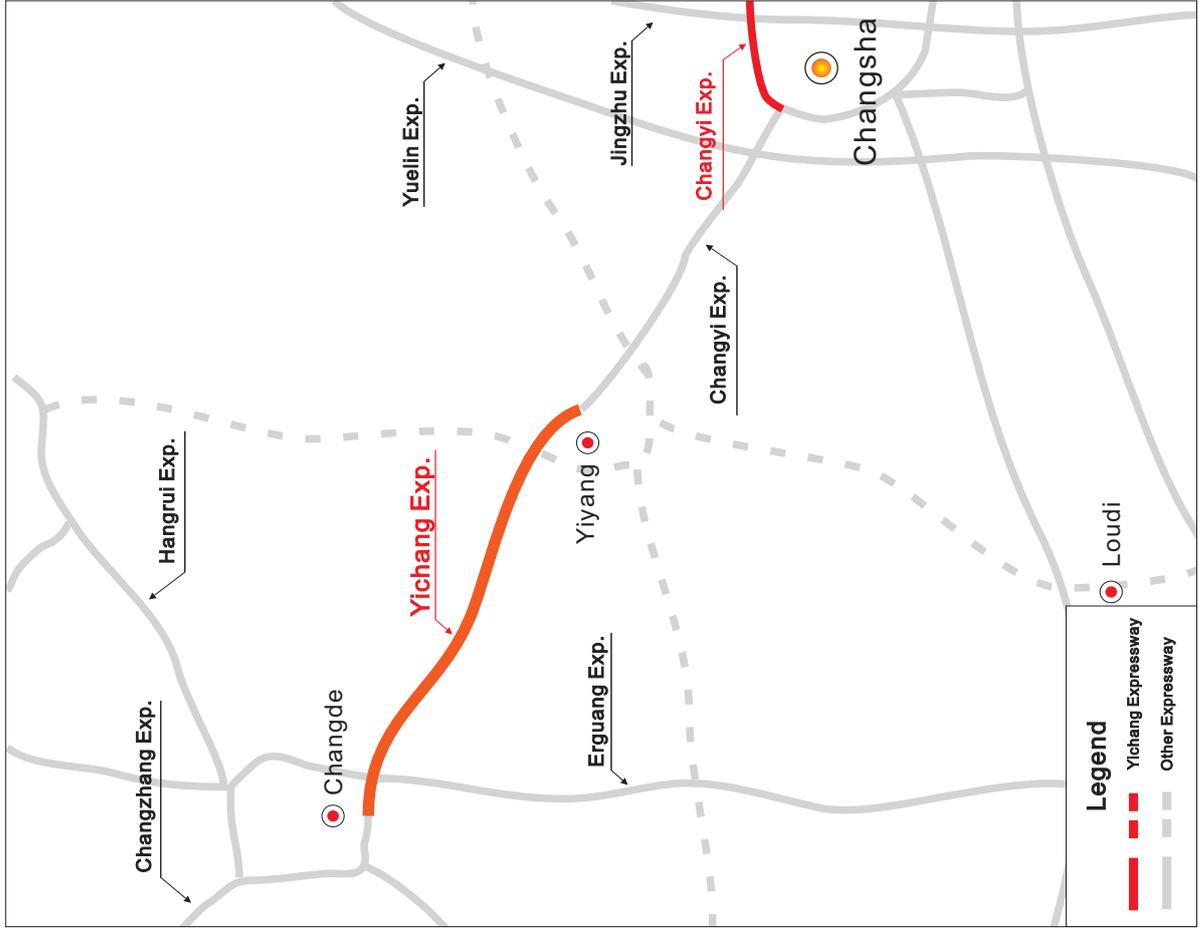
Road Network of Pearl River Delta



Road Network of Qinglian Expressway



Road Network of Yichang Expressway



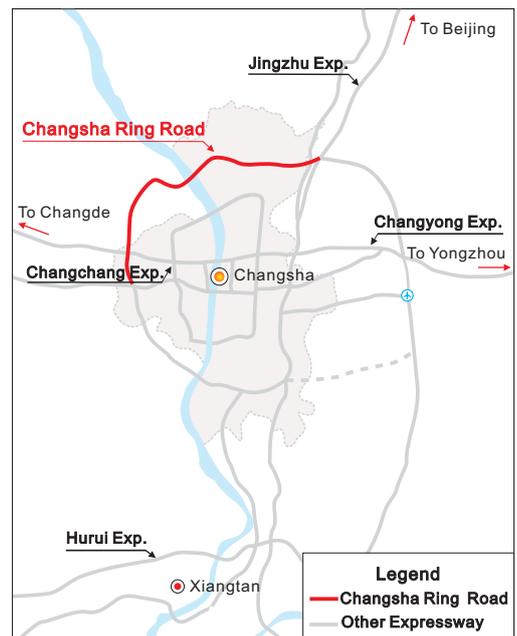
Road Network of Wuhuang Expressway



Road Network of Nanjing Third Bridge



Road Network of Changsha Ring Road



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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.