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深圳高速公路股份有限公司

SHENZHEN EXPRESSWAY COMPANY LIMITED

(a joint stock limited company incorporated in the People's Republic of China with limited liability)
(Stock Code: 00548)

FIRST QUARTERLY REPORT OF 2020

This announcement is made pursuant to the disclosure obligation under Rules 13.09(2) and 13.10B of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and related requirements.

This quarterly report is prepared in accordance with relevant regulations of the China Securities Regulatory Commission on disclosure of information in quarterly reports for listed companies. The financial information set out in this quarterly report has not been audited. Shareholders of the Company and public investors should exercise caution when trading in the shares of the Company.

1. IMPORTANT NOTICE

1.1 The board of directors, the supervisory committee and the directors, the supervisors, the senior management of Shenzhen Expressway Company Limited (the “Company”) confirm the truthfulness, accuracy and completeness of the content of this quarterly report and that there are no false representations or misleading statements contained in or material omissions from this report, and assume several and joint legal responsibility.

1.2 The director who was unable to attend the board meeting in which this quarterly report was approved in person:

Name of the director unable to attend the board meeting	Position of the director unable to attend the board meeting	Reason for the absence	Name of the director appointed to vote
Chen Yuan Jun	Director	Business reason	Liao Xiang Wen

1.3 Mr. Hu Wei, Chairman, Ms. Zhao Gui Ping, Chief Financial Officer and Mr. Luo Chao Yun, Deputy General Manager of Accounting Department, confirm the truthfulness, accuracy and completeness of the financial statements contained in this quarterly report.

1.4 The financial statements contained in First Quarterly Report of 2020 (the “Report”) of the Company for the three months ended 31 March 2020 (the “Reporting Period” or “Period”) have not been audited.

- 1.5 Unless otherwise stated, the currency of the amounts stated in the Report is in RMB.
- 1.6 Unless otherwise stated, the abbreviation of the highways/projects operated, invested and managed by the Company and the investee companies of the Company in the Report shall have the same meaning as defined in 2019 Annual Report of the Company.

2. PRINCIPAL FINANCIAL DATA AND CHANGE IN SHAREHOLDERS

2.1 Principal financial data

Unit: RMB

	As at 31 Mar 2020	As at 31 Dec 2019	Change (%)
Total assets	48,075,139,963.17	44,923,734,271.98	7.02
Net assets attributable to owners of the Company	18,243,128,082.90	18,374,542,643.63	-0.72

	Jan ~ Mar 2020	Jan ~ Mar 2019	Change (%)
Net cash flows from operating activities	-436,646,603.14	558,431,959.34	-178.19

	Jan ~ Mar 2020	Jan ~ Mar 2019	Change (%)
Revenue	454,097,153.83	1,330,593,040.84	-65.87
Net profit /loss attributable to owners of the Company (loss shown with“-”)	-132,807,230.52	467,451,393.65	-128.41
Net profit/loss attributable to owners of the Company - excluding non-recurring items (loss shown with“-”)	-159,998,328.79	483,467,386.16	-133.09
Return on equity - weighted average (%)	-0.73	2.65	Decreased by 3.38 percentage point
Earnings/loss per share – basic (RMB/share) (loss shown with“-”)	-0.061	0.214	-128.41
Earnings/loss per share - diluted (RMB/share) (loss shown with“-”)	-0.061	0.214	-128.41

Non-recurring Items and Amounts:

Unit: RMB

Non-recurring items	Jan ~ Mar 2020	Descriptions
Income from entrusted management fee of entrusted operation	2,053,503.78	The net income from entrusted operation and management services provided to Longda Company were received.
Changes in fair value of other non-current financial assets	10,813,140.00	Fair value change proceeds from the equity interest in Water Planning Company and United Electronic Company.
Gain or loss from changes in fair value of foreign currency swaps	28,378,056.00	To mitigate the exchange rate risk, the Group entered into foreign exchange swap arrangements for the bond with a principal value of USD300 million, and related gains on change in fair value were recognised due to appreciation of US Dollar during the Reporting Period.
Asset disposal income/loss (loss shown with“-”)	-43,690.15	
Other non-operating income and expenditure excluding the above items	-4,404,178.15	
Effect on minority interest (after tax)	-406,525.34	
Income tax effect	-9,199,207.87	
Total	27,191,098.27	

2.2 Shareholders information

As at the end of the Period, based on the shareholders' registers provided by the share registrar and the transfer offices of the Company in the PRC and Hong Kong, the total number of shareholders of the Company is 23,945, of which 23,712 were holders of A shares and 233 were holders of H shares. The top ten shareholders and the top ten holders of non-restricted circulating shares of the Company were as follows:

Unit: share

The top ten shareholders					
Name of shareholder	Nature of shareholders	Percentage	Number of shares held	Number of restricted circulating shares held	Information on shares pledged or frozen
HKSCC NOMINEES LIMITED ⁽¹⁾	Overseas legal person	33.47%	729,921,099	0	Unknown
Xin Tong Chan Development (Shenzhen) Company Limited	State-owned legal person	30.03%	654,780,000	0	None
Shenzhen Shen Guang Hui Highway Development Company Limited	State-owned legal person	18.87%	411,459,887	0	None
China Merchants Expressway Network & Technology Holdings Co., Ltd.	State-owned legal person	4.00%	87,211,323	0	None
Guangdong Roads and Bridges Construction Development Company Limited	State-owned legal person	2.84%	61,948,790	0	None
Hong Kong Central Clearing Company Limited	Other	1.19%	25,878,302	0	Unknown
MO JING XIAN	Domestic natural person	0.63%	13,688,494	0	Unknown
AU SIU KWOK	Overseas natural person	0.50%	11,000,000	0	Unknown
China Merchants Bank - SSE Dividend Trading Open Index Securities Investment Fund	Domestic non-state-owned legal person	0.39%	8,545,073	0	Unknown
ZHANG PING YING	Domestic natural person	0.23%	5,017,000	0	Unknown
Top ten holders of non-restricted circulating shares					
Name of shareholder			Number of non-restricted circulating shares held	Type of shares	
HKSCC NOMINEES LIMITED ⁽¹⁾			729,921,099	H share	
Xin Tong Chan Development (Shenzhen) Company Limited			654,780,000	A share	
Shenzhen Shen Guang Hui Highway Development Company Limited			411,459,887	A share	
China Merchants Expressway Network & Technology Holdings Co., Ltd.			87,211,323	A share	
Guangdong Roads and Bridges Construction Development Company Limited			61,948,790	A share	
Hong Kong Central Clearing Company Limited			25,878,302	A share	
MO JING XIAN			13,688,494	A share	
AU SIU KWOK			11,000,000	H share	
China Merchants Bank - SSE Dividend Trading Open Index Securities Investment Fund			8,545,073	A share	
ZHANG PING YING			5,017,000	A share	
Connected relationship or concerted action relationship among the abovementioned shareholders:	<p>Xin Tong Chan Development (Shenzhen) Company Limited ("XTC Company") and Shenzhen Shen Guang Hui Highway Development Company Limited ("SGH Company") are connected persons under the same control of Shenzhen International Holdings Limited ("Shenzhen International").</p> <p>In addition to the above associations, there is no connected relationship among the state-owned shareholders in the above table. The Company did not notice any connected relationship among the other abovementioned shareholders or any connected relationship among the abovementioned state-owned shareholders and other shareholders.</p>				

Note: (1) The H shares held by HKSCC NOMINEES LIMITED were held on behalf of various clients.

3. SIGNIFICANT MATTERS

3.1 Operational information

The outbreak of the novel coronavirus pneumonia epidemic (the “epidemic”) had a significant impact on the production and operation of the Group for the first quarter of 2020. The Company has taken active steps to resume its production and operation in a full manner and planned to mitigate the negative impact of the outbreak by stepping up efforts in developing quality projects in the market, improving production efficiency, reducing operating costs and broadening revenue streams.

In respect of toll road operation, as required by the traffic management department, the Group implemented a toll-free policy for the Spring Festival period from 24 January 2020 to 8 February 2020, which is 9 days longer as compared with the corresponding period of last year; Further, the Ministry of Transport announced to implement a toll-free policy on all vehicles using toll highways lawfully from 00:00 on 17 February 2020 to the end of the epidemic prevention and control measures (“Toll-free Policy during the Epidemic”), and that the relevant supporting and protective policies would be promulgated by the government separately after careful studies. During the first quarter of 2020, toll revenue from the toll highways operated and invested by the Group recorded a general decline, bringing a significant negative effect on the results of the Group. As of the date of this report, the relevant supporting and protective policies haven’t been promulgated, and the Group will keep active communications with the competent traffic authorities.

In respect of project construction, the stalled supply chains, shortage of raw materials and delayed work resumption at the beginning of the year had certain effect on the Group’s progress of all projects under construction, in addition to challenges from rising costs of raw materials, logistics and labor. During the Reporting Period, the Group adopted positive epidemic prevention measures and resumed construction of projects in progress gradually in mid-February to early March. Currently, by reasonably implementing production scheme, intensifying production and quality management, and leveraging on innovative technologies, the Group improves production efficiency and seeks to complete the targeted tasks of each project as scheduled and realise effective cost controls.

In respect of waste treatment, in January 2020, the Group entered into an agreement to acquire the equity interests of Lande Environmental Technology Group Holdings Co., Ltd. (“Lande Environmental”). As at the date of this report, the Group holds approximately 53.21% shares of Lande Environmental. During the Reporting Period, affected by the epidemic, the kitchen waste volume collected by Lande Environmental recorded a YOY decrease. Lande Environmental is stepping up organic waste collection and delivery, organising technology research and development to increase production efficiency and minimise production costs to improve operating results.

In respect of clean energy, during the Reporting Period, the production delivery and sales of Nanjing Wind Power were delayed due to the epidemic. Currently, Nanjing Wind Power seeks to realise better operating results by increasing market sales, expanding supply chain channels and intensifying production management. Baotou Nanfeng is working hard to mitigate the impact of the epidemic by continuously optimizing the repair and maintenance scheme of wind power generators and improving wind farm operation and management. The operating and production activities of Baotou Nanfeng are getting back on track broadly and it recorded on-grid power supply of approximately 146,791 MWh during the first quarter.

3.2 Financial analysis

3.2.1 General Description

During the Reporting Period, the Group recorded net loss attributable to owners of the Company of RMB132,807,000 (2019 corresponding period: net profit attributable to owners of the Company of RMB467,451,000), representing a YOY decrease of 128.41%, mainly due to the significant decrease in the revenue from toll highways operated and invested by the Group as a result of the Toll-free Policy during the Epidemic.

During the Reporting Period, the Group recorded revenue of RMB454,097,000 (2019 corresponding period: RMB1,330,593,000), representing a YOY decrease of 65.87%. Lande Environmental was consolidated into the financial statements of the Group on 20 January 2020 and contributed a revenue of RMB37,435,000 during the Reporting Period; and Baotou Nanfeng was consolidated into the financial statements of the Group on 17 September 2019 and contributed a revenue of RMB39,029,000 during the Reporting Period. Excluding the effect of changes in the scope of consolidation, the Group's revenue recorded a YOY decrease of 71.62%, mainly due to the effect of the Toll-free Policy during the Epidemic.

During the Reporting Period, the Group recognised cost of services of RMB502,982,000 (2019 corresponding period: RMB676,962,000), representing a YOY decrease of 25.70%, mainly due to the combined effect of a YOY decrease in the depreciation and amortisation expenses caused by the decline of toll highway traffic volume, decreased unit amortisation of Jihe Expressway and other sections, and the carry forward of the real estate development costs of Guilong Development Project in the corresponding period of last year (the Reporting Period: nil).

During the Reporting Period, the Group recognised financial expenses of RMB195,160,000 (2019 corresponding period: RMB94,932,000), representing a YOY increase of 105.58%. After offsetting the "gain from changes in fair value – Income from changes in fair value of foreign currency swap instruments", the Group's financial cost for the Reporting Period were RMB166,782,000 (2019 corresponding period: RMB129,537,000), representing a YOY increase of 28.75%, mainly due to the YOY increase in interest-bearing liabilities of the Group.

During the Reporting Period, the Group recognised general and administrative expenses of RMB42,874,000 (2019 corresponding period: RMB29,772,000), representing a YOY increase of 44.01%, mainly due to the consolidation of Nanjing Wind Power and Lande Environmental and the increase in office rental costs.

During the Reporting Period, the Group recognised research and development expenses of RMB3,438,000, mainly due to the consolidation of Nanjing Wind Power.

During the Reporting Period, the Group's capital expenditure was approximately RMB360 million. As at the end of the Reporting Period, the Group's outstanding interest-bearing liabilities were approximately RMB19.3 billion (31 December 2019: RMB16.8 billion), representing an increase of 14.88% as compared to the beginning of the year, mainly due to the increase in interest-bearing liabilities as a result of the consolidation of Lande Environmental and the increase in new bank loans and bonds of the Company and its subsidiaries with the expansion of business. As at the end of the Reporting Period, the Group's debt-to-asset ratio was 56.37%, representing an increase of 2.5 percentage points as compared to the beginning of the year.

3.2.2 Change in accounting policies

(1) Business combination involving enterprises not under common control

On 8 January 2020, Environmental Company entered into the “Acquisition of Lande Environmental Technology Group Holdings Co., Ltd. No more than 68.1045% shares of the Capital Increase and Share Transfer Agreement.” (the “Agreement”) with relevant parties, pursuant to which, Environmental Company will acquire not more than 160,000,000 shares of Lande Environmental at a consideration of no more than RMB809.6 million and the shareholding percentage of Environmental Company shall not exceed 68.1045%. As of 20 January 2010, Environmental Company has acquired 125,000,000 shares of Lande Environmental, with a shareholding ratio of approximately 53.21%, and Lande Environmental has been included into the consolidated financial statements of the Group since such date. During the Reporting Period, Lande Environmental contributed RMB37,435,000 to the revenue of the Group and RMB5,479,000 to the net loss attributable to owners of the Company.

3.3 Substantial changes of key financial statements items and financial indicators of the Company and the reasons for the changes:

Unit: RMB'000

Item	As at 31 Mar 2020	As at 31 Dec 2019	Change (%)	Primary reasons for the change
Transactional financial assets	91,068	62,689	45.27	Changes in foreign exchange swap instruments affected by exchange rate fluctuations.
Bills receivable	15,166	9,895	53.27	Increase in bills receivable of Baotou Nanfeng.
Prepayments	531,548	335,583	58.40	Increase in relevant items under financial statements as compared to the beginning of the year due to the operating activities of Nanjing Wind Power and the consolidation of Lande Environmental.
Bills payable	202,933	131,750	54.03	
Contract assets	609,618	450,893	35.20	
Other current assets	384,470	231,554	66.04	
Construction in progress	42,284	15,198	178.23	Increase in relevant items under financial statements as compared to the beginning of the year due to the consolidation of Lande Environmental.
Provisions	58,747	10,285	471.21	
Other current liabilities	999,650	-	N/A	Issuance of RMB1 billion ultra-short-term financing bonds.
Bonds payable	6,108,357	4,676,256	30.62	Issuance of RMB1.4 billion corporate bonds.
Item	Jan – Mar 2020	Jan – Mar 2019	Change (%)	Primary reasons for the change
Tax and surcharges	3,034	13,912	-78.19	Decrease in taxes and surcharges due to decreased income.
Selling expenses	3,761	2,437	54.33	YOY Increase in relevant items under financial statements due to the consolidation of Nanjing Wind Power and Lande Environmental.
Gain or loss from changes in fair value	39,191	-25,661	N/A	Recognition of profit or loss from changes in fair value of foreign currency swaps due to exchange rate fluctuations.
Investment income	36,878	142,345	-74.09	Decrease in share of income from invested companies as affect by the epidemic and the Toll-free Policy during the Epidemic.
Income tax expenses	-50,846	119,708	-142.47	Decrease in income tax expense due to decreased earnings.

Item	Jan – Mar 2020	Jan – Mar 2019	Change (%)	Primary reasons for the change
Minority interests	-42,201	42,708	-198.81	Decrease in share of earnings of minority shareholders due to decreased earnings of non-wholly-owned subsidiaries.
Net cash flows from operating activities	-436,647	558,432	-178.19	Decrease in toll revenue as affected by the epidemic and the Toll-free Policy during the Epidemic, and increase in the procurement expenditures of Najing Wind Power and Lande Environmental.
Net cash flows from investing activities	-302,012	453,129	-166.65	Payment for acquisition of equity interests in Financial Leasing Company and Lande Environmental, and receipt for capital reduction of United Land Company for the corresponding period of last year.
Net cash flows from financing activities	1,458,258	-186,590	N/A	Issuance of bonds, prepayment of certain bank loans and withdrawal of bank loans according to project process.

3.4 Progress of significant matters and the analysis on the relevant impacts and solutions

✓ applicable not applicable

On 17 March 2020, the Company and Mei Wah Company, a wholly-owned subsidiary of the Company, entered into two equity transfer agreements with the relevant parties, pursuant to which, the Group acquired 48% interests in Shenzhen International Financial Leasing Co., Ltd. (“Financial Leasing Company”), a company owned by Shenzhen International through its wholly-owned subsidiaries, at a consideration of RMB151.69 million. Details of the transaction are set out in the announcement of the Company dated 17 March 2020. The acquisition of Financial Leasing Company is conducive for the Group to give full play to its financing advantages, and helps to provide financial leasing services to satisfy the capital required in the principal businesses and the upstream and downstream of the industry chain of the Group. It is an important way for the Group to achieve “industrial-financial integration” and its business synergy strategy, which will help to enhance the overall value of the Group.

Pursuant to an approval (Zheng Jian Xu Ke No. [2019] 2262) issued by the China Securities Regulatory Commission (“CSRC”), the Company may issue corporate bonds in a principal of no more than RMB5 billion (including RMB5 billion) to the qualified investors. The Company issued the 2020 corporate bonds (phase I) from 18 March 2020 to 20 March 2020 (epidemic prevention and control bonds) (the “Bonds”). The effective issue size of the Bonds amounted to RMB1.4 billion with a final coupon rate of 3.05% and a maturity of 5 years, carrying an option to adjust the coupon rate and an option to sell back at the end of the third year. For details of the issuance of the Bonds, please refer to the announcements of the Company dated 16 March and 20 March 2020 respectively.

Pursuant to the Notice of Acceptance of Registration issued by the National Association of Financial Market Institutional Investors (Zhong Shi Xie Zhu No. [2020] SCP31), the Company may issue ultra-short-term financing bonds in a principal amount of no more than RMB2 billion. The Company issued the 2020 phase I ultra-short-term financing bonds from 16 March 2020 to 17 March 2020 with an issue size amounted to RMB1 billion, carrying an interest rate of 2.30% and a maturity of 180 days. For details, please refer to the announcements of the Company dated 24 February, 12 March and 19 March 2020 respectively.

On 10 January 2020, the Board of the Company considered and approved the resolution on the non-public issuance of H Shares and proposed to the general meeting and class meetings to consider and approve the Company to issue not more than 300 million H Shares by way of non-public issuance. An extraordinary general meeting and the A/H Shares class meetings were held by the Company on 31 March 2020 and the resolution in relation to the non-public issuance of H Shares were considered and approved. The CSRC has issued an Application Acceptance Notice of CSRC Administrative Permission (中國證監會行政許可申請受理單) to the Company. For details, please refer to the Company's announcements dated 10 January 2020, 14 February, 31 March, 22 April and the circular dated 27 February 2020.

On 23 December 2019, the Board of the Company considered and approved the "Resolution on Termination of Public Issuance of A Share Convertible Corporate Bonds and Withdrawal of Application", pursuant to which, the Company intended to terminate the public issuance of A share convertible corporate bonds ("Convertible bonds") and apply to the CSRC for the withdrawal of the application for the issuance of Convertible bonds upon considering the changes in external environment and the actual situation of the Company. On 24 March 2020, the Company received the CSRC's Notification of Termination of Inspection on the Application for Administrative Approval (No. [2020] 24) issued by the CSRC, pursuant to which the CSRC has determined to terminate its inspection on the Company's application for administrative approval. Accordingly, the declarations, undertakings and confirmations in relation to the issuance of Convertible bonds were also terminated on the same day. For details of the Convertible bonds of the Company, please refer to the announcements of the Company dated 9 November 2017, 28 December 2017, 28 December 2018, 4 March 2019, 23 December 2019 and 25 March 2020 respectively.

As approved by the Board of the Company, subject to the condition that both safety and liquidity of capital reserve can be assured, the Group invested part of the funds in monetary funds, wealth management products issued by banks, financial products for financing purposes and other types of wealth management products issued by holding enterprises within the Shenzhen SASAC system. During the Reporting Period, the Group did not purchase or sell any wealth management products. As at the end of the Reporting Period, the balance of such wealth management products of the Group was RMB nil and there was no outstanding principal and gains overdue.

The 2018 annual general meeting held on 22 May 2019 considered and approved the proposal on the authorisation of the guarantees. The Board of the Company may provide guarantees for its wholly-owned subsidiaries of not more than RMB4.5 billion in aggregate, and not more than RMB500 million in aggregate for non-wholly-owned subsidiaries, as necessary. The guarantee includes guarantee for financing and guarantee for bankers' letter of guarantee. The guarantee authorisation is effective from the date of approval by the general meeting to the convention date of the 2019 annual general meeting. As of the end of the Reporting Period, the relevant guarantees have not occurred.

3.5 Commitments that have not yet been duly fulfilled during the Reporting Period

applicable not applicable

Background	Type	Undertaking party	Undertaking details	Date and deadline for performance	Deadline for performance or not	Performed timely and strictly or not
Undertakings made in Acquisition Report or Report on the Change of Equity Interests	Other	Shenzhen International/ Shenzhen International (Shenzhen)	Undertake to avoid peer competition and regulate connected transactions, etc. For details, please refer to Detailed Report on the Change of Equity Interests (詳式權益變動報告書) published on 18 October 2007 to the securities market of the PRC by undertaking parties or related contents in the Annual Report 2007 of the Company.	Oct. 2007	No	Yes
	Other	Shenzhen International	Undertaking in respect of the matters such as avoiding peer competition and supporting the business development of the Company. The undertakings include that Shenzhen International and SIHCL shall inject their expressway assets into the Company in around 5-8 years when certain conditions are fulfilled. For details, please refer to Acquisition Report (收購報告書) published by SIHCL on 4 January 2011 to the securities market of the PRC and the announcement of the Company dated 1 June 2011.	Dec. 2010	Yes	Yes
				June 2011		
	Other	SIHCL		Dec. 2010	Yes	Yes
May 2011						
Undertakings made related to IPO	Avoiding peer competition	XTC Company/ SGH Company	The undertaking parties will not engage in any industry or business in any form, which, directly or indirectly, competes with the Company in Shenzhen.	Jan. 1997	No	Yes

Note:

- (1) On 29 December 2017, Shenzhen Investment International Capital Holdings Infrastructure Co., Ltd (深圳投控國際資本控股基建有限公司), a subsidiary of Shenzhen Investment Holdings Company Limited (“SIHCL”) (as the purchaser), SIHCL (as the guarantor of the purchaser) and Anber Investments Limited (as the vendor) and Hopewell Holdings Limited (as the guarantor of the vendor) entered into an agreement in relation to the proposed acquisition of interests in Hopewell Highway Infrastructure Limited (“HHI”). Upon completion of the general offer and placing, SIHCL owned 71.83% equity interest in HHI as at 18 September 2018. HHI is a Hong Kong listed company, which, together with its subsidiaries, is principally engaged in the construction of highway infrastructure in Guangdong Province and currently owns interests in Guangzhou-Shenzhen Expressway and Guangdong Guangzhou-Zhuhai West Expressway. HHI was renamed as Shenzhen Investment Holdings Bay Area Development Company Limited (“Bay Area Development”) on 30 April 2019.

Prior to the entering into of the agreement above, SIHCL had enquired the Company as to whether it considers acting as the acquirer in the aforementioned acquisition without disclosing the name of the target company. Based on the business of the target company and various conditions, such as the scale and completion timeframe of the acquisition, as provided by SIHCL, the Company was of the view that it was impracticable and incapable to proceed with the acquisition and the Company intended to give up such acquisition opportunity. Upon receiving the relevant report, the Board (including the independent non-executive Directors) concurred with the Company’s decision to not to proceed with the acquisition. After SIHCL has completed the aforementioned acquisition, SIHCL further stated that it will negotiate with the Company at an appropriate time to fulfill the non-competition undertaking made to the Company and further negotiate with the Company for the specific arrangement on the business of the target company to properly settle the relevant issues as agreed in the existing undertaking.

In view of the factors including that both Bay Area Development and the Company are listed companies, and Bay Area Development does not have control over its domestic expressway assets, SIHCL and the Company will further negotiate on the arrangement of the relevant businesses and settle such issues as and when appropriate. The Company will pay close attention to the progress of related matters and negotiate with SIHCL requesting it to fulfill its non-competition undertaking in a reasonable manner in order to safeguard the interests of the Company effectively.

- (2) Given the proposed issuance of the Convertible Bonds, the Company performed self-inspections on its real estate projects to identify if any violations of laws or regulations pursuant to the relevant requirements of the CSRC. On 20 June 2018, Shenzhen International and XTC Company, each being a holding company of the Company, and all the Directors, Supervisors, and senior management of the Company made undertakings in relation to the relevant issues. During the Reporting Period, upon the application of the Company, the CSRC has terminated the review and inspection on the relevant administrative approval and such undertakings were terminated accordingly.

- 3.6 Profit alert, with reasons therefore, that the cumulative net profit from the beginning of the year to the end of the next reporting period may be a loss or may record a substantial change as compared to the same period of last year

applicable not applicable

Affected by the epidemic and the Toll-free Policy during the Epidemic, the toll revenue from the toll highways operated and invested by the Group showed a significant YOY decrease for the first quarter of 2020, hence a loss recognised by the Group. The negative impact of such factors on the Group is expected to continue in the second quarter of 2020, the extent of which is subject to the duration of the Toll-free Policy during the Epidemic and the effect of the epidemic on economic activities. Besides, the Group also recognised the relevant deferred income tax assets of Coastal Company and the income from the disposal of four subsidiaries including Guizhou Shengbo for the first half of 2019, which contributed RMB652 million to the net profit for the corresponding period of last year.

Due to the combined effect of the above factors, the Group is expected to record a significant YOY decrease in net profit for the first half of 2020. However, the Company cannot make a more accurate forecast based on information currently available. The Company will pay close attention thereto and fulfill its information disclosure obligations in due time. Shareholders and investors are advised to note the investment risk.

By order of the Board

Hu Wei
Chairman

Shenzhen, the PRC, 28 April 2020

As at the date of this announcement, the directors of the Company are Mr. HU Wei (Executive Director and Chairman of the Board), Mr. LIAO Xiang Wen (Executive Director and President), Mr. WEN Liang (Executive Director), Ms. CHEN Yan (Non-executive Director), Mr. FAN Zhi Yong (Non-executive Director), Mr. CHEN Yuan Jun (Non-executive Director), Mr. CHEN Kai (Non-executive Director), Mr. CAI Shu Guang (Independent non-executive Director), Mr. WAN Siu Wah Wilson (Independent non-executive Director), Ms. CHEN Xiao Lu (Independent non-executive Director) and Mr. BAI Hua (Independent non-executive Director).

This announcement is originally prepared in Chinese. In case of any inconsistency between the Chinese version and the English version, the Chinese version shall prevail.

Appendix:

Consolidated Balance Sheet

31 Mar 2020

Unit: RMB; Unaudited

Item	As at 31 Mar 2020	As at 31 Dec 2019
Current assets:		
Cash at bank and on hand	5,087,619,631.89	4,733,118,401.80
Transactional financial assets	91,067,500.00	62,689,444.00
Bills receivables	15,166,295.57	9,895,060.34
Accounts receivable	705,691,594.69	722,266,920.82
Prepayments	531,547,737.84	335,582,597.94
Other receivables	453,352,024.52	374,186,451.62
Inventories	824,737,233.66	723,283,163.42
Contract assets	609,617,784.47	450,892,553.87
Non-current assets due within one year	22,548,751.19	22,548,751.19
Other current assets	384,469,510.95	231,554,033.51
Total current assets	8,725,818,064.78	7,666,017,378.51
Non-current assets:		
Long-term prepayments	319,678,728.41	360,050,431.14
Long-term receivable	369,877,031.45	339,110,117.99
Long-term equity investments	8,737,492,476.76	8,706,289,341.73
Other non-current financial assets	230,995,950.00	217,939,080.00
Investment properties	11,654,955.60	11,798,941.20
Fixed assets	2,783,819,957.87	2,832,370,579.89
Construction in progress	42,283,680.82	15,197,595.66
Right-of-use assets	143,187,270.58	152,870,380.46
Intangible assets	25,538,921,245.64	23,493,705,251.38
Goodwill	156,039,775.24	156,039,775.24
Long-term prepaid expenses	31,799,044.95	32,405,392.30
Deferred tax assets	581,734,164.01	597,340,506.48
Other non-current assets	401,837,617.06	342,599,500.00
Total non-current assets	39,349,321,898.39	37,257,716,893.47
TOTAL ASSETS	48,075,139,963.17	44,923,734,271.98

Consolidated Balance Sheet (continued)

31 Mar 2020

Unit: RMB; Unaudited

Item	As at 31 Mar 2020	As at 31 Dec 2019
Current liabilities:		
Short-term borrowings	336,891,558.86	363,877,741.65
Bills payables	202,932,921.68	131,749,731.69
Accounts payables	1,228,520,166.70	970,759,025.09
Contract liabilities	943,963,123.89	953,225,966.42
Employee benefits payable	206,086,227.18	280,583,659.74
Taxes payable	231,313,671.47	256,919,349.87
Other payables	3,051,070,799.94	3,015,875,682.79
Non-current liabilities due within one year	504,120,022.28	505,101,989.80
Other current liabilities	999,650,197.46	-
Total current liabilities	7,704,548,689.46	6,478,093,147.05
Non-current liabilities:		
Long-term borrowings	9,309,713,179.53	9,031,815,479.53
Bonds payable	6,108,356,729.13	4,676,256,207.56
Lease liability	114,323,659.66	118,269,744.66
Long-term payables	2,066,422,838.30	2,217,015,191.85
Long-term employee benefits payable	105,824,300.00	105,824,300.00
Provisions	58,746,881.53	10,284,566.66
Deferred revenue	395,723,036.76	405,420,838.75
Deferred tax liabilities	1,237,335,806.97	1,157,482,536.08
Total non-current liabilities	19,396,446,431.88	17,722,368,865.09
Total liabilities	27,100,995,121.34	24,200,462,012.14
Owners' equity (or shareholders' equity):		
Share capital	2,180,770,326.00	2,180,770,326.00
Capital surplus	6,220,711,401.21	6,220,711,401.21
Other comprehensive income	917,398,044.25	916,005,374.46
Surplus reserve	2,617,808,817.01	2,617,808,817.01
Undistributed profits	6,306,439,494.43	6,439,246,724.95
Total equity attributable to owners of the Company (or shareholders' equity)	18,243,128,082.90	18,374,542,643.63
Minority interests	2,731,016,758.93	2,348,729,616.21
Total owners' equity (or shareholders' equity)	20,974,144,841.83	20,723,272,259.84
TOTAL LIABILITIES AND OWNERS' EQUITY (OR SHAREHOLDERS' EQUITY)	48,075,139,963.17	44,923,734,271.98

Balance Sheet

31 Mar 2020

Unit: RMB; Unaudited

Item	As at 31 Mar 2020	As at 31 Dec 2019
Current assets:		
Cash at bank and on hand	2,044,983,410.90	1,309,001,086.11
Transactional financial assets	91,067,500.00	62,689,444.00
Accounts receivable	16,882,987.78	16,170,543.00
Prepayments	17,585,771.16	15,546,278.08
Other receivables	1,452,635,489.93	1,005,795,909.83
Inventories	617,866.25	776,373.15
Contract assets	120,535,652.45	115,303,836.38
Other current assets	46,137,742.97	13,771,786.56
Total current assets	3,790,446,421.44	2,539,055,257.11
Non-current assets:		
Long-term prepayments	81,992,277.00	80,469,002.23
Long-term receivable	5,608,968,337.91	4,503,665,771.45
Long-term equity investments	19,679,239,392.67	19,741,522,254.89
Other non-current financial assets	228,752,220.00	217,939,080.00
Investment properties	11,654,955.60	11,798,941.20
Fixed assets	157,095,766.68	159,982,306.36
Construction in progress	2,273,764.49	2,398,709.49
Right-of-use assets	29,753,898.58	32,330,237.50
Intangible assets	214,075,038.23	219,274,003.05
Long-term prepaid expenses	1,029,758.42	1,144,174.07
Deferred tax assets	50,095,998.46	62,996,204.64
Other non-current assets	15,500,000.00	-
Total non-current assets	26,080,431,408.04	25,033,520,684.88
TOTAL ASSETS	29,870,877,829.48	27,572,575,941.99

Balance Sheet (continued)

31 Mar 2020

Unit: RMB; Unaudited

Item	As at 31 Mar 2020	As at 31 Dec 2019
Current liabilities:		
Short-term borrowings	5,465,905.74	-
Accounts payable	19,760,352.78	19,760,352.78
Contract liabilities	6,108,113.20	2,411,761.00
Employee benefits payable	66,851,039.88	101,746,485.90
Taxes payable	19,290,164.71	14,883,928.57
Other payables	1,739,898,127.70	2,046,947,507.14
Non-current liabilities due within one year	168,685,116.73	155,386,860.13
Other current liabilities	999,650,197.46	-
Total current liabilities	3,025,709,018.20	2,341,136,895.52
Non-current liabilities:		
Long-term borrowings	4,277,358,867.55	4,015,858,867.55
Bonds payable	6,108,356,729.13	4,676,256,207.56
Lease liabilities	24,952,604.04	28,620,243.26
Long-term payables	1,618,960,000.00	1,618,960,000.00
Long-term employee benefits payable	59,000,200.00	59,000,200.00
Deferred revenue	285,654,931.35	291,504,931.35
Total non-current liabilities	12,374,283,332.07	10,690,200,449.72
Total liabilities	15,399,992,350.27	13,031,337,345.24
Owners' equity (or shareholders' equity):		
Share capital	2,180,770,326.00	2,180,770,326.00
Capital surplus	3,279,942,664.85	3,279,942,664.85
Other comprehensive income	770,798.03	770,798.03
Surplus reserve	2,617,808,817.01	2,617,808,817.01
Undistributed profits	6,391,592,873.32	6,461,945,990.86
Total owners' equity (or shareholders' equity)	14,470,885,479.21	14,541,238,596.75
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY (OR SHAREHOLDERS' EQUITY)	29,870,877,829.48	27,572,575,941.99

Consolidated Income Statement

Jan ~ Mar 2020

Unit: RMB; Unaudited

Item	Jan ~ Mar 2020	Jan ~ Mar 2019
1. Total revenue	454,097,153.83	1,330,593,040.84
2. Total cost	751,249,898.02	818,014,052.64
Including: Cost of services	502,982,260.52	676,961,677.83
Tax and surcharges	3,034,290.76	13,911,885.51
Selling expenses	3,761,067.70	2,437,092.39
General and administrative expenses	42,874,253.75	29,771,671.60
Research and development expenses	3,438,412.23	-
Financial expenses	195,159,613.06	94,931,725.31
Including: Interest expense	169,598,375.65	144,995,577.52
Interest income	14,137,391.90	13,099,195.33
Add: Other income	144,363.36	74,827.03
Investment income (loss shown with“-”)	36,878,135.04	142,344,518.74
Including: Share of profits of associates and joint ventures	36,878,135.04	140,812,339.88
Gain or loss from changes in fair value (loss shown with“-”)	39,191,196.00	-25,661,174.00
Impairment loss on credit (loss shown with“-”)	-467,047.51	-
Gains or loss on disposal of assets (loss shown with“-”)	-43,690.15	902.36
3. Operating profits (loss shown with“-”)	-221,449,787.45	629,338,062.33
Add: Non-operating income	2,035,795.65	1,219,979.34
Less: Non-operating expenses	6,439,973.80	690,450.14
4. Total profit(loss shown with“-”)	-225,853,965.60	629,867,591.53
Less: Income tax expenses	-50,845,618.84	119,708,408.33
5. Net profit(loss shown with“-”)	-175,008,346.76	510,159,183.20
(1) Classified by business continuity		
1.Net profit from continuing operations(loss shown with“-”)	-175,008,346.76	510,159,183.20
(2) Classified by ownership		
1.Net profit attributable to owners of the Company (loss shown with“-”)	-132,807,230.52	467,451,393.65
2.Minority interests(loss shown with“-”)	-42,201,116.24	42,707,789.55
6. Other comprehensive income after tax	1,392,669.79	110,323.46
Other comprehensive income after tax attributable to owners of the company	1,392,669.79	110,323.46
1.Items that may be reclassified subsequently to profit or loss	1,392,669.79	110,323.46
(1) Foreign exchange gain/loss	1,392,669.79	-1,038,368.15
(2) Share of other comprehensive income from investees accounted for the equity method to be reclassified to profit or loss in the subsequent year	-	1,148,691.61
7. Total comprehensive income	-173,615,676.97	510,269,506.66
(1) Total comprehensive income attributable to owners of the company	-131,414,560.73	467,561,717.11
(2) Total comprehensive income attributable to minority interest	-42,201,116.24	42,707,789.55
8. Earnings per share		
(1) Basic earnings per share (RMB per share)	-0.061	0.214
(2) Diluted earnings per share (RMB per share)	-0.061	0.214

Income Statement

Jan ~ Mar 2020

Unit: RMB; Unaudited

Item	Jan ~ Mar 2020	Jan ~ Mar 2019
1. Total Revenue	54,369,841.66	184,775,332.01
Less: Cost of services	44,920,010.46	51,675,877.30
Tax and surcharges	486,708.61	1,344,785.44
General and administrative expenses	23,143,838.70	19,871,405.71
Financial expenses	97,256,826.34	-21,045,709.73
Including: Interest expenses	117,376,919.01	52,064,869.47
Interest income	58,565,390.85	39,402,223.81
Add: Other income	34,183.06	-
Investment income (loss shown with“-”)	-11,707,862.20	129,030,542.16
Including: Share of profits of associates and joint ventures	-5,859,749.82	105,341,400.69
Gain or loss from changes in fair value (loss shown with“-”)	39,191,196.00	-25,661,174.00
2. Operating profit (loss shown with“-”)	-83,920,025.59	236,298,341.45
Add: Non-operating income	102,533.74	10,074.49
Less: Non-operating expenses	6,001,375.92	260,565.69
3. Total profit (loss shown with“-”)	-89,818,867.77	236,047,850.25
Less: Income tax expenses	-19,465,750.23	26,857,692.82
4. Net profit (loss shown with“-”)	-70,353,117.54	209,190,157.43
(1) Net profit from continuous operation (loss shown with“-”)	-70,353,117.54	209,190,157.43
5. Other comprehensive income after tax	-	1,148,691.61
(1) Items that may be reclassified subsequently to profit or loss	-	1,148,691.61
1. Share in other comprehensive income that will be reclassified into profit and loss after the invested entity under equity method	-	1,148,691.61
6. Total comprehensive income	-70,353,117.54	210,338,849.04

Consolidated Cash Flow Statement

Jan ~ Mar 2020

Unit: RMB; Unaudited

Item	Jan ~ Mar 2020	Jan ~ Mar 2019
1.Cash flows from operating activities:		
Cash received from selling goods and rendering services	499,210,169.81	1,222,186,654.54
Refund of taxes	33,032.43	-
Cash received relating to other operating activities	26,049,540.64	12,409,224.54
Sub-total of cash inflows	525,292,742.88	1,234,595,879.08
Cash paid for goods and services	468,576,121.38	91,447,888.65
Cash paid to and on behalf of employees	204,913,793.04	147,295,643.15
Payments of taxes and surcharges	137,836,008.98	242,656,879.80
Cash paid relating to other operating activities	150,613,422.62	194,763,508.14
Sub-total of cash outflows	961,939,346.02	676,163,919.74
Net cash flows from operating activities	-436,646,603.14	558,431,959.34
2.Cash flows from investing activities:		
Cash received from recovery of investments	-	588,000,000.00
Cash received from returns on investments	6,003,505.12	29,624,109.59
Net cash received from disposal of fixed assets, intangible assets and other long-term assets	65,000.00	932,689,464.97
Cash received relating to other investing activities	7,234,160.20	231,819,943.78
Sub-total of cash inflows	13,302,665.32	1,782,133,518.34
Cash paid to acquire fixed assets, intangible assets and other long-term assets	220,910,113.62	266,669,334.82
Net cash paid to acquire subsidiaries and other business units	91,418,051.94	32,500,000.00
Cash paid relating to other investing activities	2,986,936.28	1,029,835,506.02
Sub-total of cash outflows	315,315,101.84	1,329,004,840.84
Net cash flows from investing activities	-302,012,436.52	453,128,677.50
3.Cash flows from financing activities:		
Cash received from borrowings	3,465,000,596.38	1,466,515,705.18
Sub-total of cash inflows	3,465,000,596.38	1,466,515,705.18
Cash repayments of borrowings	1,828,776,705.34	1,483,200,260.00
Cash payments for interest expenses and distribution of dividends or profits	153,032,530.50	164,247,122.13
Cash payments relating to other financing activities	24,933,009.49	5,658,140.27
Sub-total of cash outflows	2,006,742,245.33	1,653,105,522.40
Net cash flows from financing activities	1,458,258,351.05	-186,589,817.22
4.Effect of foreign exchange rate changes on cash and cash equivalents	133,534.83	-50,651.51
5.Net increase in cash and cash equivalents	719,732,846.22	824,920,168.11
Add: Cash and cash equivalents at beginning of the year	2,931,823,341.57	2,580,843,329.57
6.Cash and cash equivalents at end of the year	3,651,556,187.79	3,405,763,497.68

Cash Flow Statement

Jan ~ Mar 2020

Unit: RMB; Unaudited

Item	Jan ~ Mar 2020	Jan ~ Mar 2019
1.Cash flows from operating activities:		
Cash received from selling goods and rendering services	40,533,912.09	162,409,236.60
Cash received relating to other operating activities	523,170,971.29	164,962,328.15
Sub-total of cash inflows	563,704,883.38	327,371,564.75
Cash paid for goods and services	10,853,250.66	22,165,963.06
Cash paid to and on behalf of employees	65,555,619.22	46,441,518.89
Payments of taxes and surcharges	5,565,564.60	18,328,876.86
Cash paid relating to other operating activities	393,277,365.37	703,830,789.51
Sub-total of cash outflows	475,251,799.85	790,767,148.32
Net cash flows from operating activities	88,453,083.53	-463,395,583.57
2.Cash flows from investing activities:		
Cash received from recovery of investments	-	588,000,000.00
Cash received from returns on investments	5,675,000.00	52,000,000.00
Net cash received from disposal of fixed assets, intangible assets and other long-term assets	-	932,687,618.97
Cash received relating to other investing activities	345,871,261.48	679,265,248.20
Sub-total of cash inflows	351,546,261.48	2,251,952,867.17
Cash paid to acquire fixed assets, intangible assets and other long-term assets	2,669,628.67	24,730,396.61
Net cash paid to acquire subsidiaries and other business units	20,600,000.00	42,700,000.00
Cash paid relating to other investing activities	1,971,984,000.00	1,029,834,118.97
Sub-total of cash outflows	1,995,253,628.67	1,097,264,515.58
Net cash flows from investing activities	-1,643,707,367.19	1,154,688,351.59
3.Cash flows from financing activities:		
Cash received from borrowings	2,720,000,000.00	-
Sub-total of cash inflows from financing activities	2,720,000,000.00	-
Cash repayments of borrowings	322,000,000.00	94,000,000.00
Cash payments for interest expenses and distribution of dividends or profits	83,422,481.39	39,649,083.43
Cash payments relating to other financing activities	5,141,761.65	5,555,760.00
Sub-total of cash outflows	410,564,243.04	139,204,843.43
Net cash flows from financing activities	2,309,435,756.96	-139,204,843.43
4.Effect of foreign exchange rate changes on cash and cash equivalents	2,127.52	-1,203.44
5.Net increase in cash and cash equivalents	754,183,600.82	552,086,721.15
Add: Cash and cash equivalents at beginning of the year	1,267,105,113.94	1,192,441,921.64
6.Cash and cash equivalents at end of the year	2,021,288,714.76	1,744,528,642.79