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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 2021

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 |
|---|---|------------------------|--|
| Hu Wei | Chairman of the Board | Business reason | Wang Zeng Jin |
| Liao Xiang Wen | Director | Business reason | Wen Liang |

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

- 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 2020 Annual Report of the Company.

2. PRINCIPAL FINANCIAL DATA AND CHANGE IN SHAREHOLDERS

2.1 Principal financial data

Unit: RMB

| | As at 31 Mar 2021 | As at 31 Dec 2020 | | Change (%) |
|--|-------------------|-------------------|-------------------|------------|
| | | After adjustment | Before adjustment | |
| Total assets | 58,305,290,489.70 | 55,144,962,042.63 | 55,144,962,042.63 | 5.73 |
| Net assets attributable to owners of the Company | 23,537,891,908.32 | 23,042,941,782.92 | 23,042,941,782.92 | 2.15 |

| | Jan ~ Mar 2021 | Jan ~ Mar 2020 | | Change (%) |
|--|----------------|------------------|-------------------|------------|
| | | After adjustment | Before adjustment | |
| Net cash flows from operating activities | 677,216,593.31 | -335,801,179.71 | -436,646,603.14 | N/A |

| | Jan ~ Mar 2021 | Jan ~ Mar 2020 | | Change (%) |
|---|------------------|------------------|-------------------|-------------------------|
| | | After adjustment | Before adjustment | |
| Revenue | 1,962,015,531.22 | 474,711,617.77 | 454,097,153.83 | 313.31 |
| Net profit /loss attributable to owners of the Company (loss shown with "-") | 540,534,999.13 | -132,684,403.98 | -132,807,230.52 | N/A |
| Net profit/loss attributable to owners of the Company - excluding non-recurring items (loss shown with "-") | 526,396,601.15 | -159,998,328.79 | -159,998,328.79 | N/A |
| Return on equity - weighted average (%) | 2.56 | -0.72 | -0.73 | Increase 3.28 pct.pt |
| Earnings/loss per share – basic (RMB/share) (loss shown with "-") | 0.227 | -0.061 | -0.061 | N/A |
| Earnings/loss per share - diluted (RMB/share) (loss shown with "-") | 0.227 | -0.061 | -0.061 | N/A |

Note 1: Since Financial Leasing Company, Logistics Financial Company and Longda Company were entities under same control and consolidated into the Group in the second quarter and the fourth quarter of 2020 respectively, the Company has made retrospective adjustment to its consolidated financial statements for the previous year in accordance with the relevant requirements of the Accounting Standards for Business Enterprises.

Note 2: The Company issued perpetual bonds of RMB4 billion in December 2020, which was recognised in other equity instruments. According to the relevant requirements, the impact of perpetual bonds was excluded when calculating the above earnings per share and weighted average return on net assets.

Non-recurring Items and Amounts:

Unit: RMB

| Non-recurring items | Jan ~ Mar 2021 | Descriptions |
|---------------------|----------------|--------------|
|---------------------|----------------|--------------|

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 18,767, of which 18,528 were holders of A shares and 239 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 | Overseas legal person | 33.46% | 729,642,042 | 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 | 4.18% | 91,092,743 | 0 | None |
| Guangdong Roads and Bridges Construction Development Company Limited | State-owned legal person | 2.84% | 61,948,790 | 0 | None |
| China Merchants Bank-SSE Dividend Trading Open Index Securities Investment Fund | Domestic non-state-owned legal person | 1.54% | 33,476,560 | 0 | Unknown |
| AU SIU KWOK | Overseas natural person | 0.50% | 11,000,000 | 0 | Unknown |
| Mo Jing Xian | Domestic natural person | 0.48% | 10,574,590 | 0 | Unknown |
| Hong Kong Central Clearing Company Limited | Domestic non-state-owned legal person | 0.45% | 9,897,613 | 0 | Unknown |
| ZHANG PING YING | Domestic natural person | 0.35% | 7,714,565 | 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 | 729,642,042 | | 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. | 91,092,743 | | A share | | |
| Guangdong Roads and Bridges Construction Development Company Limited | 61,948,790 | | A share | | |
| China Merchants Bank-SSE Dividend Trading Open Index Securities Investment Fund | 33,476,560 | | A share | | |
| AU SIU KWOK | 11,000,000 | | H share | | |
| Mo Jing Xian | 10,574,590 | | A share | | |
| Hong Kong Central Clearing Company Limited | 9,897,613 | | A share | | |
| ZHANG PING YING | 7,714,565 | | A share | | |

Connected relationship

| |
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| |
|--|

3. SIGNIFICANT MATTERS

3.1 Operational information

3.1.1 Toll Highway Business

As affected by factors such as the COVID-19 epidemic (the “Epidemic”) and the Toll-free Policy during the Epidemic in the corresponding period last year, the toll revenue saw a significant decrease in general. During the Spring Festival in 2021, the national advocate was to encourage people to stay at their existing location to avoid instability in epidemic prevention and control. Returnees were subject to stringent preventive and control measures, leading to reduction in travelling vehicles during the period and thus decrease in toll revenue as compared with normal years. In general, however, the macro economy in China has shown recovery and steady growth. The toll highways operated and invested by the Group resumed their normal operational performance during the Reporting Period. Given a relatively lower base of the corresponding period last year, the traffic volume and toll revenue of all toll highways saw a significant YOY growth during the Reporting Period. Moreover, the operational performance of toll expressways is also affected by positive or negative impact of factors such as changes in surrounding competitive or coordinated road networks, construction or maintenance of the expressways, connected or parallel expressways, implementation of urban traffic organisation plans. The specific operation information of the toll highways during the Reporting Period is as follows:

| Toll highway | Average daily mixed traffic volume (number of vehicles in thousands) | Average daily toll revenue (RMB'000) |
|---|--|--------------------------------------|
| <i>Guangdong Province – Shenzhen Region:</i> | | |
| Meiguan Expressway | 144 | 427 |
| Jihe East | 313 | 1,923 |
| Jihe West | 204 | 1,445 |
| Coastal Expressway | 154 | 1,483 |
| Outer Ring Project | 194 | 2,143 |
| Longda Expressway | 108 | 385 |
| Shuiguan Expressway | 268 | 1,701 |
| Shuiguan Extension | 71 | 242 |
| <i>Guangdong Province – Other Regions:</i> | | |
| Qinglian Expressway | 58 | 2,831 |
| Yangmao Expressway | 45 | 1,314 |
| GZ W2 Expressway | 89 | 1,312 |
| <i>Other Provinces in the PRC:</i> | | |
| Wuhuang Expressway | 68 | 1,150 |
| Yichang Project | 66 | 1,287 |
| Changsha Ring Road | 66 | 683 |
| Nanjing Third Bridge | 31 | 1,310 |

Notes:

- (1) Traffic volume which is toll free during holidays is not included in the figures of average daily mixed traffic volume.
- (2) According to the freight compensation agreement entered into between Shenzhen Transport Bureau, the Company and Coastal Company, it is agreed that during the period from 1 January 2021 to 31 December 2024, the lorries passing the Coastal Expressway should be charged at 50% of the standard rate of the toll, and such toll waived by the Company and Coastal Company shall be compensated by the government in an one-off manner in March of the following year.

Guangdong Province – Shenzhen Region

During the Reporting Period, benefitted from positive impact of factors such as the relocation of large-scale production bases to the north, increase in production bases along the highways, and the preferential policy for lorries implemented on Changhu Expressway and Congguan Expressway (Dongguan Section) (including the subsidiary road of Qingxi), the traffic volume of lorries passing through Meiguan Expressway has maintained a promising growth. As the major cargo freight artery for west-to-east traffic of Shenzhen, Jihe Expressway saw a stable operational performance. During the period from 1 January 2021 to 31 December 2024, the lorries passing the Coastal Expressway are still charged at 50% of the standard rate of the toll, and such toll waived by the Company and Coastal Company shall be compensated by the government in an one-off manner in March of the following year. In addition, benefitted from the positive impacts such as the promotion of development and construction in Qianhai and western port region in great efforts by Shenzhen, and the synergy on expressway network arising from the opening of the connecting lane of Dongbin Tunnel Shahe West Section, the traffic volume of Coastal Expressway has maintained sound growth.

Outer Ring Project is a toll highway invested by the Group according to the PPP model, which includes Outer Ring Phase I and Outer Ring Phase II. Of which, the total length of Outer Ring Phase I is about 50.74 kilometers. It officially commenced operation in the end of December 2020 and has become one of the main roads of “Ten Horizontal and Thirteen Vertical” road network in Shenzhen. The total length of Outer Ring Phase II is about 9.35 kilometers. Upon completion, it will be connected to 10 expressways and 8 Class 1 highways in Shenzhen. Upon official opening of Outer Ring Phase I, the connection function of which for enhancing the main road of expressway network for south-to-north traffic in the Pearl River Delta has manifested. During the Reporting Period, sound operational performance was recorded and the daily average toll revenue was RMB2.14 million. In addition, the opening of Outer Ring Phase I has caused attraction impact on the traffic volume of Meiguan Expressway and Coastal Expressway, but certain diversion impact on the traffic volume of all sections of Jihe Expressway.

Guangdong Province – Other Regions

The commencement of operation of all sections of Xuguang Expressway highlighted the effect of Qinglian Expressway as a north-south traffic artery from Southern China to Central China. The official opening of Qingyun Section of Shanzhan Expressway on 1 January 2020 has driven an increase in the traffic volume of Qinglian Expressway actively. Since the reopening of Qingyuan Bridge in mid-June 2020, some vehicles using the linkage chose to pass through Qinglian Expressway. Due to the positive impact of the above factors, the operational performance of Qinglian Expressway was steady during the Reporting Period.

During the Reporting Period, the operational performance of Yangmao Expressway was affected due to the negative impacts brought by speed limit as a result of the renovation and expansion work, closure for construction work at some toll collection stations for construction work, opening of adjacent road network such as Shanzhan Expressway and closure for construction work at linked road. Following improvement of the surrounding road networks and official opening of the adjacent Foqingcong Expressway in January 2020, the short-distance traffic volume of GZ W2 Expressway has increased, however the opening of Guangfozhao Expressway in the end of December 2020 caused certain diversion impact on the overall traffic volume of GZ W2 Expressway.

Other Provinces

During the Reporting Period, the operational performance of Wuhuang Expressway has returned to the normal level. The official opening of Changyi North-Line Expressway in August 2020 has a certain positive impact on the traffic volume growth of Yichang Expressway. With the Changsha-Yiyang-Changde High-Speed Railway entering the construction stage, the traffic volume for trucks of Yichang Expressway has been pulled up to a certain extent. Benefitted from the continuous positive impacts of the recovery of the peripheral economic and business zone and the opening of the peripheral highway network of Changyi North-Line Expressway and other expressways, the operational performance of Changsha Ring Road saw sound growth. The opening of Nanjing Fifth Bridge in the second half of December 2020 has caused diversion impact on Nanjing Third Bridge. The traffic volume for trucks has been pulled up by the differentiated charging for trucks implemented in Jiangsu Province. With the combined effect of the above factors, the overall performance of Nanjing Third Bridge was normal.

3.1.2 General-Environmental Protection Business

(1) Recovery and Solid Waste Management

During the Reporting Period, Lande Environmental actively promoted the construction and operation of projects in hand. Lande Environmental currently has a total of 18 organic waste treatment projects, covering 14 cities in 10 provinces and regions across the country. Among which, four BOT projects have been put into commercial operation. The designed treatment capacities of kitchen waste are over 4,000 tons/day. After nearly one year of development, the treatment capacity of kitchen waste of Lande Environmental has seen improvement as compared to that of last year. During the Reporting Period, the revenue from the operating business of waste treatment recorded a relatively substantial YOY growth, while the EPC construction business, sales of equipment and other businesses also saw growth.

In February 2021, the Company was officially contracted for the Guangming Environmental Park Project by way of open tender. During the Reporting Period, the Company completed the establishment of a project company, and is actively conducting the preliminary works such as submitting the project proposal for approval, the relevant design and tendering.

The Group completed the acquisition of 50% of the shares of Qiantai Company in the end of 2020. Qiantai Company is the only enterprise qualified under the “Industry Standards and Conditions for the Comprehensive Utilisation of Waste Power Batteries for New Energy Vehicles

” in Shenzhen. During the Reporting Period, Qiantai Company has been establishing the internal management systems and actively arranging connection with external resources, with an aim to prepare for expansion in market and the relevant business.

(2) Clean Energy

During the Reporting Period, to actively respond to the requirements of the new energy plan and the target of carbon emissions peak under the 14th Five-Year Plan, New Energy Company stepped up its efforts in expanding the markets of wind power and photovoltaic power, actively promoted pre-acquisition projects and large base projects of grid parity in various provinces and regions, deepened collaboration with advanced enterprises in the industry and facilitated contracting for sales of wind turbines of Nanjing Wind Power. To prepare for the times of grid parity in advance, Nanjing Wind Power has implemented various measures for future business development, including stepping up its efforts in technological research and development, innovation of techniques and development of procurement to further reduce manufacturing costs, optimising the design of two new models and enhancing preliminary works of market development, while improving the quality of after-sales operation and maintenance services and strengthening market expansion.

During the Reporting Period, Baotou Nanfeng continued to improve the operation and management of wind farms. Baotou Nanfeng recorded an on-grid power supply of 182,156.18 MWh, representing a YOY increase of 24%. In addition, the Group completed the acquisition of three wind power projects in Mulei, Xinjiang successively during the Reporting Period. For details, please refer to the content of 3.4(1) below. During the Reporting Period, the on-grid power supply recorded was 70,579.73MWh after the consolidation of the wind power projects in Mulei into the financial statements of the Group. The wind power projects in Mulei possess abundant wind resources with a relatively high value for wind power development. It is also a supporting project of ultra-high voltage in Zhudong – Southern Anhui region with promising power consumption.

3.2 Financial Analysis

3.2.1 General Description

During the Reporting Period, the Group recorded net profit attributable to owners of the Company of RMB540,535,000 (corresponding period of 2020 (restated): net loss of RMB132,684,000), representing a YOY increase of RMB673,219,000, which was mainly attributable to the impact of the Toll-free Policy during the Epidemic resulting in a substantial decline of toll revenue from highways operated and invested by the Group in the same period last year.

During the Reporting Period, the Group recorded revenue of RMB1,962,016,000 (corresponding

of 19.43% over the beginning of the year, which was mainly attributable to the increase in borrowing as a result of increased capital expenditures arising from the borrowing of debt-bearing acquisition of wind power projects in Mulei and purchasing of new office tower by the Group during the Reporting Period. As at the end of the Reporting Period, the debt-to-asset ratio of the Group was 54.02%, representing an increase of 1.67 pct. pt over the beginning of the year.

3.2.2 Changes in Scope of the Consolidated Financial Statements

1 Business combination not under joint control

During the Reporting Period, Shenzhen Expressway (Guangdong) New Energy Investment Company Limited (“Guangdong New Energy”), a wholly-owned subsidiary of the Group, completed the acquisition of 100% equity interests of Qianzhi Company and Qianhui Company on 26 January 2021, and the acquisition of 100% equity interests of Qianxin Company on 26 March 2021. The above three companies have been consolidated into the financial statements of the Group from the date of completion of the acquisitions. During the Reporting Period, the aggregate revenue and net profit attributable to owners of the Company contributed by the three companies to the Group were RMB28,859,000 and RMB2,509,000, respectively.

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

Unit: '000 Currency: RMB

| Item | As at 31 Mar 2021 | As at 31 Dec 2020 | Change (%) | Primary reasons for the change |
|----------------------|----------------------|----------------------|------------|---|
| Other current assets | 519,018 | 325,723 | 59.34 | Items in related statements increase as compared to the beginning of the year due to the consolidation of Mulei Wind Power Project into the financial statements of the Group. Prepayments for the acquisition |
| Fixed assets | 5,551,846 | 3,493,301 | 58.93 | |
| Long-term prepaid | 1,370,135 | 318,302 | 330.45 | |

| | | | | |
|--|------------|-----------|--------|--|
| Asset disposal income | 15,235 | -44 | N/A | Compensation for part of the land acquisition along the expressways received from the government. |
| Non-operating expenses | 272 | 6,440 | -95.78 | Donations for fighting against the Epidemic in Hubei in the corresponding period last year. |
| Income tax expenses | 166,823 | -50,106 | N/A | Corresponding increase in income tax expense as a result of revenue growth. |
| Minority interests | 45,028 | -41,544 | N/A | Corresponding increase in share of profits of minority interests as a result of profit growth of partly-owned subsidiaries. |
| Net cash flows from operating activities | 677,217 | -335,801 | N/A | Decrease in cash inflow from toll given the impact of the Toll-free Policy during the Epidemic for the corresponding period last year. |
| Net cash flows from investing activities | -2,266,945 | -286,429 | N/A | Prepayments for the new office tower and consideration for the acquisition of equity interests in Mulei Wind Power Project. |
| Net cash flows from financing activities | 1,748,058 | 1,458,258 | 19.87 | Corresponding increase in borrowing as a result of increase in capital expenditures. |

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

✓ applicable not applicable

Upon approval of the Board, Guangdong New Energy, a wholly-owned subsidiary of the Group, invested a total amount of approximately RMB1.015 billion to acquire 100% equity interests in Mulei County Qianzhi Energy Development Co., Ltd. ()

(“Qianzhi”), Mulei County Qianhui Energy Development Co., Ltd. (

) (“Qianhui”) and Mulei County Qianxin Energy Development Co., Ltd. (

) (“Qianxin”) (collectively “Mulei Wind Power Project”) by way of equity transfer and capital increase during the Reporting Period. For details, please refer to the relevant contents in the Company’s announcements dated 25 January and 26 March 2021. The Mulei Wind Power Project is located in Changji Hui Autonomous Prefecture, Xinjiang Uygur Autonomous Region with 166 wind turbines in total. The aggregated actual installed capacity is 299 MW. Of which, the aggregated installed capacity of Qianzhi Project and Qianhui Project is 249.5 MW, which had completed connection of the network and commenced power generation in the end of 2020. The period of operation is until December 2040 and the feed-in tariff is RMB0.49/kWh. The installed capacity of Qianxin Project is 49.5 MW, which had completed connection of the network in November 2015. The period of operation is until April 2036 and the feed-in tariff is RMB0.51/kWh. Qianxin Project has been registered in the Renewable Energy Tariff Subsidy Catalogue () in 2018.

According to the “Notice of Acceptance of Registration” issued by the China Association of Interbank Market Dealers (Zhongshi Xie Note [2020] SCP704), the Company may issue ultra-short-term financing bonds with a total amount of not more than RMB 2 billion. From 23 February to 24 February 2021, the Company issued the first tranche of 2021 ultra-short-term financing bonds. The issuance scale is RMB 1 billion with a term of 60 days and an interest rate of 2.65%. For details, please refer to the Company’s announcements dated 22 February and 25 February 2021. On 24 March 2021, the Company issued the second tranche of 2021

ultra-short-term financing bonds. The issuance scale is RMB 1 billion with a term of 180 days and an interest rate of 2.75%. For details, please refer to the Company's announcements dated 23 March and 25 March 2021.

In the first extraordinary general meeting 2020, the first class meeting 2020 of holders of A Shares

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) Co., LTD | Undertake to avoid peer competition and regulate connected transactions, etc. For details, please refer to Detailed Report on the Change of Equity Interests () 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 () 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 | Shenzhen Investment Holdings Limited(“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 |

Notes:

On 29 December 2017, Shenzhen Investment International Capital Holdings Infrastructure Co., Ltd (), a subsidiary of 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.

On 15 March 2021, SIHCL and the Company entered into a memorandum of understanding, pursuant to which the Company will have an exclusive period of 6 months for negotia

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 recorded a significant YOY decrease during the first half of 2020, while normal expenditures were still required for operating costs of toll highways, resulting in only a slight growth in net profit attributable to owners of the Company for the first half of 2020. According to the unified requirement of the competent transport departments, toll has been resumed from 0:00 on 6 May 2020 for toll highways operated and invested by the Group. Given a relatively lower base of the corresponding period last year, the performance of toll highway business has returned to normal. It is expected that the toll revenue from the toll highways operated and invested by the Group will see a significant YOY growth in the first half of 2021. Besides, the general-environmental protection business and other businesses of the Group are expected to achieve sound development, which in turn will bring positive impact to the Group's results in the first half of 2021.

In conclusion, the Group is expected to record a significant YOY increase in net profit for the first half of 2021. However, the Group cannot make a more accurate forecast. Shareholders and investors are advised to note the investment risk.

By order of the Board
Hu Wei
Chairman

Shenzhen, the PRC, 28 April 2021

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. WANG Zeng Jin (Executive Director), Mr. WEN Liang (Executive Director), Mr. DAI Jing Ming (Non-executive Director), Ms. LI Xiao Yan (Non-executive Director), Ms. CHEN Hai Shan (Non-executive Director), Ms. CHEN Xiao Lu (Independent non-executive Director), Mr. BAI Hua (Independent non-executive Director) and Mr. LI Fei Long (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 2021

Unit: RMB; Unaudited

| Item | As at 31 Mar 2021 | As at 31 Dec 2020 |
|--|--------------------------|--------------------------|
| Current assets: | | |
| Cash at banks and on hand | 5,535,499,367.92 | 5,549,304,352.44 |
| Notes receivable | 354,016,346.21 | 378,532,713.65 |
| Accounts receivable | 650,606,326.97 | 798,070,361.76 |
| Prepayments | 359,525,923.46 | 403,190,304.27 |
| Other receivables | 842,788,780.00 | 773,039,332.04 |
| Inventories | 988,018,324.57 | 939,799,846.74 |
| Contract assets | 369,478,204.05 | 344,065,793.25 |
| Assets held for sale | 494,662,913.71 | 494,662,913.71 |
| Non-current assets due within one year | 82,020,167.75 | 74,870,082.79 |
| Other current assets | 519,017,655.19 | 325,722,991.02 |
| Total current assets | 10,195,634,009.83 | 10,081,258,691.67 |
| Non-current assets: | | |
| Long-term prepayments | 1,370,135,234.79 | 318,301,869.39 |
| Long-term receivables | 1,075,699,330.15 | 997,354,914.31 |
| Long-term equity investments | 9,134,856,169.17 | 8,939,325,449.78 |
| Other non-current financial assets | 1,605,891,286.54 | 1,605,891,286.54 |
| Investment properties | 11,079,013.20 | 11,222,998.80 |
| Fixed assets | 5,551,846,004.63 | 3,493,301,179.79 |
| Construction in progress | 121,894,047.15 | 123,595,758.16 |
| Right-of-use assets | 129,377,871.85 | 139,306,754.99 |
| Intangible assets | 26,539,971,485.00 | 26,853,518,315.85 |
| Development expenditure | 7,354,852.04 | 1,856,946.00 |
| Goodwill | 156,039,775.24 | 156,039,775.24 |
| Long-term prepaid expenses | 61,111,908.63 | 59,662,232.25 |
| Deferred income tax assets | 556,069,367.14 | 593,773,910.48 |
| Other non-current assets | 1,788,330,134.34 | 1,770,551,959.38 |
| Total non-current assets | 48,109,656,479.87 | 45,063,703,350.96 |
| Total assets | 58,305,290,489.70 | 55,144,962,042.63 |

Consolidated Balance Sheet (continued)

31 Mar 2021

Unit: RMB; Unaudited

| Item | As at 31 Mar 2021 | As at 31 Dec 2020 |
|---|--------------------------|--------------------------|
| Current liabilities: | | |
| Short-term borrowings | 2,229,695,583.33 | 1,341,218,126.43 |
| Transactional financial liabilities | 83,523,552.51 | 83,677,813.21 |
| Notes payable | 145,469,031.66 | 295,467,331.39 |
| Accounts payable | 1,597,985,907.71 | 1,869,889,416.15 |
| Contract liabilities | 63,397,148.48 | 319,853,971.11 |
| Employee benefits payable | 214,816,240.43 | 281,972,189.76 |
| Payable taxes | 588,208,982.11 | 565,789,757.10 |
| Other Payables | 3,371,998,966.08 | 3,570,365,680.07 |
| Non-current liabilities due within one year | 3,841,002,235.60 | 3,665,798,518.83 |
| Other current liabilities | 3,018,562,895.01 | 2,041,455,397.33 |
| Total current liabilities | 15,154,660,542.92 | 14,035,488,201.38 |
| Non-current liabilities: | | |
| Long-term borrowings | 7,757,620,494.24 | 6,511,333,267.55 |
| Bonds payable | 3,793,003,959.28 | 3,792,324,357.82 |
| Lease liabilities | 100,550,634.55 | 104,653,671.67 |
| Long-term payables | 2,560,271,931.02 | 2,234,299,535.22 |
| Long-term employee benefits payable | 114,813,411.45 | 114,813,411.45 |
| Provisions | 164,290,623.61 | 165,626,186.20 |
| Deferred revenue | 599,826,479.70 | 608,186,171.37 |
| Deferred income tax liabilities | 1,251,164,886.40 | 1,299,127,356.20 |
| Total non-current liabilities | 16,341,542,420.25 | 14,830,363,957.48 |
| Total liabilities | 31,496,202,963.17 | 28,865,852,158.86 |
| Owners' equity (or shareholders' equity): | | |
| Share capital (or Equity) | 2,180,770,326.00 | 2,180,770,326.00 |
| Other equity instruments | 4,000,000,000.00 | 4,000,000,000.00 |
| Including: perpetual bonds | 4,000,000,000.00 | 4,000,000,000.00 |
| Capital reserves | 6,003,524,259.38 | 6,003,524,259.38 |
| Other comprehensive income | 869,360,317.06 | 868,945,190.79 |
| Surplus reserves | 2,711,599,472.69 | 2,711,599,472.69 |
| Undistributed profit | 7,772,637,533.19 | 7,278,102,534.06 |
| Total shareholders' equity attributable to the parent company | 23,537,891,908.32 | 23,042,941,782.92 |
| Minority interests | 3,271,195,618.21 | 3,236,168,100.85 |
| Total owners' equity (or shareholders' equity) | 26,809,087,526.53 | 26,279,109,883.77 |
| TOTAL LIABILITIES AND OWNERS' EQUITY (OR SHAREHOLDERS' EQUITY) | 58,305,290,489.70 | 55,144,962,042.63 |

Balance Sheet

31 Mar 2021

Unit: RMB; Unaudited

| Item | As at 31 Mar 2021 | As at 31 Dec 2020 |
|------------------------------------|--------------------------|--------------------------|
| Current assets: | | |
| Cash at banks and on hand | 1,706,245,209.18 | 1,365,622,853.05 |
| Accounts receivable | 16,500,831.41 | 20,151,041.12 |
| Prepayments | 23,728,925.89 | 21,750,910.62 |
| Other receivables | 1,703,496,709.08 | 1,319,653,642.94 |
| Inventories | 1,878,252.70 | 1,263,019.74 |
| Contract assets | 140,558,716.05 | 134,830,169.45 |
| Assets held for sale | 494,662,913.71 | 494,662,913.71 |
| Total current assets | 4,087,071,558.02 | 3,357,934,550.63 |
| Non-current assets | | |
| Long-term prepayments | 1,290,633,050.62 | 206,552,739.53 |
| Long-term receivables | 6,590,675,795.91 | 6,014,995,341.30 |
| Long-term equity investments | 26,038,584,383.45 | 25,003,745,962.67 |
| Other non-current financial assets | 1,571,963,316.54 | 1,571,963,316.54 |
| Investment properties | 11,079,013.20 | 11,222,998.80 |
| Fixed assets | 153,549,998.59 | 154,670,681.46 |
| Construction in progress | 1,413,434.50 | - |
| Right-of-use assets | 21,326,876.29 | 23,040,119.83 |
| Intangible assets | 180,340,130.71 | 187,570,677.62 |
| Development expenditures | 1,856,946.00 | 1,856,946.00 |
| Long-term prepaid expenses | 15,494,236.78 | 16,421,680.05 |
| Deferred tax assets | 57,272,958.14 | 84,546,531.11 |
| Other current assets | 153,917,504.01 | 152,054,832.31 |
| Total non-current assets | 36,088,107,644.74 | 33,428,641,827.22 |
| Total assets | 40,175,179,202.76 | 36,786,576,377.85 |

Balance Sheet (continued)

31 Mar 2021

Unit: RMB; Unaudited

| Item | As at 31 Mar 2021 | As at 31 Dec 2020 |
|---|--------------------------|--------------------------|
| Current liabilities | | |
| Short-term borrowings | 1,385,843,649.97 | 601,857,503.53 |
| Transactional financial liabilities | 83,523,552.51 | 83,677,813.21 |
| Accounts payable | 62,021,574.83 | 62,687,911.59 |
| Employee benefits payable | 63,208,695.90 | 96,584,656.04 |
| Taxes payable | 26,516,810.27 | 38,268,742.63 |
| Other payables | 2,001,274,203.11 | 1,710,725,016.45 |
| Non-current liabilities due within one year | 3,433,725,867.36 | 3,315,629,370.65 |
| Other current liabilities | 3,016,018,605.63 | 2,018,087,592.62 |
| Total current liabilities | 10,072,132,959.58 | 7,927,518,606.72 |
| Non-current liabilities | | |
| Long-term borrowings | 5,241,558,867.55 | 4,658,608,867.55 |
| Bonds payable | 3,793,003,959.28 | 3,792,324,357.82 |
| Lease liabilities | 17,835,224.47 | 19,098,409.12 |
| Long-term payables | 2,316,198,575.34 | 1,948,950,517.48 |
| Long-term employee benefits payable | 69,517,451.40 | 69,517,451.40 |
| Provision | 30,072,184.37 | 29,708,258.21 |
| Deferred income | 265,445,572.14 | 272,250,747.47 |
| Deferred tax liabilities | 15,260,134.82 | 40,123,832.92 |
| Total non-current liabilities | 11,748,891,969.37 | 10,830,582,441.97 |
| Total liabilities | 21,821,024,928.95 | 18,758,101,048.69 |
| Owners' equity (or shareholders' equity): | | |
| Share capital (or Equity) | 2,180,770,326.00 | 2,180,770,326.00 |
| Other equity instruments | 4,000,000,000.00 | 4,000,000,000.00 |
| Including: perpetual bonds | 4,000,000,000.00 | 4,000,000,000.00 |
| Capital surplus | 2,978,192,273.96 | 2,978,192,273.96 |
| Other comprehensive income | -14,148,065.97 | -14,148,065.97 |
| Surplus reserve | 2,711,599,472.69 | 2,711,599,472.69 |
| Undistributed profits | 6,497,740,267.13 | 6,172,061,322.48 |
| Total owners' equity (or shareholders' equity) | 18,354,154,273.81 | 18,028,475,329.16 |
| TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY (OR SHAREHOLDERS' EQUITY) | 40,175,179,202.76 | 36,786,576,377.85 |

Consolidated Income Statement

Jan ~ Mar 2021

Unit: RMB; Unaudited

| Item | Jan ~ Mar 2021 | Jan ~ Mar 2020 (restated) |
|---|------------------|------------------------------|
| 1.Total revenue | 1,962,015,531.22 | 474,711,617.77 |
| 2.Total costs | 1,386,560,983.26 | 770,579,788.61 |
| Including: Cost of services | 1,056,874,371.93 | 518,400,372.81 |
| Taxes and surcharges | 35,109,923.24 | 3,064,664.46 |
| Selling expenses | 8,930,568.82 | 3,761,067.70 |
| General and administrative expenses | 72,435,025.07 | 42,874,253.75 |
| Research and development expenses | 13,313,152.62 | 3,438,412.23 |
| Financial expenses | 199,897,941.58 | 199,041,017.66 |
| Including: Interest expense | 196,514,623.55 | 173,532,063.55 |
| Interest income | 11,477,801.24 | 14,198,413.19 |
| Add: Other income | 4,195,439.57 | 186,450.24 |
| Investment income (loss shown with “-”) | 153,880,719.21 | 36,878,135.04 |
| Including: Share of profits of associates and joint ventures | 153,880,719.21 | 36,878,135.04 |
| Gain or loss from changes in fair value (loss shown with “-”) | 154,260.70 | 39,191,196.00 |
| Credit impairment losses (loss shown with “-”) | 1,675,132.49 | -274,635.52 |
| Gains or loss on disposal of assets (loss shown with “-”) | 15,234,914.10 | -43,690.15 |
| 3.Operating profits (loss shown with “-”) | 750,595,014.03 | -219,930,715.23 |
| Add: Non-operating income | 2,061,876.36 | 2,035,805.65 |
| Less: Non-operating expenses | 271,681.59 | 6,439,975.00 |
| 4.Total profit (loss shown with “-”) | 752,385,208.80 | -224,334,884.58 |
| Less: Income tax expenses | 166,822,691.95 | -50,106,144.22 |
| 5.Net profit (loss shown with “-”) | 585,562,516.85 | -174,228,740.36 |
| (1) Classified by business continuity | | |
| 1. Net profit from continuing operations (loss shown with “-”) | 585,562,516.85 | -174,228,740.36 |
| (2) Classified by ownership | | |
| Net profit attributable to owners of the Company(loss shown with “-”) | 540,534,999.13 | -132,684,403.98 |
| Minority interests (loss shown with “-”) | 45,027,517.72 | -41,544,336.38 |
| 6.Other comprehensive income after tax (loss shown with “-”) | 415,126.27 | 1,392,669.79 |
| (1) Other comprehensive income after tax attributable to owners of the company | 415,126.27 | 1,392,669.79 |
| Items that may be reclassified subsequently to profit or loss | 415,126.27 | 1,392,669.79 |
| Translation difference of foreign currency financial statements | 415,126.27 | 1,392,669.79 |
| 7.Total comprehensive income | 585,977,643.12 | -172,836,070.57 |
| (1) Total comprehensive income attributable to owners of the Company | 540,950,125.40 | -131,291,734.19 |
| (2) Total comprehensive income attributable to minority shareholders’ interests | 45,027,517.72 | -41,544,336.38 |
| 8.Earnings per share | | |
| Basic earnings per share (RMB/share) | 0.227 | -0.061 |
| Diluted earnings per share (RMB/share) | 0.227 | -0.061 |

Income Statement

Jan ~ Mar 2021

Unit: RMB; Unaudited

| Item | Jan ~ Mar 2021 | Jan ~ Mar 2020 |
|---|----------------|----------------|
| 1. Total revenue | 149,040,642.42 | 54,369,841.66 |
| Less: Cost of services | 49,959,662.37 | 44,920,010.46 |
| Tax and surcharges | 3,470,219.76 | 486,708.61 |
| General and administrative expenses | 34,540,997.31 | 23,143,838.70 |
| Financial expenses | 106,396,165.69 | 97,256,826.34 |
| Including: Interest expense | 90,970,931.41 | 117,376,919.01 |
| Interest income | 4,725,272.66 | 58,565,390.85 |
| Add: Other income | 1,307,850.55 | 34,183.06 |
| Investment income (loss shown with “-”) | 397,364,682.84 | -11,707,862.20 |
| Including: Share of profits of associates and joint ventures | 49,628,420.45 | -5,859,749.82 |
| Gain or loss from changes in fair value (loss shown with “-”) | 154,260.70 | 39,191,196.00 |
| Gains or loss on disposal of assets (loss shown with “-”) | 15,244,099.19 | - |
| 2. Operating profit (loss shown with “-”) | 368,744,490.57 | -83,920,025.59 |
| Add: Non-operating income | 7,177.56 | 102,533.74 |
| Less: Non-operating expenses | - | 6,001,375.92 |
| 3. Total profit (loss shown with “-”) | 368,751,668.13 | -89,818,867.77 |
| Less: Income tax expenses | -2,927,276.52 | -19,465,750.23 |
| 4. Net profit (loss shown with “-”) | 371,678,944.65 | -70,353,117.54 |

Consolidated Cash Flow Statement

Jan ~ Mar 2021

Unit: RMB; Unaudited

| Item | Jan ~ Mar 2021 | Jan ~ Mar 2020 (restated) |
|---|-------------------|------------------------------|
| 1. Cash flows from operating activities: | | |
| Cash received from rendering services and selling goods | 1,653,059,631.97 | 508,619,496.81 |
| Refund of taxes | 53,570.25 | 33,032.43 |
| Cash received relating to other operating activities | 49,611,111.12 | 118,079,671.78 |
| Sub-total of cash inflows | 1,702,724,313.34 | 626,732,201.02 |
| Cash paid for goods and services | 328,318,730.13 | 469,521,538.19 |
| Cash paid to and on behalf of employees | 286,387,295.42 | 219,500,314.38 |
| Payments of taxes and surcharges | 228,383,762.12 | 146,196,637.54 |
| Cash paid relating to other operating activities | 182,417,932.36 | 127,314,890.62 |
| Sub-total of cash outflows | 1,025,507,720.03 | 962,533,380.73 |
| Net cash flows used in operating activities | 677,216,593.31 | -335,801,179.71 |
| 2. Cash flows from investing activities | | |
| Cash received from recovery of investments | 48,427,979.14 | 15,771,710.88 |
| Cash received from returns on investments | 2,100,000.00 | 6,003,505.12 |
| Net cash received from disposal of fixed assets, intangible assets and other long-term assets | 9,893,255.00 | 65,000.00 |
| Net cash flows from disposal of subsidiaries and other business units | 363,990,000.00 | - |
| Cash received relating to other investing activities | 3,185,955.62 | 7,238,760.83 |
| Sub-total of cash inflows | 427,597,189.76 | 29,078,976.83 |
| Cash paid to acquire fixed assets, intangible assets and other long-term assets | 2,160,666,837.66 | 221,098,139.48 |
| Payments for investing activities | 43,750,000.00 | 5,244.09 |
| Cash paid to acquire subsidiaries and other business units | 489,898,864.89 | 91,418,051.94 |
| Cash paid relating to other investing activities | 226,081.19 | 2,986,936.28 |
| Sub-total of cash outflows | 2,694,541,783.74 | 315,508,371.79 |
| Net cash flows used in investing activities | -2,266,944,593.98 | -286,429,394.96 |
| 3. Cash flows from financing activities | | |
| Cash received from borrowings | 5,170,429,210.63 | 3,465,000,596.38 |
| Cash received relating to other financing activities | 380,828,679.66 | - |
| Sub-total of cash inflows | 5,551,257,890.29 | 3,465,000,596.38 |
| Cash repayments of borrowings | 3,342,471,300.00 | 1,828,776,705.34 |
| Cash payments for interest expenses and distribution of dividends or profits | 268,425,859.24 | 153,032,530.50 |
| Cash payments relating to other financing activities | 192,302,581.15 | 24,933,009.49 |
| Sub-total of cash outflows | 3,803,199,740.39 | 2,006,742,245.33 |
| Net cash flows used in financing activities | 1,748,058,149.90 | 1,458,258,351.05 |
| 4. Effect of foreign exchange rate changes on cash and cash equivalents | -1,896.41 | -50,651.51 |
| 5. Net increase in cash and cash equivalents | 158,328,252.82 | 835,977,124.87 |
| Add: Cash and cash equivalents at beginning of year | 3,233,581,180.27 | 2,977,834,893.73 |
| 6. Cash and cash equivalents at end of year | 3,391,909,433.09 | 3,813,812,018.60 |

Cash Flow Statement

Jan ~ Mar 2021

Unit: RMB; Unaudited

| Item | Jan ~ Mar 2021 | Jan ~ Mar 2020 |
|---|-------------------|-------------------|
| 1.Cash flows from operating activities | | |
| Cash received from selling goods and rendering services | 140,495,632.38 | 40,533,912.09 |
| Cash received relating to other operating activities | 130,848,137.47 | 523,170,971.29 |
| Sub-total of cash inflows | 271,343,769.85 | 563,704,883.38 |
| Cash paid for goods and services | 9,594,379.58 | 10,853,250.66 |
| Cash paid to and on behalf of employees | 74,307,587.00 | 65,555,619.22 |
| Payments of taxes and surcharges | 21,387,420.64 | 5,565,564.60 |
| Cash paid relating to other operating activities | 137,662,130.12 | 393,277,365.37 |
| Sub-total of cash outflows | 242,951,517.34 | 475,251,799.85 |
| Net cash flows from operating activities | 28,392,252.51 | 88,453,083.53 |
| 2.Cash flows from investing activities | | |
| Cash received from returns on investments | 26,100,000.00 | 5,675,000.00 |
| Net cash received from disposal of fixed assets, intangible assets and other long-term assets | 9,858,165.00 | - |
| Net cash received from disposal of subsidiaries and other business units | 363,990,000.00 | - |
| Cash received relating to other investing activities | 1,023,211,098.54 | 345,871,261.48 |
| Sub-total of cash inflows | 1,423,159,263.54 | 351,546,261.48 |
| Cash paid to acquire fixed assets, intangible assets and other long-term assets | 1,575,796,326.01 | 2,669,628.67 |
| Payments for investing activities | 987,310,000.00 | - |
| Cash paid to acquire subsidiaries and other business units | 0.33 | 20,600,000.00 |
| Cash paid relating to other investing activities | 1,914,698,978.93 | 1,971,984,000.00 |
| Sub-total of cash outflows | 4,477,805,305.27 | 1,995,253,628.67 |
| Net cash flows from investing activities | -3,054,646,041.73 | -1,643,707,367.19 |
| 3.Cash flows from financing activities | | |
| Cash received from borrowings | 4,299,000,000.00 | 2,720,000,000.00 |
| Cash received relating to other financing activities | 607,248,057.86 | - |
| Sub-total of cash inflows | 4,906,248,057.86 | 2,720,000,000.00 |
| Cash repayments of borrowings | 1,825,025,000.00 | 322,000,000.00 |
| Cash payments for interest expenses and distribution of dividends or profits | 197,191,897.44 | 83,422,481.39 |
| Cash payments relating to other financing activities | 4,148,025.31 | 5,141,761.65 |
| Sub-total of cash outflows | 2,026,364,922.75 | 410,564,243.04 |
| Net cash flows from financing activities | 2,879,883,135.11 | 2,309,435,756.96 |
| 4.Effect of foreign exchange rate changes on cash and cash equivalents | 465.76 | 2,127.52 |
| 5.Net increase in cash and cash equivalents | -146,370,188.35 | 754,183,600.82 |
| Add: Cash and cash equivalents at beginning of year | 1,326,583,970.59 | 1,267,105,113.94 |
| 6.Cash and cash equivalents at end of year | 1,180,213,782.24 | 2,021,288,714.76 |