SHENZHEN EXPRESSWAY COMPANY LIMITED

Stock code: 00548(SEHK) 600548(SSE)

2016 Annual Results Presentation

17 March 2017

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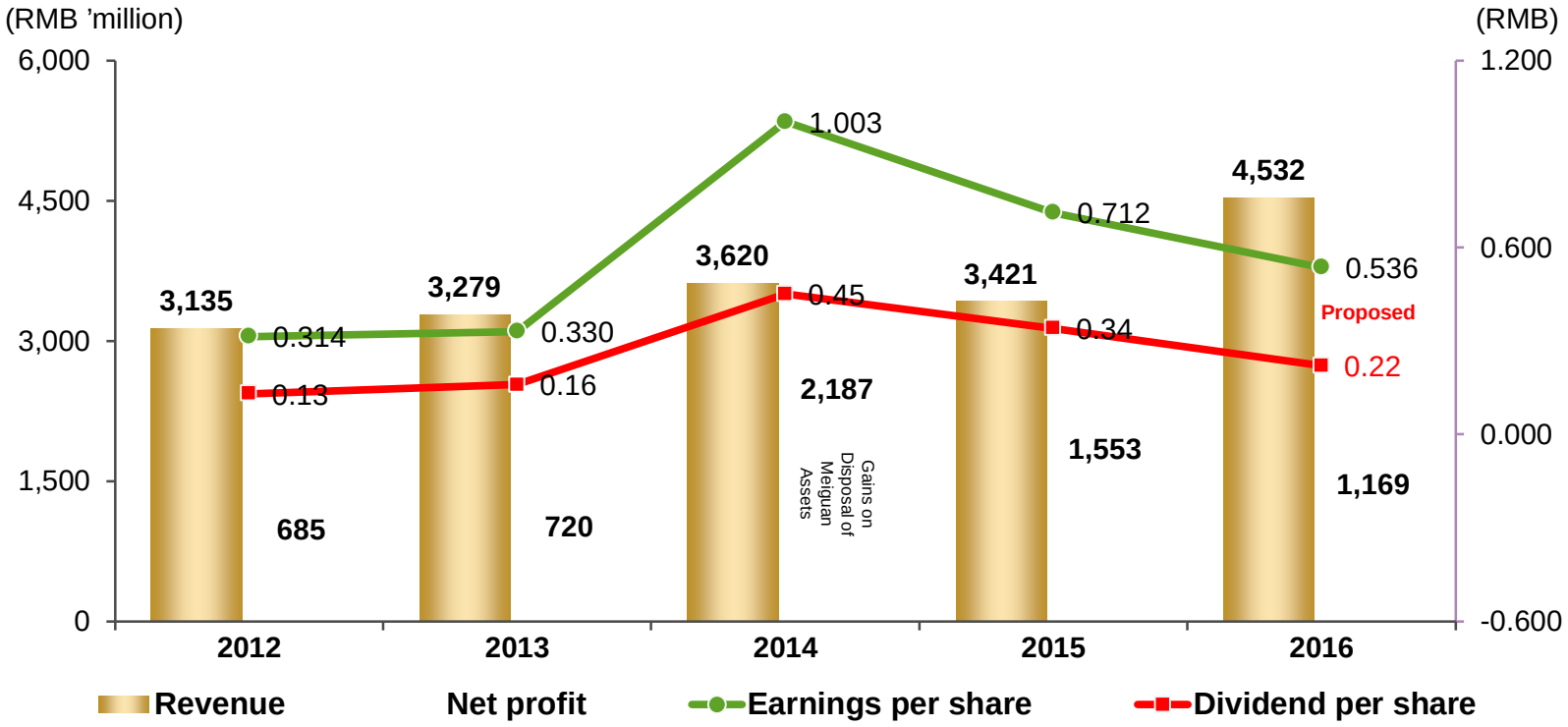
In this material, the total of breakdown and the total may not equal in mantissa due to rounding.

Financial Highlights



„ 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.

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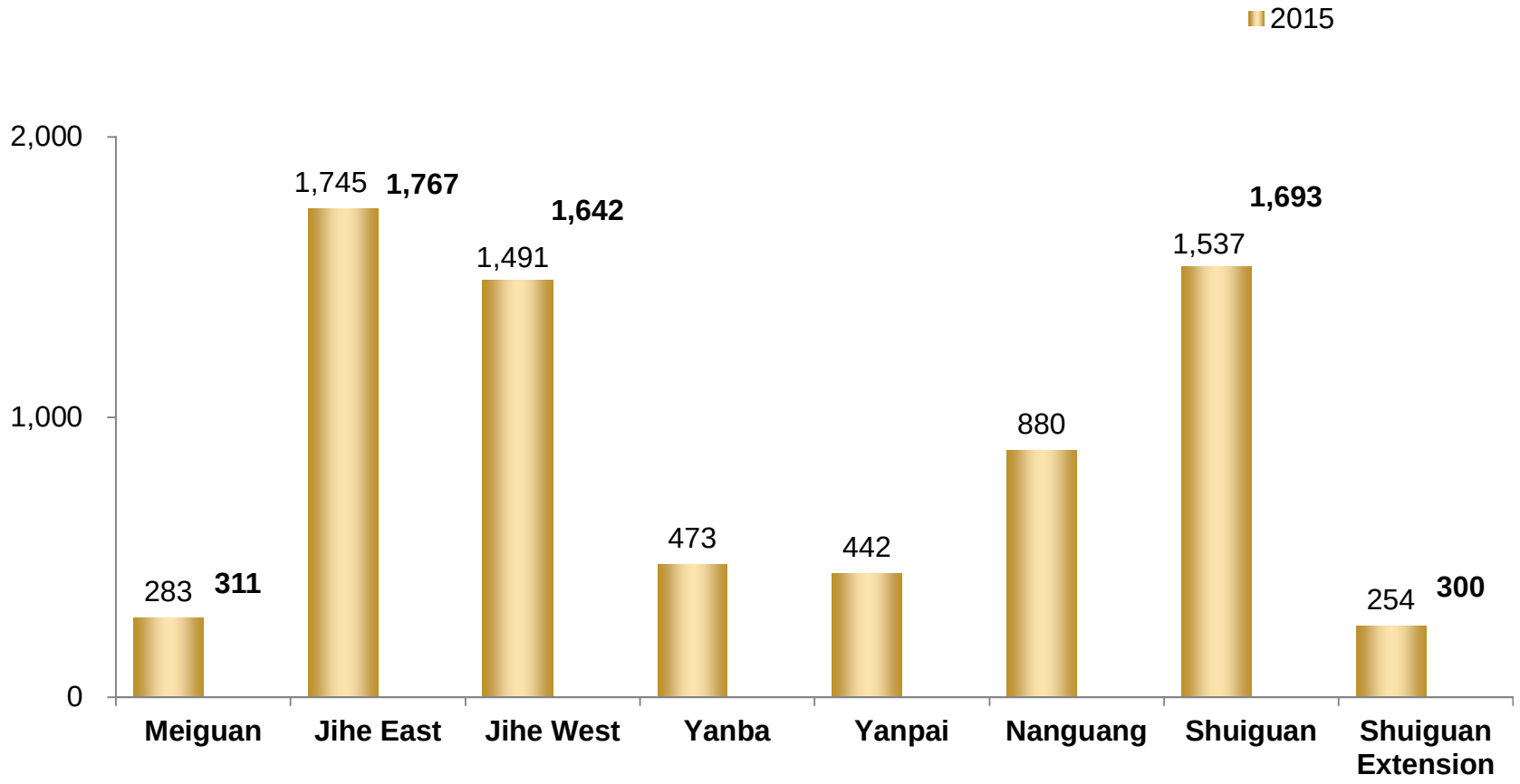
Operational Performance - Impact Factors

Macro environment

- The national economy operated stably in general, but was still under downward pressure. The regional economy of Guangdong Province and Shenzhen City was relatively active and conducive to the general growth of the regional transportation and logistics demand via highway.
- There was no material change on the policies of toll highway industry.
- The negative impacts of Toll Free Scheme on Holidays, Green Passage Toll Free Policy, and Standardization Scheme in Guangdong Province still existed. However, the impact on YOY changes has generally been eliminated.

Changes in road networks

- Yanpai Expressway, Yanba Expressway and Nanguang Expressway have become toll free 0:00 on 7 February 2016. The increase in the traffic of the free highways has also driven the growth in the traffic volume of the connected Jihe Expressway and Shuiguan Expressway.
- Due to maintenance and reinforcement on the bridge of Jihe East from mid-May to mid-July 2016, the total toll revenue of Jihe East was affected negatively during the construction period. However, the improvement of traffic capacity will enhance the performance of the project.
- The growth of the regional economy along the highway and the implementation of toll by weight on cargo vehicles resulted in a good YOY growth in the average daily traffic volume and toll revenue of both Yangmao Expressway and GZ W2 Expressway.
- The more accessible road network of Yunwu Expressway has a positive effect on Guangwu Project. Jiangluo Expressway Phase II was opened for traffic at the end of December 2016 and expected to have a great diversion impact on Guangwu Project.
- The diversion raised from neighboring roads on Qinglian Expressway still exists, but it has become stable. The expansion project of Guangqing Expressway was completed at the end of September 2016. It helps enhance the operational performance of Qinglian Expressway.
- The operational performance of Wuhuang Expressway is still impacted by diversion, but the diversion has stabilized.


2015
2,000
1,000
0
283
311
1,745
1,767
1,491
1,642
473
442
880
1,537
1,693
254
300
Meiguan
Jihe East
Jihe West
Yanba
Yanpai
Nanguang
Shuiguan
Shuiguan Extension

Business Development - Management Improvement

Operational Management

- In order to build the platform for expanding the operations management of urban and transportation infrastructure, improving the competitiveness and marketability of operations management and highway property management, the Company established Operations Development Company.
- Standardized the emergency management system for rush-hour traffic to ensure a clear and orderly passage.
- Established a standardized terminal operation module and an audit management mechanism to minimize the loss of toll revenue.

Marketing Measures

- Carried out the marketing and promotion of the whole road network through various channels, which has boosted the growth of traffic volume of Jihe Expressway.
- Boosted traffic volume of Qinglian Expressway by promoting the advantages of road network and implementing tourism co-marketing.

Maintenance Works

- Conducted preventive maintenance works and reinforced the retaining wall of Yanpai Expressway.
- Completed the reinforcement and maintenance of the main bridge of Pinghu marshalling station of Jihe East.
- Through strict daily maintenance management, continuously ensured the excellent technical conditions of highway to extend the service life of the highways and effectively reduce the overall maintenance cost.

Toll Adjustment of the Three Projects

- On 30 November 2015, the Company and Shenzhen government entered into the agreement. The toll adjustment proposal for the Three Projects will be implemented in two phases: the Company implements the toll-free policy for the Three Projects, while Shenzhen government makes cash compensation to the Company based on the adjustment mechanism accordingly.
  - Phase 1 (7 February 2016 - 31 December 2018): the Company implements the toll-free policy for the Three Projects, under which it

Outer Ring Project

- The total length is approximately 93 km with six-lane.
- 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.
- The Company and the Shenzhen government entered into agreements on 18 March 2016: : the investment budget for Section A of Outer Ring is approximately RMB20.6 billion, among which, the Group will invest 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 will be assumed or financed by Shenzhen Special Economic Zone Construction and Development Company Limited, a company established and wholly-owned by Shenzhen government.
- The proposal for Section A of Outer Ring is the first toll highway project invested by the Group based on PPP mode, which can effectively maintain a balance between public welfare and reasonable returns for commercial investment of infrastructure.
- The construction has been fully commenced and is scheduled to be completed at the end of 2019.

Business Development - Toll Highways 3

Wuhuang Expressway

- The Company acquired 45% equity interest in Wuhuang Expressway for RMB0.45 billion, which increased the Company's equity interest in Wuhuang Expressway from 55% to 100%.
- As Wuhuang Expressway has good business records and low investment risks, the increase of the equity helps to improve the Company's future profitability and cash flow and further consolidate the Company's core strengths in the investment, management and operation of highways, which fulfils the Company's development strategies and overall interests.

Yichang Expressway

- Yiyang to Changde, a two-way expressway with four lanes of which the main lane has a length of 73.1 km. It is a section of the connection line from Zhangjiajie to Changsha of Erguang Expressway.
- The Company entered into an equity transfer agreement with Ping An Ventures on 20 January 2017 to acquire Ping An Ventures' 100 % equity in Yichang Expressway for RMB1.27 billion.
- Yichang Expressway is situated in a superior location with good investment value. Since Yichang Expressway commenced operation, it has maintained good business records with steady growth of traffic volume and toll revenue. The obtaining of interest in Yichang Expressway through at a reasonable price helps the Company to expand its asset scale and profit base, increase stable cash, and further strengthen its core advantages in the investment, management and operation of the highways, which fulfils the Company's development strategies and overall interests.

Business Development - ECM Note & Other Infrastructure Business

Project Construction

- The construction of Section A of Outer Ring has been fully commenced and is scheduled to be completed at the end of 2019.
- Some of the contract sections of Coastal Phase II have already commenced construction and the project is scheduled to be completed at the end of 2019.
- 70 % of the entrusted construction of Hengwu Road and Hengliu Road in Longli County was completed. The project is scheduled to be completed in the first quarter of 2017.
- The relevant foundation treatment of the entrusted construction of Guizhou Logistics Port of Shenzhen International was under way. The project is scheduled to completed at the end of 2017.

Acceptance and Audit

- Longda Municipal Section Project was completed and accepted in December 2016.
- Guanlan Renmin Road - Meiguan Expressway Joints Project was completed and delivered at the end of December 2016 and is undergoing delivery and inspection works.
- The completion settlement and government audit of Coastal Phase I, Nanping Phase II and Dezheng Road Project were under way.
- The acceptance, completion settlement and audit of the constructions of Resettlement Project Phase II in Longli, Guizhou have been completed. As of the end of the Reporting Period, part of the proceeds have been recognized.

Preliminary Planning

- Proactively pushing forward with relevant verification and approval work of Houmen Comprehensive Resettlement Building Project in Shenzhen-Shanwei Special Cooperation Zone. The preliminary geological survey has been completed. The tender for relevant design has been started.
- The Board also approved the Company to provide construction and management services to the ground levelling and relevant supporting construction projects in Shenzhen-Shanwei Special Cooperation Zone. Currently, the preliminary work was being pushed forward actively.

Note: Entrusted construction management.

Business Development - Land Acquisition and Development 1

Guilong Land

- Relying on BT Project, from 2012 up to the Reporting Date, the Group has successfully won the bids for parcels of land with an area of approximately 2,490 mu (approximately 1.66 million square meters) with a total consideration of approximately RMB837 million:
  - The Company has conducted real estate development for the land with an area of 300 mu (approximately 200,000 square meters). The first villas of Phase I of Shenzhen Expressway Interlaken Town (approximately 110 mu, equivalent to 70,000 square meters) have handed over to buyers for dwelling.

    The construction of the second batch of Phase I (approximately 129 mu, equivalent to 86,000 square meters) is under construction, which is expected to complete in 2017. There were more than half of the villas subscribed by the end of the Reporting Period.
  - The Board approved the Company to conduct integrated planning and progressive and phased development of another area of 400 mu (approximately 267,000 square meters).
  - During the Reporting Period, the Company completed the sale and transfer of the area of 503 mu (approximately 335,000 square meters), a cash amount of RMB0.15 billion has been received.

    On 19 August 2016, the Board approved to transfer 100% equity interest and debts in Guizhou Hengtongsheng Real Estate Co., Ltd. (it holds about 39.6 mu of land for logistics), a subsidiary that indirectly controlled by the Company, to Shenzhen International Logistics at a cost of RMB11.685 million.

    As at the end of the Reporting Period, Shenzhen International Logistics has already made all the payments of about RMB150.260 million, and the relevant transfer procedures were also completed.
- 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.

Meilin Checkpoint Renewal Project

- Pursuant to the relevant agreement and the approval of the general meeting, 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 Group had completed subsequent capital injection into United Land Company, with an accumulated amount of RMB2.45 billion. United Land Company paid up the total land premium (including the transfer price of land use right and other payables) and obtained the land use right of the land parcels.

- The land area of the land parcels is approximately 96,000 square meters and the land is for residential and commercial use with a plot ratio-based gross floor area of not more than 486,400 square meters (including public affiliated facilities, etc.).

- It is estimated that the total cost of the project land parcel would be about RMB5.0 billion to RMB5.2 billion, including the total land premium of approximately RMB3,567 million, relocation compensation for the properties on the land, preliminary planning costs, and relevant tax.

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Business Development - Other Businesses 1

Bank of Guizhou

- The Company subscribed 426 million additional shares of Bank of Guizhou. On 31 December 2016, the equity interest held by the Company in the Bank of Guizhou accounts for 4.41% of the total shares after the increase in capital and shares of Bank of Guizhou.
- Given the strong cash dividend capacity and there is much 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.
- During the Reporting Period, the Company recognized the investment income of RMB101,535,000 from Bank of Guizhou.

Environmental Protection Business

- On 30 December 2016, the Board approved Investment Company to participate in the Nanmen River Comprehensive Management Project in the Shenzhen-Shanwei Special Cooperation Zone ("Nanmen River Comprehensive Management Project"). In the case of a total investment of no more than RMB320 million, Investment Company and Zhongjiao Tianjin Waterway Bureau Co., Ltd. jointly participated in the investment, construction and management of the Nanmen River Comprehensive Management Project as a consortium. Currently, the project is being actively pushed forward.
- In line with the implementation of the Company's development strategies, the Company changed the wholly-owned subsidiary of Shenzhen Expressway Luyun Construction Management Company Limited to Shenzhen Expressway Environmental Company Limited and completed the change of industrial and commercial registration on 30 December 2016. The scope of business of Environmental Company includes investment in environmental protection industrial projects and other industrial projects, environmental technology development and related environmental business consulting, municipal public works construction, environmental management engineering and project management consulting, etc.

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

- To support the development strategy of Consulting Company in the capital market, Consulting Company has no longer been consolidated into the Group’s financial

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Financial Analysis - Income Highlights

	2016	2015	Change in Amount	Change
Net profit attributable to owners of the Company (RMB 'million)	**1,169**	1,553	-383	-24.69%
Earnings per share (EPS) (RMB)	**0.536**	0.712	-0.18	-24.69%
Return on equity – weighted average (ROE) (%)	**9.35%**	12.94%	-3.59p.pt	
Excluding non- recurring items Note:				
Net profit attributable to owners of the Company (RMB 'million)	1,005	527	+477	+90.50%
Earnings per share (EPS) (RMB)	0.461	0.242	+0.22	+90.50%
Return on equity – weighted average (ROE) (%)	8.08	4.39%	+3.69p.pt	

Note: The non-recurring items mainly include the fair value gain/loss on Forex Swap, the net income of trustee fee on entrusted operation, the gain on transfer of subsidiaries in Guizhou, adjustment on the compensation receivable of toll fee adjustment of Meiguan Expressway and so on.

Financial Analysis - Revenue, Cost & Expenses

	2016 (RMB 'million)	2015 (RMB 'million)	Change in Amount (RMB 'million)
Revenue	**4,532**	3,421	+1,112 Note1
Toll highways	3,680	3,014	+666
Entrusted management services	121	95	+27
Engineering consulting Note2	334	191	+143
Real estate development	254	N/A	+254
Advertising and others	143	121	+23
Cost of services	**2,533**	1,679	+854
Toll highways	1,863	1,419	+444
Entrusted management services	93	39	+53 Note3
Engineering consulting Note2	278	143	+135
Real estate development	213	N/A	+213
Advertising and others	86	77	+9
General and administrative expenses	**139**	134	+5

Note1: The growth of revenue was primarily attributable to consolidation of Shuiguan Expressway and Consulting Company into the financial statements in the second half of 2015, the growth of toll revenue from the Group's ancillary toll highways, and the recognition of real estate development revenue on Guilong Development Project.

Note2: Consulting Company has been consolidated into the Group's financial statements since 1 July 2015 and contributed 5-month consolidation time during the Reporting Period.

Note3: Mainly comprised cost of entrusted construction management services of Section A of Outer Ring.

Financial Analysis - Operating Income

	2016 (RMB '000)	2015 (RMB '000)	Change in Amount (RMB '000)
Toll highway			
Qinglian	**671,568**	637,172	+34,396
Jihe East	**646,744**	636,945	+9,799
Jihe West	**600,858**	544,207	+56,651
Wuhuang	**343,677**	331,593	+12,084
Nanguang	**329,296**	321,130	+8,166
Yanpai	**174,452**	161,218	+13,234
Yanba	**179,869**	172,652	+7,217
Meiguan	**113,943**	103,245	+10,698
Shuiguan	**619,581**	105,895	+513,686 Note
Total	**3,679,988**	**3,014,057**	**+665,931** Note

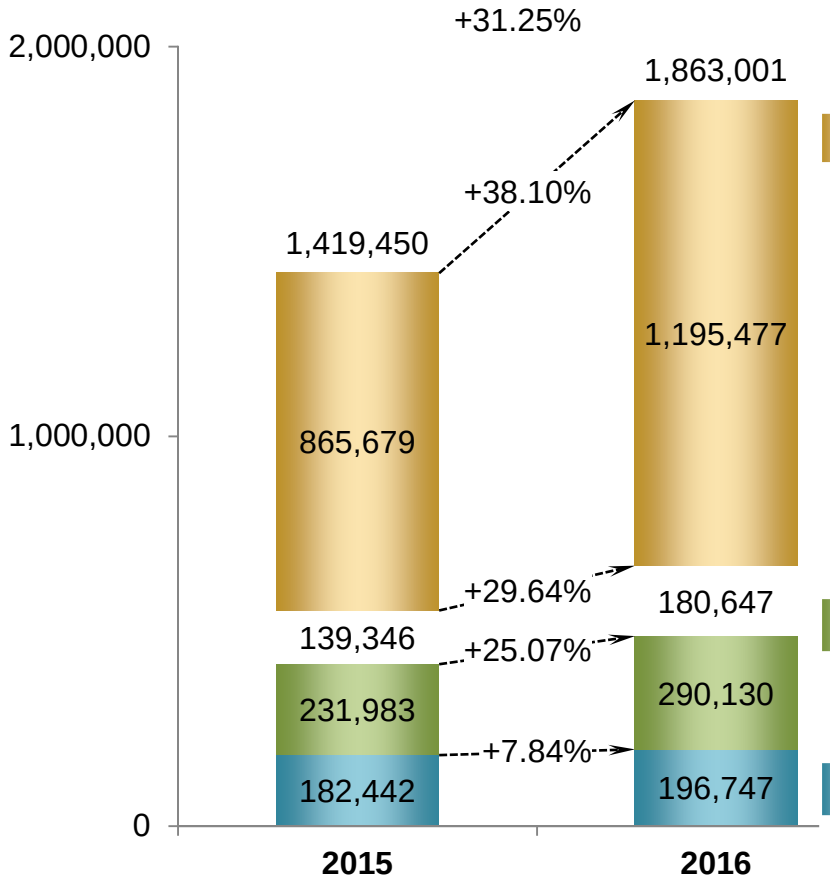
- The significant growth of toll revenue of Jihe West benefited from the organic growth of traffic volume and the induced growth of traffic volume after the implementation of the toll-free policy for the Three Projects.
- Other ancillary toll highways had achieved considerable growth.
- The Company recognized compensation for the toll revenue from the Three Projects of RMB614,167,000 during the Reporting Period.

Note: Shuiguan Expressway had been consolidated into the Group's financial statements since 30 October 2015 contributed 10-month consolidation time during the Reporting Period.

Financial Analysis - Operating Costs

Cost Breakdown of Toll Highway Business

(RMB '000)



Depreciation and amortization

- The consolidation of Shuiguan Expressway has resulted in an increase of RMB 277,407,000 in depreciation and amortization; the adjustment of unit amortization amount of the concession intangible assets and the increase in depreciation and amortization costs resulting from the increase in traffic volume of some toll highways in 2016.

Road maintenance expenses

- The special maintenance expenses of Jihe East and Wuhuang Expressway increased.

Employee expenses

- The consolidation of Shuiguan Expressway has resulted in an increase in employee expense.

Other business costs

Financial Analysis - Operating Profit from Main Business

	Cost of Services		Operating Profit	
	2016 (RMB '000)	Change in Amount (RMB '000)	**2016** (RMB '000)	Change in Amount (RMB '000)
Toll highway				
Jihe West	111,018	+6,422	**489,840**	+50,229
Jihe East	299,843	+25,701	**346,901**	-15,902
Qinglian	391,650	+19,650	**279,918**	+14,746
ShuiguanNote	418,248	+344,634	**201,333**	+169,052
Nanguang	169,837	+4,277	**159,459**	+3,889
Wuhuang	199,325	+20,490	**144,352**	-8,406
Yanpai	84,630	+4,324	**89,822**	+8,910
Yanba	118,379	+9,233	**61,490**	-2,016
Meiguan	70,071	+8,820	**43,872**	+1,878
Total	1,863,001	+443,551	**1,816,987**	+222,380

- The increase in toll revenues has resulted in an increase in operating profits of Qinglian Expressway, Jihe West and Shuiguan Expressway.
- The implementation of the special maintenance of Jihe East and Wuhuang Expressway increased the road maintenance expenses and had a certain negative impact on toll revenues, resulting in the decrease in operating profit.

Note: Shuiguan Expressway had been consolidated into the Group's financial statements since 30 October 2015.

Operating profit = Operating income – Operating costs

	Toll revenue	Cost of services		

Financial Analysis - Financial Expenses

Item	2016 (RMB '000)	2015 (RMB '000)	Change in Amount (RMB '000)
Interest expenses	**631,890**	489,200	+142,690
Less: **Interest capitalized**	- **3,287**	- 4,110	-823
Interest income	**78,826**	124,480	-45,654
Add: **Time value of provisions for maintenance/resurfacing**	+ **-**	+ 4,195	-4,195
Exchange loss and others	**89,666**	5,896	+83,770
Financial expenses	**639,443**	370,700	+268,743
Composite borrowing costs - nominal costs (%)	**4.97%**	5.53%	-0.56p.pt
Average borrowing scale (RMB 'billion)	**12.9**	8.38	+4.52 Note

„ The increase of financial expenses was mainly attributable to a YOY increase in the interest-bearing liabilities of the Group during the Reporting Period, a YOY decrease in the interest income from the compensation payment related with the toll adjustment of Meiguan Expressway, and a YOY increase in the exchange losses.

Note: The increase of average borrowing scale was mainly affected by the receipt of prepayment of RMB6.588 billion from Shenzhen Government at the end of 2015 as compensation for the toll adjustment of the Three Projects.

Financial Analysis - Assets and Liabilities Highlights

	31 December 2016 (RMB 'million)	31 December 2015 (RMB 'million)	Change in Amount (RMB 'million)
Total equity attributable to owners of the Company	**12,674**	12,369	+306
Net assets per share (RMB)	**5.81**	5.67	+0.14
Total assets	**32,385**	31,671	+714
of which: Cash and cash equivalents	4,244	6,181	-1,937
Total liabilities	**17,673**	16,710	+963
of which: Total outstanding interest-bearing liabilities	12,941	13,276	-334 Note

Note: As at 31 December 2016, the total outstanding interest-bearing liabilities of the Group recorded a YOY decrease, which was mainly attributable to repayment of due corporate bonds in the Reporting Period.

Financial Analysis - Debt Ratio and Repayment

	31 December 2016	31 December 2015
Debt-to-asset ratio (Total liabilities / Total assets)	**54.57%**	52.76%
Net borrowings-to-equity ratio ((Total borrowings - cash and cash equivalents) / Total equity)	**59.12%**	47.42%

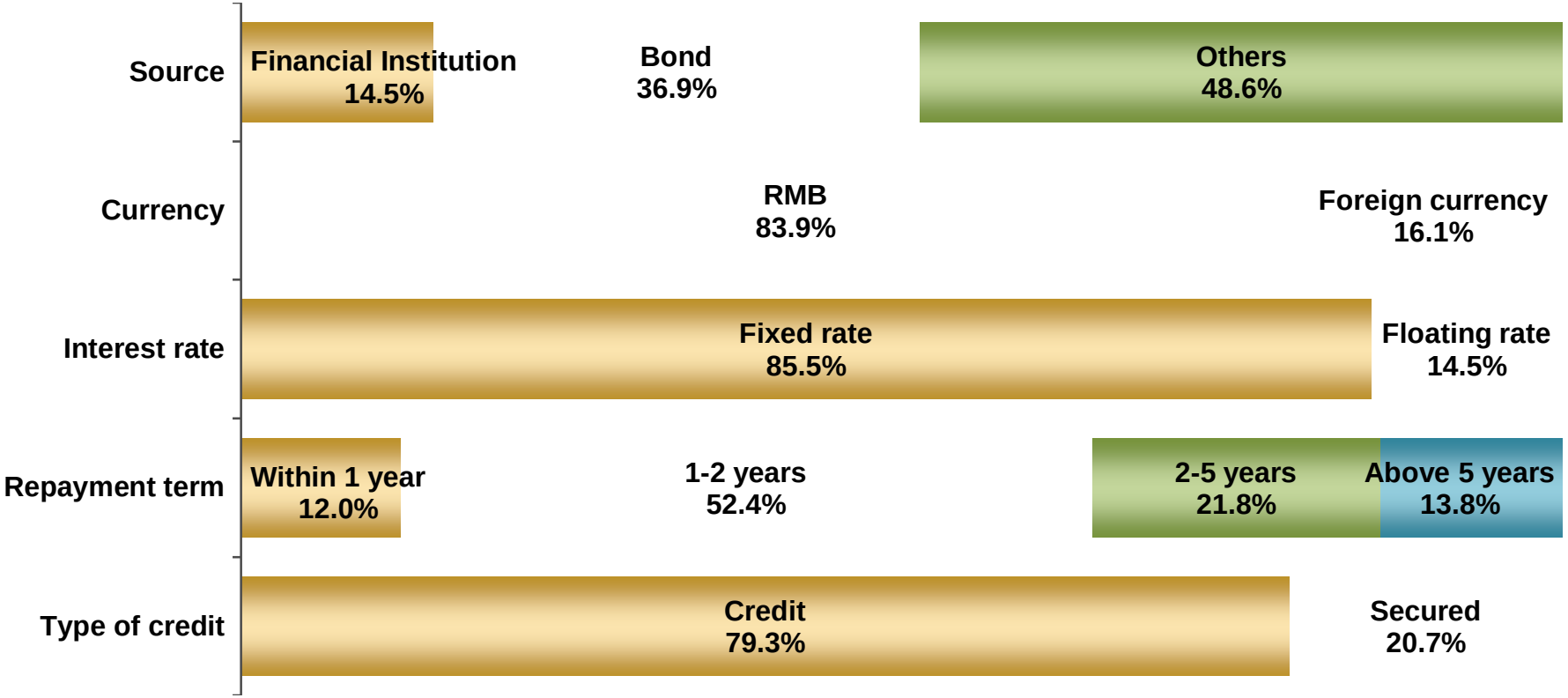
	2016	2015
Interest covered multiple ((Profit before tax + interest expenses) / interest expenses)	**3.56**	4.38
EBITDA interest multiple (Earnings before interests, tax, depreciation and amortization / interest expenses)	**5.52**	6.20

- Due to the combined effect of equity investment, purchase of wealth management products from banks and distribution of profit etc., the net borrowings-to-equity ratio increased as compared with that at the beginning of the year.
- Interest coverage multiple and EBITDA interest multiple recorded a YOY decrease as a result of the increase in the average size of borrowings scale.

Financial Analysis - Borrowing Structure

Borrowing Structure

(as at 31 December 2016)



Financial Analysis - Capital Expenditure 1

- In 2016, the total capital expenditure of the Group amounted to RMB2.834 billion, of which, equity investments amounted to RMB2.452 billion and non-equity investments amounted to RMB0.382 billion.

- The Group's total capital expenditure will be expected to be approximately RMB6 billion from 2017 to 2019, which mainly comprised investment in Section A of Outer Ring, construction settlements of projects such as reconstruction and expansion of Meiguan Expressway, and investment in road properties and mechanical and electrical equipment of the highway sections operated by subsidiaries as well expenditures on acquisition of Yichang Expressway shares.

- During the Reporting Period, the Group's net cash inflows from operating activities and cash return on investments totaled RMB2.41 billion (2015: RMB1.94 billion).

- As at the end of the Reporting Period, unutilized banking facilities amounted to RMB13.11 billion.

Changes in Accounting Policies

„ Pursuant to the requirements of the relevant accounting policies and rules of the Company, and based on the actual circumstances of each of the major toll highways, the Group has revised the relevant accounting estimates for the unit amortisation amount of concession intangible assets of Qinglian Expressway, Nanguang Expressway, Yanpai Expressway and Yanba Expressway with effect from 1 January 2016, and revised the relevant accounting estimates for the unit amortisation amount of concession intangible assets of Wuhuang Expressway with effect from 1 October 2016. These changes in accounting estimates have resulted in a decrease of the equity attributable to owners of the Company as at 31 December 2016 by approximately RMB27,322,000 and a decrease in net profit of the Group for the Reporting Period by approximately RMB27,322,000, which has no significant impact on the financial position and operating results of the Group as a whole.

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Operating Environment & Conditions in 2017

- The domestic economy will still be under more downside pressure. However, China's economy is expected to maintain good momentum and promising potential to drive the relatively stable growth of domestic demands for road traffic.
- The policy environment tends to be stable. The policy guidance, criticism, public demand and reform of the toll highway industry will affect one another, and continuous revision and improvement of relevant policy will be helpful to the long-term and healthy development of the industry.
- The progress of new form of urbanisation would induce huge demand for construction or upgrade and reconstruction of infrastructure and maintenance and management after the infrastructure has been put into use, thereby providing more business opportunities for the Company to develop its entrusted management business with its professional skill and experience.
- The infrastructure sector witnesses a trend towards further opening to social capital and the government is pushing forward the application of PPP mode, both of which provide more opportunities and challenges to the Company.
- It is expected that the Central Bank of China will adopt a more stable and neutral monetary policy to create a favorable monetary and financial environment for further stabilization of the economy. It will help the Company to make reasonable financing arrangement and lower the capital cost.
- The changes of regional road networks will result in certain positive or negative impacts on the Group's toll highway projects.

- **Development of core business:** the Company has set the "construction and operation service provider of urban and transport infrastructure" as its main business direction at this stage, and will actively promote the development of the existing core business of toll highway by further expanding the development in the four areas of investment, construction, operation and maintenance, fostering the capital advantages and management abilities to drive the growth of its core business.

- **Exploration of new industries:** the Company will comply with the PRC's policy guidance on industry development, effectively leverage the advantages in terms of corporate resources, fully unleash the core competitiveness of the Company and demonstrate it as a well-structured and duplicable principle, so as to actively explore and engage in investment in new industries which have a higher return than the core business. This will enable the Company to achieve the target of stabilizing its performance growth in the near term and rendering new growth momentum in the long run. Based on the aforesaid principles, the Company has set its business direction of environmental protection industry with the contents of water environment treatment, solid waste treatment, and so on.

- **Investment and financing management:** the Company will actively explore new investment modes. Aiming to reduce the consolidated capital cost and maintain a reasonable capital structure, the Company will strengthen the use of financial instruments in the capital market and consolidate the internal planning and management of funds so as to fully demonstrate the Company's advantages in investment and financing and enhance the overall competitiveness for business development of the Company.

- **Organization strength and human resources:** the Company will commit itself to building an organization structure which can enhance the efficiency and conform to the new development strategies. The Company will also devote itself to creating a human resources management system which can enhance the staff motivation and in line with the best interest of the Company as a whole. The Company will also actively research and push forward the establishment and implementation of mechanisms such as employee stock a

Objectives & Priorities for 2017

Operating Targets

- A total revenue target for 2017 of not less than RMB4.6 billion, with the total of operating costs, management expenses and selling expenses (excluding depreciation and amortization) of approximately RMB1.4 billion.
- It is expected that the average borrowing scale (including the compensation received in advance from Shenzhen government regarding the toll adjustment of the Three Projects) and the financial cost of the Group will be increase on a YOY basis.

Toll Highway Business

- Make out operation management “professional, industrial, corporate” with Operations Development Company as the Company’s platform of the Company to effectively improve the operational service.
- The concept of optimal maintenance cost control during the whole operation period through innovation in both technology and management.

Construction Management Business

- To build "sunshine engineering, quality engineering, harmonious engineering" as the goal.
- Actively explore entrusted construction business and timely recover entrusted construction revenue.

Business Development

- Properly manage the hand over works in relation to the acquisition of Yichang Project and push forward the progress of various activities of Guilong Project. Successfully proceed the development mode for Meilin Checkpoint Renewal Project and explore opportunities for the development of Shenshan cooperation zone.
- Put more efforts in the research, reserves, selection and examination of both toll highway projects and new projects developed through exploration of new industries, as well as ongoing risk monitoring and management in line with the Company’s strategies.

Financing and Financial Management

- Strengthen the management and overall planning of the Group’s financial resources so as to enhance the use of funding in a planned and prospective manner. Manage the capital structure and debt structure.
- Properly carry out risk management of overseas debts to prevent and overcome foreign exchange risks.
- Design a robust structure for project financing and compare to expand financing channel and lower capital cost and select a financing model suitable for the Company’s development strategies.

Employee Incentive Scheme

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

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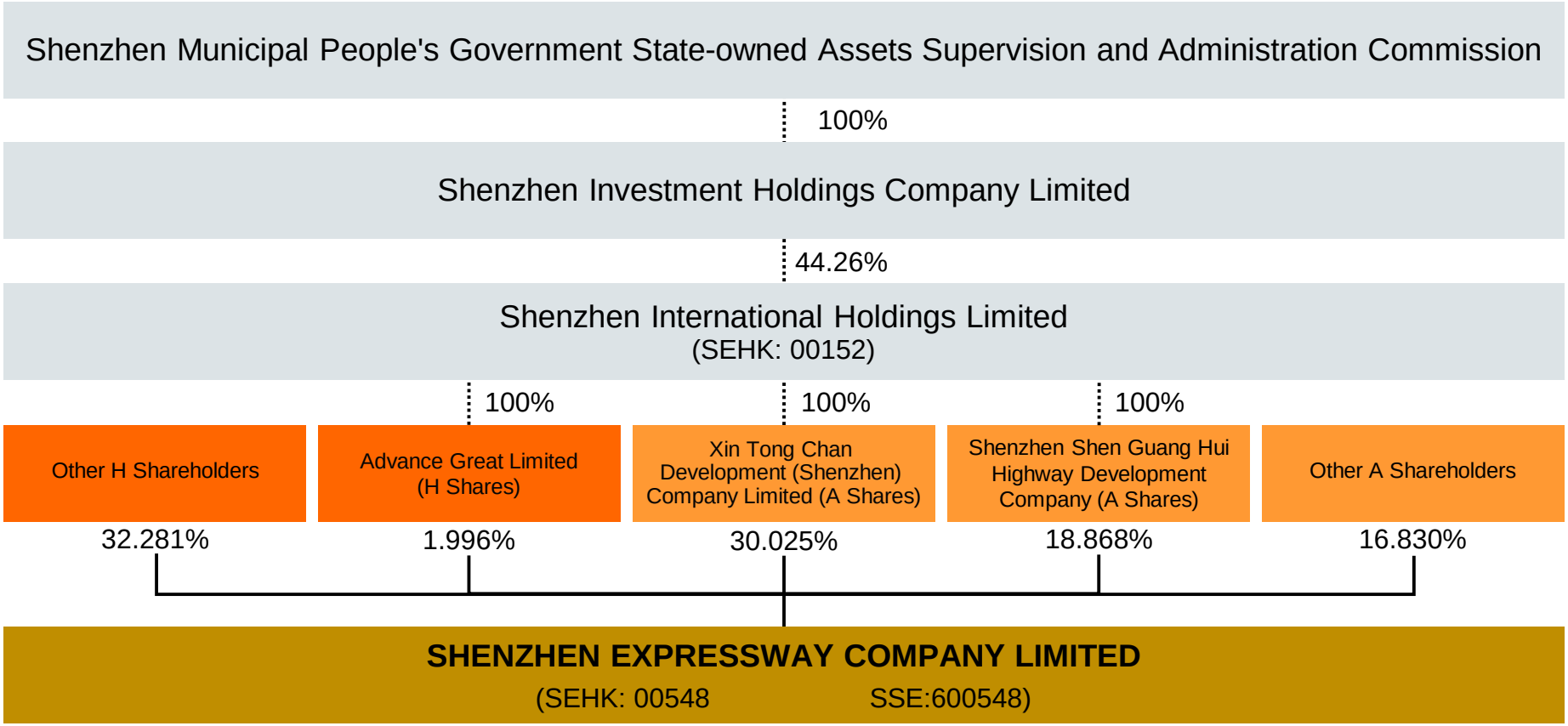
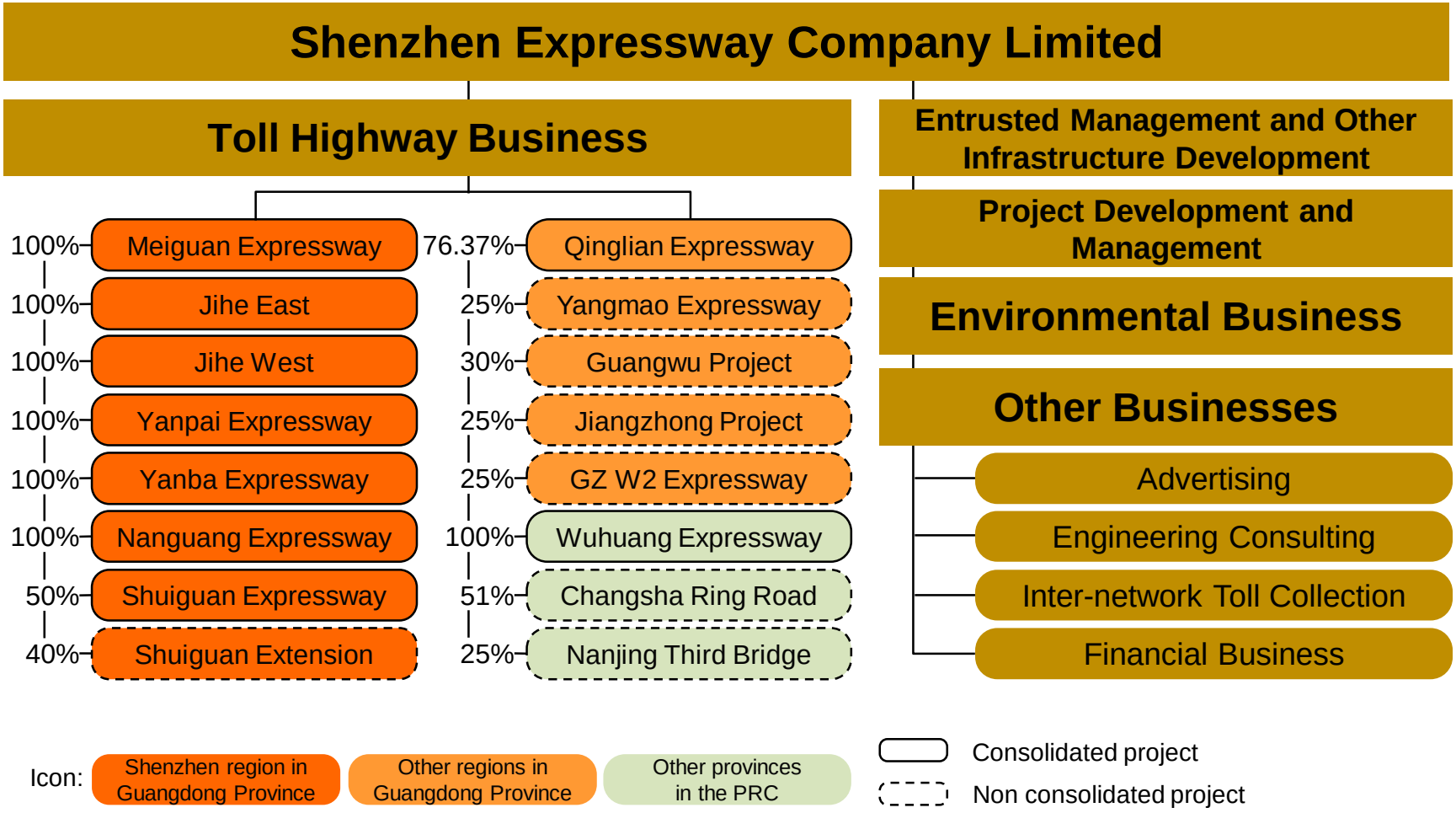
Shareholding Structure



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

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 Note1	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	2025.12
Shuiguan Extension	40%	Shenzhen	6.3	6	Under operation	2025.12
Yanpai Expressway Note1	100%	Shenzhen	15.6	6	Under operation	2027.03
Nanguang Expressway Note1	100%	Shenzhen	31.0	6	Under operation	2033.01
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 Note2	100%	Hubei	70.3	4	Under operation	2022.09
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 1: 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.

Note 2: The Company further acquired 45% equity interests in Wuhuang Expressway in December 2016.

Average Daily Toll Revenue

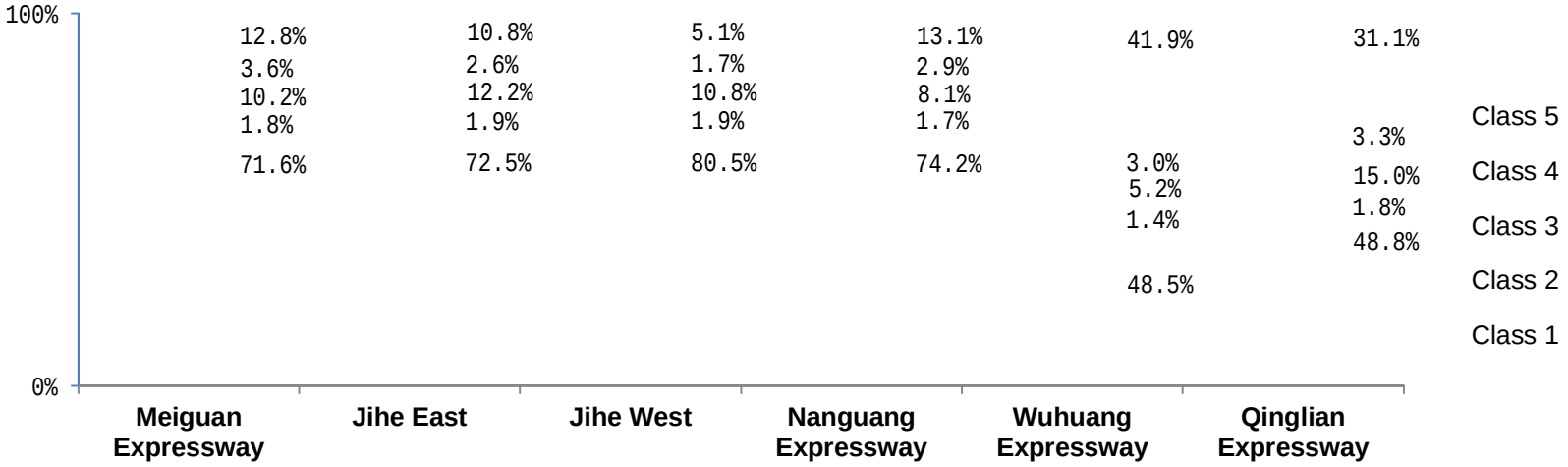
(RMB '000)	2012	2013	2014	2015	2016
Shenzhen region in Guangdong Province					
Meiguan Expressway Note1	875.6	803.1	413.6	282.9	311.3
Jihe East	1,239.9	1,328.8	1,614.6	1,745.1	1,767.1
Jihe West	1,079.8	1,048.2	1,267.6	1,491.0	1,641.7
Yanba Expressway Note2	387.4	444.1	493.2	473.0	-
Yanpai Expressway Note2	514.0	541.0	584.2	441.7	-
Nanguang Expressway Note2	628.8	787.2	839.7	879.8	-
Shuiguan Expressway	1,204.5	1,297.7	1,385.6	1,537.3	1,692.8
Shuiguan Extension	155.5	176.1	230.8	253.7	299.5
Other regions in Guangdong Province					
Qinglian Expressway	1,460.6	1,948.1	2,136.3	1,745.7	1,834.9
Yangmao Expressway	1,326.2	1,469.2	1,551.8	1,694.7	1,800.3
Guangwu Project	681.3	718.5	802.0	893.9	1,024.8
Jiangzhong Project	931.6	924.1	1,019.2	1,066.6	1,132.6
GZ W2 Expressway	713.0	824.8	917.2	990.3	1,073.8
Other provinces in the PRC					
Wuhuang Expressway	1,170.4	1,040.4	891.0	908.5	939.0
Changsha Ring Road	119.4	143.6	167.9	222.8	311.9
Nanjing Third Bridge	894.7	1,169.5	1,093.5	1,040.5	1,097.8

Note 1: 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.

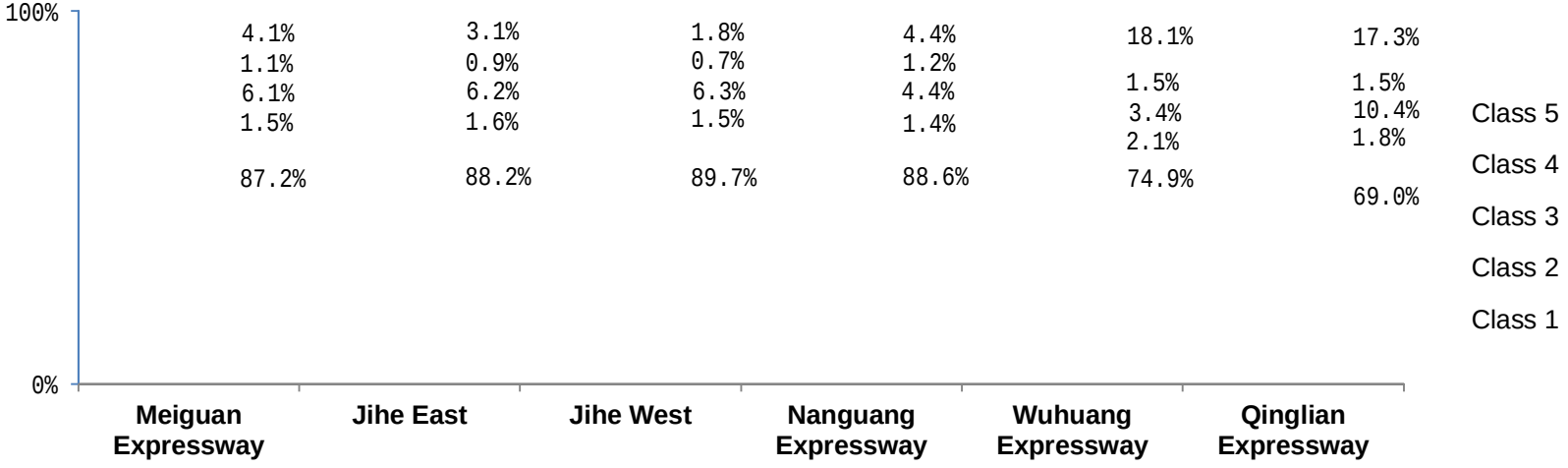
Note 2: Yanba Expressway, Yanpai Expressway and Nanguang Expressway have become toll free since 7 February 2016.

Vehicle Category of Major Highways in 2016

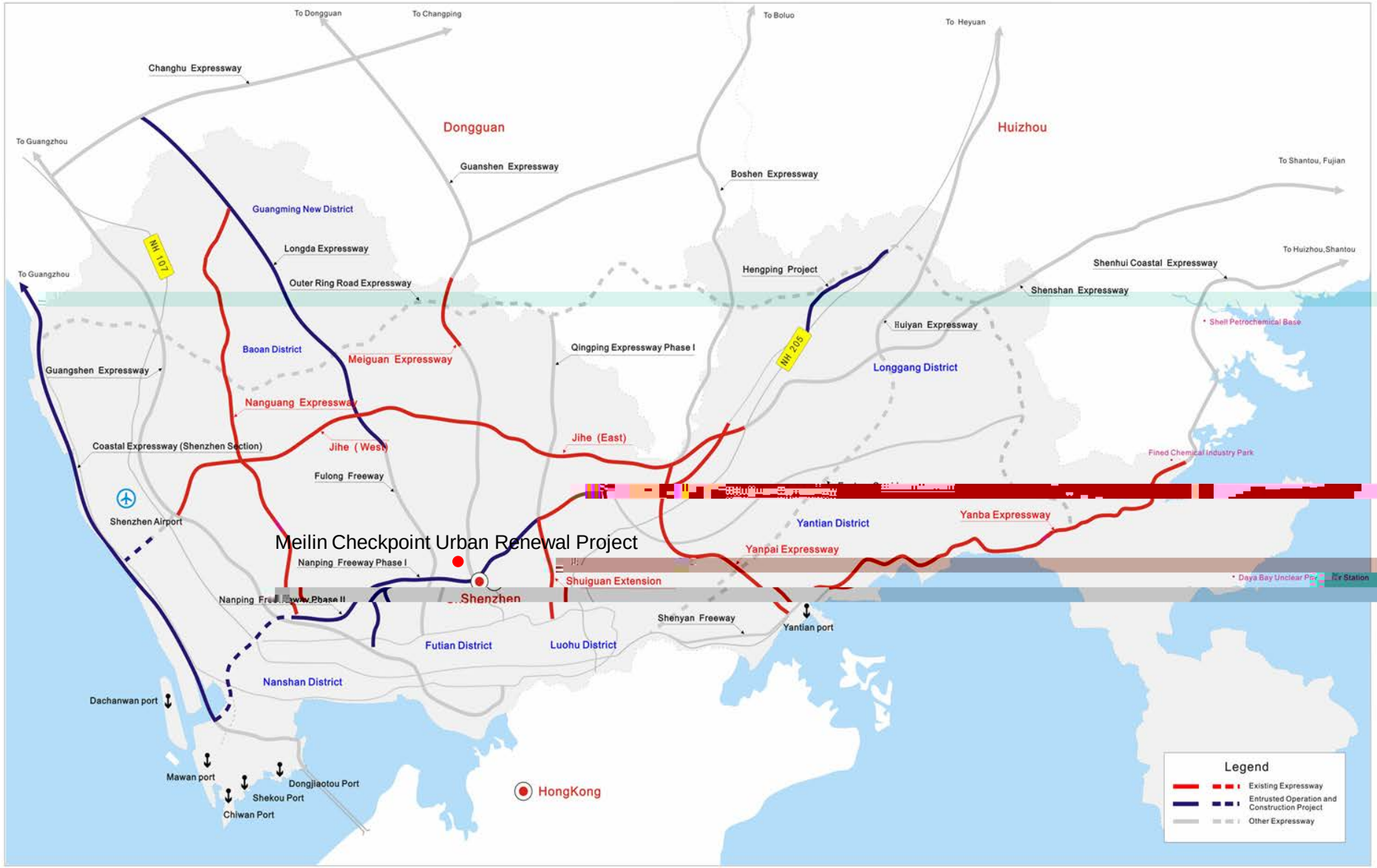
By revenue



By traffic volume



Road Network of Shenzhen

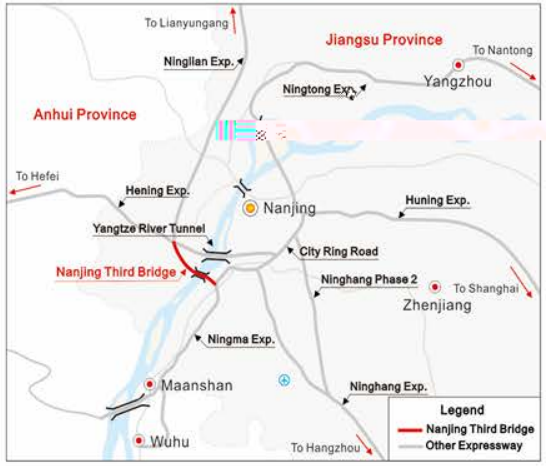


Road Network of Pearl River Delta

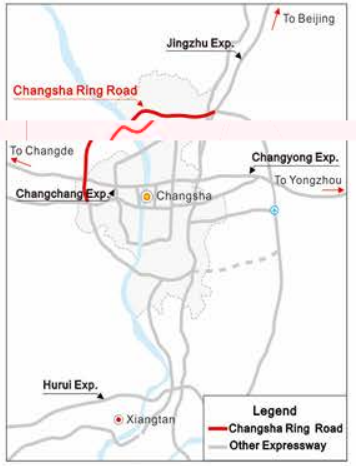
Road Network of Qinglian Expressway

Road Network of Wuhuang Expressway

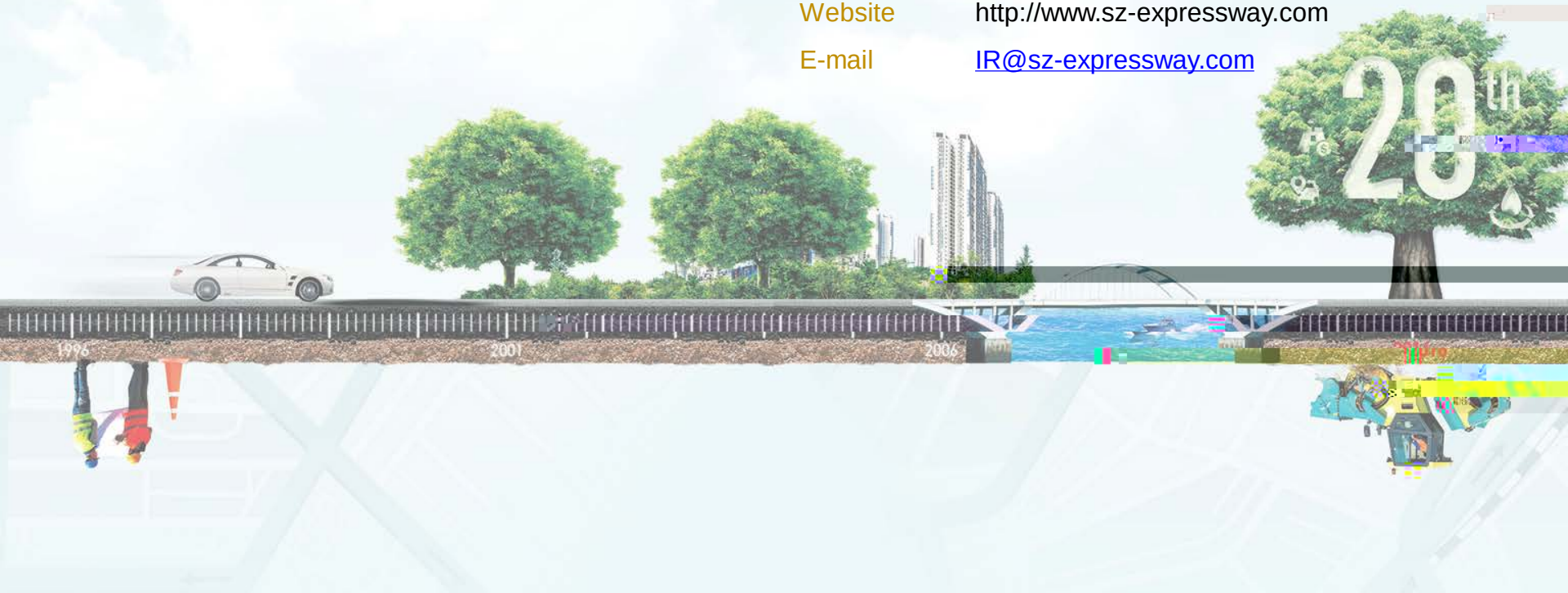
Road Network of Nanjing Third Bridge



Road Network of Changsha Ring Road



Company Declaration

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

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