



深圳高速公路集团股份有限公司

SHENZHEN EXPRESSWAY CORPORATION LIMITED

Stock code: 00548 (SEHK) 600548 (SSE)

# 2023 Interim Results

26 August 2023

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

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

# Financial Analysis

Financial Analysis



# Financial Highlights

(RMB 'million)	1H2023	1H2022 (restated)	Change
<b>Revenue</b>	<b>4,125</b>	4,094	+0.75%
<b>Net profit attributable to owners of the Company</b>	<b>929</b>	849	+9.49%
<b>Earnings per share (EPS) (RMB) <sup>Note 1</sup></b>	<b>0.384</b>	0.347	+10.66%
<b>Return on equity - weighted average (ROE) <sup>Note 1</sup></b>	<b>4.85%</b>	3.89%	+0.96 p.pt
<b><i>Excluding non-recurring items <sup>Note 2</sup></i></b>			
<b><i>Net profit attributable to owners of the Company</i></b>	<b><i>805</i></b>	759	+5.99%
<b><i>Earnings per share (EPS) (RMB) <sup>Note 1</sup></i></b>	<b><i>0.327</i></b>	0.306	+6.86%
<b><i>Return on equity - weighted average (ROE) <sup>Note 1</sup></i></b>	<b><i>4.12%</i></b>	3.43%	+0.69 p.pt

Note 1: Excluding the impact of perpetual bonds

Note 2: Non-recurring items mainly include: gains from changes in fair value arising from equity interests held in participating companies, contractual liquidated damages from Nanjing Wind Power, etc.



(RMB 'million)

	1H2023	Proportion	1H2022 (restated)	Change
<b>Revenue</b>	<b>4,125</b>	100.00%	4,094	+0.75%
<b>Toll highways</b>	<b>2,599</b>	63.01%	2,410	+7.83% <sup>Note 1</sup>
<b>General-environmental protection</b>	<b>752</b>	18.24%	836	-10.02%
<b>Clean energy</b>	<b>348</b>	8.43%	357	-2.77% <sup>Note 2</sup>
<b>Solid waste treatment - kitchen waste treatment</b>	<b>282</b>	6.84%	299	-5.54% <sup>Note 3</sup>
<b>Solid waste treatment - vehicle dismantling &amp; comprehensive battery utilization</b>	<b>112</b>	2.72%	152	-26.12% <sup>Note 4</sup>
<b>Other environmental protection businesses</b>	<b>10</b>	0.25%	28	-63.39% <sup>Note 5</sup>
<b>Other businesses</b>	<b>774</b>	18.75%	848	-8.75%
<b>Entrusted construction and management</b>	<b>185</b>	4.48%	413	-55.30% <sup>Note 6</sup>
<b>Real estate development (Guilong Project)</b>	<b>14</b>	0.34%	25	-44.11% <sup>Note 7</sup>
<b>Construction services under concession arrangements</b>	<b>404</b>	9.79%	250	+61.44% <sup>Note 8</sup>
<b>Others</b>	<b>171</b>	4.14%	159	+7.51% <sup>Note 9</sup>

Note 1: The combined effect of the increase in toll revenue along with the recovery of traffic volume and the decrease in revenue due to the concession expiry of Wuhuang Expressway; excluding the impact of Wuhuang Expressway, toll revenue increased by 17.34% YOY

Note 2: Revenue from wind power generation decreased YOY due to limited wind resources in Mulei, Xinjiang

Note 3: Decrease in construction revenue and equipment sales revenue of Bioland

Note 4: Decrease in raw material price in the lithium battery industry resulting in a decrease in the relevant revenue of Shenshan Qiantai

Note 5: Decrease in sales revenue of wind turbines of Nanjing Wind Power in the current period

Note 6: The near completion of Longli River Bridge and Bimeng Project resulting in a YOY decrease in recognized revenue

Note 7: Decrease in the delivered units of Guilong Project

Note 8: The total construction quantities and revenue recognized of projects such as the kitchen waste treatment projects, Coastal Phase II, Jihe R&E, and Guangming Environmental Park were YOY higher

Note 9: Business growth of Asphalt Technology Company



# Operating Revenue from Toll Highways

(RMB 'million)	1H2023	1H2022	Change
<b>Toll highways</b>			
Outer Ring	568	441	+29.00%
Qinglian	345	310	+11.23%
Jihe East	329	301	+9.33%
Jihe West	264	220	+19.85%
Shuiguan	306	271	+12.65%
Coastal	296	229	+29.35%
Yichang	215	195	+9.97%
Changsha Ring Road	127	119	+6.58%
Meiguan	74	65	+14.11%
Longda	74	63	+18.63%
<b>Sub-total</b>	<b>2,599</b>	<b>2,215</b>	<b>+17.34%</b>
Wuhuang	0	195	-99.95%
<b>Total</b>	<b>2,599</b>	<b>2,410</b>	<b>+7.83%</b>



# Cost of Services & General and Administrative Expenses

(RMB 'million)	1H2023	Proportion	1H2022 (restated)	Change
<b>Cost of services</b>	<b>2,481</b>	100.00%	2,501	-0.82%
<b>Toll highways</b>	<b>1,220</b>	49.17%	1,261	-3.25%
<b>General-environmental protection</b>	<b>571</b>	23.01%	566	+0.79%
<b>Clean energy</b>	<b>129</b>	5.19%	129	-0.31%
<b>Solid waste treatment - kitchen waste treatment</b>	<b>306</b>	12.33%	264	+15.92% <sup>Note 1</sup>
<b>Solid waste treatment - vehicle dismantling &amp; comprehensive battery utilization</b>	<b>122</b>	4.91%	150	-18.97% <sup>Note 2</sup>
<b>Other environmental protection businesses</b>	<b>15</b>	0.59%	23	-37.01% <sup>Note 3</sup>
<b>Other businesses</b>	<b>690</b>	27.82%	674	+2.35%
<b>Entrusted construction and management</b>	<b>172</b>	6.95%	333	-48.24% <sup>Note 4</sup>
<b>Real estate development (Guilong Project)</b>	<b>12</b>	0.49%	15	-18.35% <sup>Note 5</sup>
<b>Construction services under concession arrangements</b>	<b>404</b>	16.28%	250	+61.44% <sup>Note 6</sup>
<b>Others</b>	<b>102</b>	4.10%	76	+33.69% <sup>Note 7</sup>
<b>General and administrative expenses</b>	<b>183</b>	-	193	-5.49% <sup>Note 8</sup>

Note 1: Consolidation of Lisai Environmental at the end of April last year

Note 2: Decrease in business volume of Shenshan Qiantai

Note 3: Decrease in sales of wind power equipment in the current period

Note 4: The near completion of Longli River Bridge and Bimeng Project resulting in less construction quantity than the previous year

Note 5: Decrease in the delivered units of Guilong Project

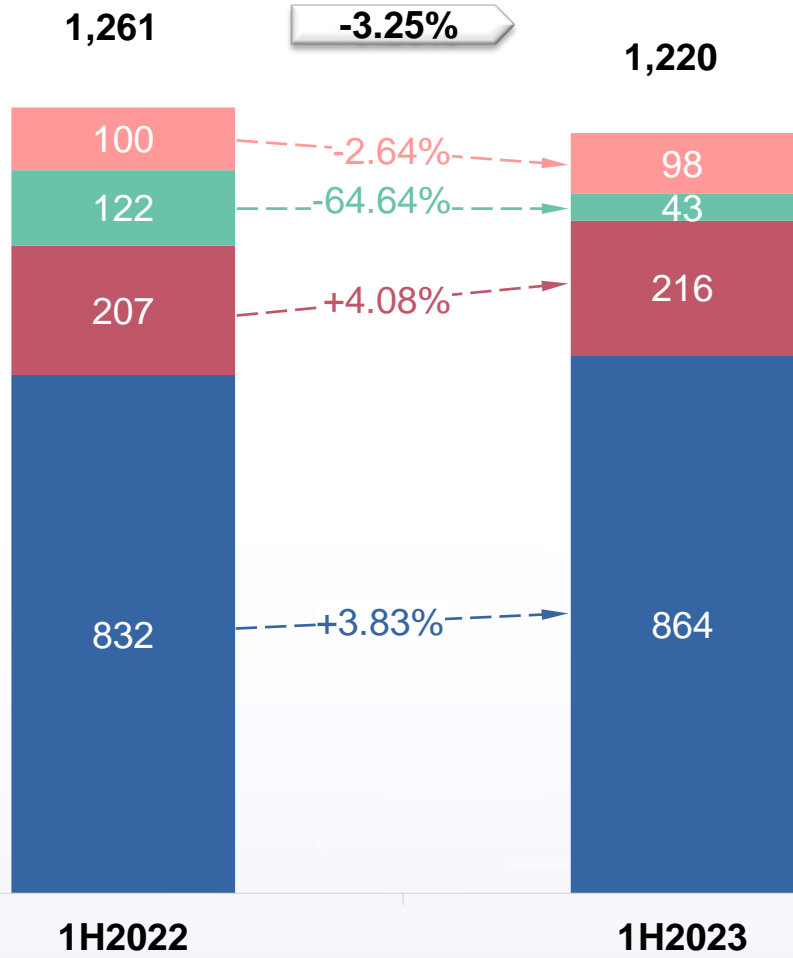
Note 6: More total construction quantities than in the previous year on projects such as Coastal Phase II, Jihe R&E, and Guangming Environmental Park

Note 7: Business growth of Asphalt Technology Company

Note 8: Reduction of labor costs due to optimization of the management model in the environmental protection segment

# Operating Costs of Toll Highways

(RMB 'million)



■ Road maintenance costs

■ Other business costs

■ Employee expenses

■ Depreciation & amortization

- ↓ Due to the expiry of the concession of Wuhuang Expressway and the decrease in costs of Yichang Company, etc.
- ↑ Due to the increase in traffic volume resulting in an increase in labor costs
- ↑ The combined effect of the following factors: 1) the increase in amortization of concession intangible assets in line with the increase in traffic volume; 2) the concession expiry of Wuhuang Expressway; 3) the adjustment of unit amortization of Outer Ring Expressway and Qinglian Expressway



# Operating Profit and Gross Profit Margin of Toll Highways

(RMB 'million)	Cost of Services		Operating Profit		Gross Profit Margin
	1H2023	Change	1H2023	Change	1H2023
<b>Toll highways</b>					
Outer Ring Project	174	-14.60%	395	+66.31%	69.47%
Qinglian	243	+32.16%	102	-19.24%	29.56%
Jihe East	136	-0.49%	194	+17.44%	58.86%
Jihe West	57	+8.73%	207	+23.33%	78.38%
Shuiguan	264	+10.73%	41	+26.69%	13.53%
Coastal Project	155	+19.90%	142	+41.51%	47.82%
Yichang	79	-24.19%	135	+49.47%	63.03%
Changsha Ring Road	43	+7.92%	84	+5.91%	66.35%
Meiguan	37	+15.69%	36	+12.53%	49.38%
Longda	30	+4.89%	44	+30.50%	59.01%
<b>Sub-total</b>	<b>1,218</b>	<b>+6.00%</b>	<b>1,381</b>	<b>+29.58%</b>	<b>53.13%</b>
Wuhuang	2	-98.56%	-1	-101.78%	N/A
<b>Total</b>	<b>1,220</b>	<b>-3.25%</b>	<b>1,379</b>	<b>+19.98%</b>	<b>53.07%</b>

Operating profit = Operating revenue – Operating costs



# Operating Profit and Gross Profit Margin of General-Environmental Protection & Other Businesses

(RMB 'million)	Operating Profit		Gross Profit Margin
	1H2023	Change	1H2023
<b>General-environmental protection</b>	<b>181</b>	<b>-32.72%</b>	<b>24.13%</b>
<b>Clean energy</b>	<b>219</b>	<b>-4.61%</b>	<b>62.99%</b>
<b>Solid waste treatment - kitchen waste treatment</b>	<b>-24</b>	<b>-167.12%</b>	<b>-8.33%</b>
<b>Solid waste treatment - vehicle dismantling &amp; comprehensive battery utilization</b>	<b>-9</b>	<b>-584.71%</b>	<b>-8.29%</b>
<b>Other environmental protection businesses</b>	<b>-5</b>	<b>-200.71%</b>	<b>-44.32%</b>
<b>Other businesses</b>	<b>83</b>	<b>-51.91%</b>	<b>10.79%</b>
<b>Entrusted construction and management</b>	<b>12</b>	<b>-84.60%</b>	<b>6.69%</b>
<b>Real estate development (Guilong Project)</b>	<b>2</b>	<b>-81.11%</b>	<b>13.88%</b>
<b>Construction services under concession arrangements</b>	<b>0</b>	<b>N/A</b>	<b>0%</b>
<b>Others</b>	<b>69</b>	<b>-16.55%</b>	<b>40.45%</b>

- Excluding the impact of the revenue and costs of construction services under concession arrangements recognized in equal amounts, the overall gross profit margin of the Group was 44.2%, representing a YOY increase of approximately 2.75 percentage points, mainly due to the increase in revenue from toll roads with higher gross profit margin during the period

**Operating profit = Operating revenue – Operating costs**

(RMB 'million)	1H2023	1H2022	Change in amount	Change
<b>Item</b>				
<b>Investment income attributable to associate/joint venture:</b>				
<b>Associated/joint toll highway enterprises</b>	<b>149.8</b>	130.3	+19.6	+15.01%
<b>Derun Environment</b>	<b>111.4</b>	126.6	-15.2	-11.98%
<b>United Land (Meilin Checkpoint Renewal Project)</b>	<b>-0.2</b>	17.3	-17.6	-101.35%
<b>Others</b> <sup>Note</sup>	<b>80.4</b>	55.5	+24.8	+44.75%
<b>Sub-total</b>	<b>341.4</b>	329.7	+11.7	+3.54%
<b>Investment income from disposal of long-term equity investments</b>	<b>1.2</b>	-	+1.2	N/A
<b>Investment income from other non-current financial assets</b>	<b>9.6</b>	9.2	+0.3	+3.86%
<b>Wealth management products</b>	<b>11.9</b>	-	+11.9	N/A
<b>Others</b>	<b>0.2</b>	-	+0.2	N/A
<b>Total</b>	<b>364.2</b>	338.9	+25.3	+7.45%

- Investment income increased by 7.45% YOY, mainly due to the general recovery growth of toll revenue from associated/joint toll highways invested by the Group in the current period and an increase in income from wealth management products, etc.

Note: Including Yunji Intelligent, Bank of Guizhou, Shengchuang Fund, Guizhou Hengtongli, Huai'an Zhongheng, Fengrunjiu, Fenghe Energy, etc.



# Financial Expenses

(RMB 'million)	1H2023	1H2022	Change
<b>Item</b>			
<b>Interest expenses</b>	<b>592.2</b>	576.7	+2.68%
Less: <b>Interest capitalized</b>	- <b>3.7</b>	- 12.7	-71.05%
<b>Interest income</b>	<b>34.1</b>	96.4	-64.61%
Add: <b>Exchange loss</b>	+ <b>104.1</b>	+ 247.9	-58.01%
<b>Others</b>	<b>6.0</b>	2.7	+123.46%
<b>Total financial expenses</b>	<b>664.5</b>	718.2	-7.47% <sup>Note 1</sup>
	30 June 2023	30 June 2022 (restated)	Change
<b>Comprehensive borrowing cost</b> - nominal costs <sup>Note 2</sup>	<b>3.52%</b>	3.28%	+0.24 p.pt
<b>Average borrowing scale</b> (RMB 'billion)	<b>33.2</b>	32.1	+3.12%

Note 1: Mainly due to the combined effect of the factors: 1) the increase in interest expenses resulting from the rise in the interest rates of foreign currency loan arising from the increase in overseas HIBOR interest rates; 2) interest income decreased with declining cash on hand; 3) the decrease in foreign exchange losses as a result of the lower depreciation of RMB in the current period than the same period of last year, resulting in a decrease in exchange losses

Note 2: Excluding the impact of the significant increase in overseas HIBOR interest rate on foreign currency debts, the consolidated borrowing cost for the period was 3.2%, representing a YOY decrease of 0.58 p.pts on the same basis



# Assets and Liabilities Highlights

(RMB 'million)	30 June 2023	31 December 2022 (restated)	Change
<b>Total equity attributable to owners of the Company</b>	<b>20,822</b>	21,348	-2.47%
<b>Net assets per share (RMB)</b> <sup>Note 1</sup>	<b>7.71</b>	7.96	-3.03%
<b>Total assets</b>	<b>68,162</b>	69,205	-1.51%
of which: <b>Cash and cash equivalents</b>	<b>3,563</b>	5,507	-35.30%
<b>Total liabilities</b>	<b>41,426</b>	41,841	-0.99%
of which: <b>Total outstanding interest-bearing liabilities</b>	<b>33,247</b>	33,331	-0.25% <sup>Note 2</sup>

Note 1: Net assets per share excluding the impact of perpetual bonds

Note 2: Repayment of borrowings during the Reporting Period





# Debt Ratio and Repayment

	30 June 2023	31 December 2022 (restated)
<b>Debt-to-asset ratio</b> (Total liabilities / Total assets)	<b>60.78%</b>	60.46%
<b>Net borrowings-to-equity ratio</b> ((Total borrowings – cash and cash equivalents) / Total equity)	<b>111.01%</b>	110.12%

	1H2023	1H2022 (restated)
<b>Net borrowing / EBITDA</b> ((Total borrowings – cash and cash equivalents) / Earnings before interests, tax, depreciation and amortisation)	<b>10.21</b>	10.42
<b>Interest covered multiple</b> ((Profit before tax + interest expenses) / Interest expenses)	<b>3.07</b>	2.94
<b>EBITDA interest multiple</b> (Earnings before interests, tax, depreciation and amortisation / Interest expenses)	<b>5.02</b>	4.90

## Financial Strategies

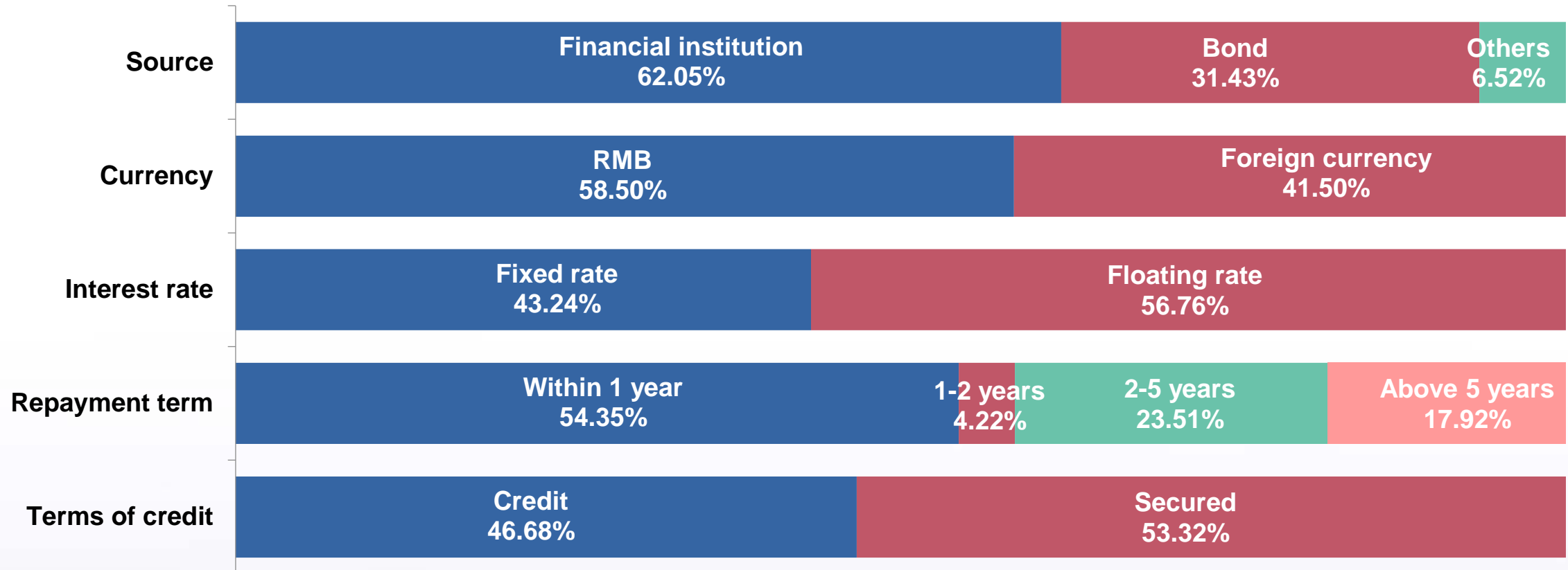
- Expanding financing channels, reducing financing costs, optimizing debt structure and maintaining a healthy financial situation

## Financing Arrangements

- Using self-owned funds, bank loans and bond funds, etc. to meet capital needs
- Issuing financing bond instruments, such as the corporate bonds and ultra-short-term commercial paper (FIP), to replace debts and replenish funds for operation
- Striving for bank loans with better terms to further lower financing costs
- In the first half of 2023, the Company completed the issuance of RMB2 billion ultra-short-term commercial paper (coupon rate: 2.16%-2.20%) and RMB1 billion medium-term notes (coupon rate: 2.89%)
- Initiated the issuance of A shares to specific targets:
  - Target subscribers: no more than 35 specific targets including the controlling shareholder
  - Number of shares to be issued: not more than 654,000,000 shares;  
Proceeds: not more than RMB6.5 billion, of which the proposed subscription amount by the controlling shareholder of the Company shall not exceed RMB1.51 billion;  
Use: construction of Outer Ring Phase III and repayment of interest-bearing liabilities
  - Significance: the issuance will help the Company further improve its capital strength, optimize its capital structure, reduce financial costs, enhance its risk prevention capability and competitiveness, further expand its investment and financing space in the future, promote its business development, which is in the interests of the Company and all Shareholders
  - Procedures: subject to the approval at the general meeting and the class meetings of the Company and the general meeting of the controlling shareholder, as well as the examination and registration of the Shanghai Stock Exchange and the CSRC

## Borrowing Structure

(as at 30 June 2023)



- Maintained the highest credit rating and bond rating of AAA for domestic entities, and the investment grade from international rating
- The Company has reserved medium-term and long-term RMB loan quota, and will replace short-term foreign currency loans in due course depending on the exchange rate

# Cash Flow & Financial Resources

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



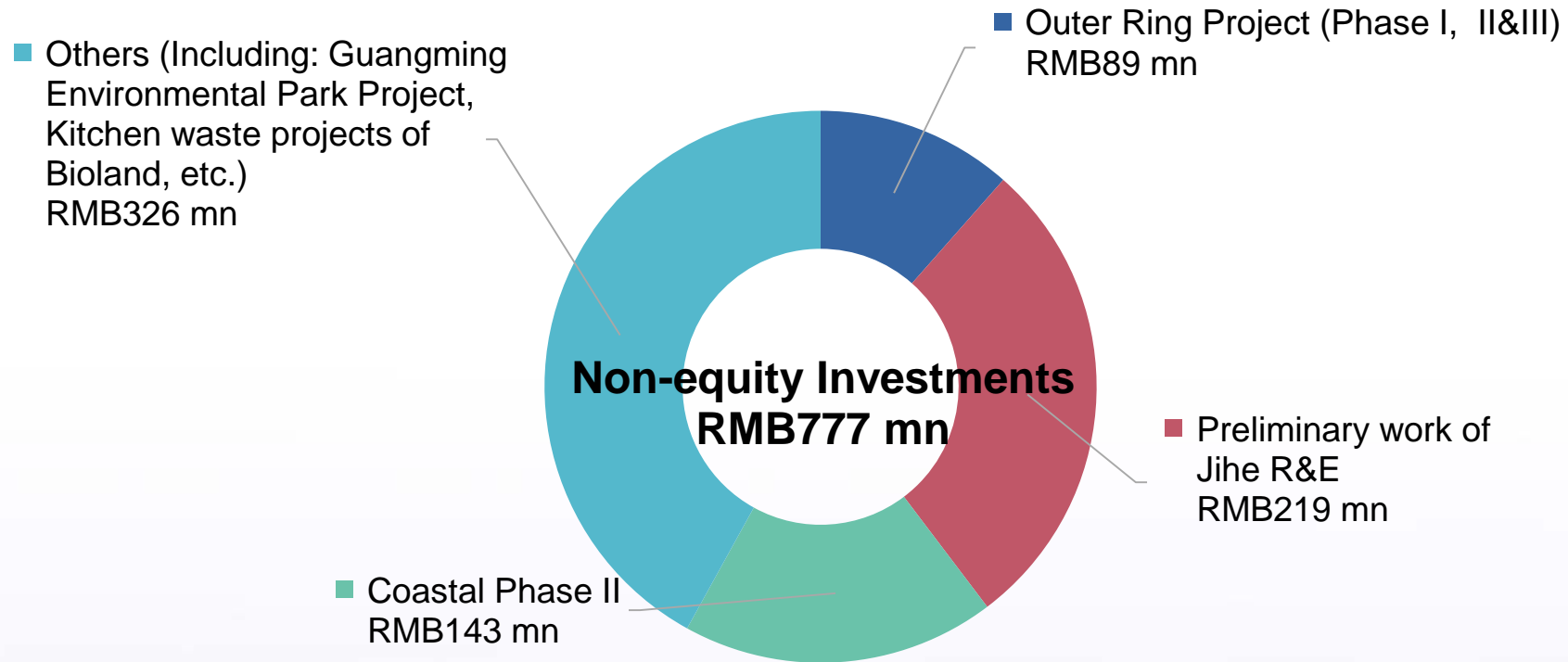
## Unused banking facilities



Note: Mainly due to the increase in toll revenue of ancillary toll highways, the recovery of electricity sales subsidies of approximately RMB130 million from Baotou Nanfeng in previous years, and the dividends received from Guangshenzhu Company in the current period

# Capital Expenditure in 1H2023

**RMB777 million**





# Capital Expenditure Plan Approved by the Board

(RMB 'million)

	2H2023	2024	2025	Total
<b>Investment in intangible assets and fixed assets</b>	<b>2,125</b>	<b>2,654</b>	<b>2,188</b>	<b>6,967</b>
<b>Outer Ring Phases I, II and III</b>	940	1,450	2,060	4,450
<b>Coastal Phase II</b>	272	277	-	549
<b>Jihe Expressway reconstruction and expansion</b>	182	748	-	930
<b>Preliminary expenditure of Shenshan Second Expressway</b>	1	13	20	34
<b>Kitchen waste projects of Bioland</b>	321	53	0	374
<b>Guangming Environmental Park</b>	206	106	108	421
<b>Shaoyang Project</b>	160	-	-	160
<b>Others</b> <small>Note 1</small>	42	7	-	49
<b>Equity investments</b>	<b>2,312</b>	<b>-</b>	<b>-</b>	<b>2,312</b>
<b>Acquisition of Bay Area Development</b> <small>Note 2</small>	2,305	-	-	2,305
<b>Acquisition of Lisai Environmental</b>	6	-	-	6
<b>Total</b>	<b>4,437</b>	<b>2,654</b>	<b>2,188</b>	<b>9,279</b>

- The investment and financing models of projects such as Jihe R&E and Shenshan Second Expressway have not yet been determined

Note 1: Including Lisai Environmental Technological Renovation Project, final payment for decoration of office property, final payment for reinforcement pavement structure of Changsha Ring Road, preliminary expenses of Pingshan County Photovoltaic Project

Note 2: Including the liabilities incurred due for repayment

# Business Review

Business Review



# Analysis of Business Environment

- As the domestic economy and society gradually return to normal, the demand for road transportation has recovered rapidly, and the recovery in passenger car travel has been particularly significant
- The complex and changing international political and economic environment has put pressure on overall domestic economic production, and road freight transportation demand growth is sluggish
- The toll of Wuhuang Expressway was transferred to the government at nil consideration upon expiry of concession in December 2022, which had certain impact on toll revenue during the Reporting Period
- Changes in road network to generate positive or negative impacts on toll highway projects
- Continued support on solid waste treatment industry and the clean energy power generation industry by national policies
- “Dual-carbon” strategy brings significant market opportunities in the general-environmental protection industry
- The long-term trend of steady development of the Chinese economy is conducive to promoting the steady growth of overall demand for road transportation and logistics, and to a certain extent increasing the demand growth of environmental protection businesses such as solid waste treatment and clean energy power generation



## Projects in Shenzhen Region

Project	Average daily traffic volume <sup>Note</sup> (number of vehicles in thousands)		Average daily toll revenue (RMB '000)	
	1H2023	YOY change	1H2023	YOY change
Meiguan	159	+22.9%	408	+14.1%
Jihe East	312	+17.0%	1,820	+9.3%
Jihe West	213	+22.0%	1,459	+19.9%
Coastal Project	182	+38.8%	1,637	+29.3%
Outer Ring Project	296	+33.7%	3,140	+29.0%
Longda	162	+23.8%	411	+18.6%
Shuiguan	263	+18.9%	1,690	+12.6%
Shuiguan Extension	63	+21.3%	210	+16.5%

- Due to the low base of the same period last year, the traffic volume and toll revenue of the toll highways operated and invested by the Group recorded a significant YOY increase during the Reporting Period, of which the growth rate of small passenger cars was higher than that of trucks

Note: Excluding toll-free traffic volume during holidays



## Projects in other regions

Project	Average daily traffic volume <sup>Note 1</sup> (number of vehicles in thousands)		Average daily toll revenue (RMB '000)	
	1H2023	YOY change	1H2023	YOY change
Qinglian Expressway	51	+14.8%	1,905	+11.2%
Guangshen Expressway <sup>Note 2</sup>	627	+23.7%	7,687	+27.4%
GZ West Expressway <sup>Note 2</sup>	262	+21.9%	3,406	+20.2%
Yangmao Expressway	54	+22.0%	2,079	+20.5%
GZ W2 Expressway	86	+23.8%	1,279	+17.4%
Yichang Project	61	+14.9%	1,185	+10.0%
Changsha Ring Road	92	+12.2%	703	+6.6%
Nanjing Third Bridge	39	+39.6%	1,469	+18.2%

- Due to the low base of the same period last year, the traffic volume and toll revenue of the toll highways operated and invested by the Group recorded a significant YOY increase during the Reporting Period, of which the growth rate of small passenger cars was higher than that of trucks

Note 1: Excluding toll-free traffic volume during holidays

Note 2: Revenue is tax-exclusive





## Planned Projects

### Outer Ring Phase III

- Planned mileage of 16.8 km with an estimated total investment of approximately RMB8,447 million. Construction is planned to commence in the second half of 2023 and is expected to be completed and open to traffic in 2028
- Outer Ring Project has obvious advantages in channel, acting as an important backbone of the east-west transportation interconnection in the northern Shenzhen, and also an important cornerstone for the sustainable development of the Group; Outer Ring Phase III is the last part of the whole project
- Upon the completion of Outer Ring Phase III, it can increase the total profitability significantly during the operating period, enrich the core highway assets of the Group, and achieve the best overall economic and social benefits of Outer Ring Project as a whole; the road network layout will be improved and the traffic volume for the Group's other toll highways will be boosted

### Reconstruction and Expansion of Jihe Expressway

- The Shenzhen Municipal Government intends to adjust the construction implementation plan and adjust the investment and financing plan accordingly; the adjustment scheme is still under study and discussion
- As a project unit approved by the Guangdong Provincial Development and Reform Commission, the Company is actively assisting in the adjustment of the relevant plan and agreements of the project, and will perform the corresponding approval procedures after the confirmation

### Shenshan Second Expressway

- Preliminary work such as environmental assessment, land application approval, and approval for forest land use is under way

### Reconstruction and Expansion of Guangshen Expressway

- Passed the pre-approval of the Guangdong provincial traffic management department and the application for project approval is in progress
- Bay Area Development, in which the Company indirectly holds 71.83% equity interest, actively cooperates with shareholders to actively promote the revitalization and utilization of land along the route



## Construction in Progress

### Coastal Phase II

- Mainly includes the interchange of International Convention and Exhibition Center (completed and opened to traffic in 2019) and the connecting line on the Shenzhen side of Shenzhen-Zhongshan Tunnel
- About 5.7 km of the connecting line on the Shenzhen side of Shenzhen-Zhongshan Tunnel is under construction and is expected to be opened simultaneously with Shenzhen-Zhongshan Tunnel in 2024



# General-Environmental Protection – Solid Waste Treatment 1

**Objective: Become a segment leader with industry-leading technology and scale advantages**

## Bioland

- 20 organic waste treatment PPP (BOT inclusive) projects with a designed capacity of over 4,800 t/d, 13 of which commenced commercial operation (designed capacity of 3,020.5 t/d)
- In 1H2023, the volume of organic waste treatment, grease sales and biomass power generation amounted to about 47,190,000 tons, 16,965.8 tons and 15.51 million kWh, respectively
- With a YOY increase in the kitchen waste treatment volume, the revenue increased to a certain extent, but the overall operating performance in the first half of the year was unsatisfactory affected by the combined effects of the decrease in grease selling price, the low production rate of some projects, the failure to implement equipment orders on schedule, and the relatively high costs and expenses at the early stage of projects

## Lisai Environmental

- Concession period: 10+5 yrs for kitchen waste treatment, 25 yrs for municipal sludge treatment
- The technological transformation of the production line has been basically completed. After the transformation, the kitchen waste treatment capacity is 650 t/d, newly added the oil and grease treatment capacity is 30 t/d. At present, the kitchen waste collection volume is over 600 t/d, achieving full production and operation
- During the period, the volume of organic waste treatment and sales of grease amounted to approximately 84,300 tons and 3,783.15 tons, respectively

Organic waste			Organic waste disposal volume ('000 tons)	Operating revenue (RMB 'million)
Project	Holding ratio	Revenue consolidation Proportion	1H2023	1H2023
<b>Bioland</b>				
Guiyang Project	100%	100%	80.99	42.94
Nanning Project	100%	100%	98.04	45.13
Dezhou Project	100%	100%	59.13	16.03
Taizhou Project	100%	100%	46.37	15.73
Zigong Project	84.57%	100%	26.48	19.97
Zhuji Project	90%	100%	29.85	9.63
Longyou Project	100%	100%	27.79	1.54
Handan Project	90%	100%	23.84	8.63
Other projects	70~100%	100%	79.46	36.48
<b>Subtotal</b>			<b>471.95</b>	<b>196.08</b>
<b>Lisai Environmental</b>			<b>84.29</b>	<b>68.85</b>
<b>Total</b>			<b>556.24</b>	<b>264.93</b>



**Objective: Become a segment leader with industry-leading technology and scale advantages**

## Guangming Environmental Park

- BOT model, concession period: 10 yrs+5 yrs
- Designed treatment capacity: organic waste 1,000 t/d + bulk waste (waste furniture) 100 t/d + greening waste 100 t/d
- The main structure construction and part pre-treatment equipment commissioning have been basically completed and it is expected to be completed and put into production in 2023

## Shaoyang Project

- TOT model, concession period: 30 yrs
- Designed treatment capacity of kitchen waste: 200 t/d
- Commenced trial operation in February 2023, more than 3,200 kitchen waste collection and transportation service agreements have been signed, accumulating and transporting around 11,000 tons of kitchen waste
- Some equipment are in debugging and operation

The organic waste treatment  
designed capacity of the Group

**6,900 t/d**

## Shenshan Qiantai

- Dual services of scrapping and dismantling for traditional fuel vehicles and new energy vehicles and integrated resource utilization service of decommissioned power batteries
- Lower-than-expected results in the first half of the year:
  - Weaker-than-expected business development due to falling price of lithium battery materials and slowing demand growth of power battery market
  - The profit of scrapped vehicles decreased due to the continuous increase in the market price of scrapped vehicles and the decline in the market price of metal scrap; the acquisition of scrapped vehicles recycling business and the recycling volume of scrapped vehicles were overall affected
- During the Reporting Period, the Company increased efforts in acquiring new customers, and expanded the scope of scrapped vehicles recycling to Shanxi, Sichuan, Fujian Provinces, etc.

# General-environmental Protection - Clean Energy

Already integrated business capabilities of investment, operation and after-sales operation and maintenance services of clean energy power generation projects and ancillary financing of projects

## Wind Farm Operation

Wind power generation				On-grid electricity ('000 MWh)	Wind power generation revenue Revenue (RMB 'million)
Project	Installed capacity (MW)	Proportion	Revenue consolidation Proportion	1H2023	1H2023
Baotou Nanfeng	247.5	100%	100%	413	129.24
Xinjiang Mulei	299	100%	100%	344	159.91
Yongcheng Zhuneng	32	100%	100%	48	24.23
Zhongwei Gantang	49.5	100%	100%	64	33.95
<b>Total</b>				<b>869</b>	<b>347.54</b>
Huaian Zhongheng	99.4	20%	-	116	58.24

Cumulative installed capacity of wind power of the Group  
**648 MW**

## Project Expansion

- Jinshen New Energy
  - Established by the Group and Weining Energy, a controlled subsidiary of SPIC, in the proportion of 65%:35% equity interest
  - Obtained approval for 180MW wind power project in Ziyun County, Guizhou Province and 200MW wind power project in Xingren, Guizhou Province
- The 60MW PV project and 70MW PV project in Pingshan County, Hebei independently declared by New Energy Company have been approved and included in the protected and reserved projects, respectively

## Other Projects

- Nanjing Avis: During the Reporting Period, the accumulated contracted sales orders amounted to around RMB142 million, mainly including spare unit sales, repair of returned units, spare parts sales and maintenance business
- Nanjing Wind Power: Under-performing operation, striving to rationalize the property ownership and management relationship, accelerating asset activation and capital recovery, and promoting the development of its business and operation

# General-Environmental Protection - Water Environmental Remediation and Others

## Derun Environment

- 20% equity interest
- Holding A-share main board-listed Chongqing Water (601158) and Sanfeng Environment (601827) with the major businesses including water supply and sewage treatment, waste incineration power generation and environmental restoration

## Shenzhen Water Planning

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





## Entrusted Management

- **Entrusted construction business** Shenshan Environmental Park Project, Guizhou Longli River Bridge Project (former Duohua Bridge Project), Bimeng Resettlement Housing Project, etc.
- **Entrusted management business** Comprehensive management and maintenance projects of the Four Expressways, property operation and maintenance of Baguang toll station of Yanba Expressway, operation and management projects of Xiufeng, Tangbei and Henggang toll stations of Shenzhen Transportation Bureau, municipal road maintenance business, etc.
- Revenue in 1H2023: RMB185 million

## Land Development and Management

- **Guilong Project** 70% equity interest, due to the overall real estate environment, the sales of houses were slow in the first half of the year
- **Meilin Checkpoint Renewal Project** 34.3% equity interest, the residential units of Phases I, II & III have been sold out; the sell-through rate of more than 2,700 apartments is approximately 40%; office and commercial buildings are currently not for sale
- **Xintang Project** Bay Area Development, the controlling subsidiary of the Group, holds 15% equity interest, with the planned gross floor area of 600,000 sq.m. It is divided into three phases: Phase I has completed approximately 95% of the image progress, and Phase II is undergoing main structure construction; the Xintang Interchange Reconstruction Project has completed 88% of the image progress

## Industrial-Financial Integration

- **Bank of Guizhou** 3.44% equity interest, listed on the Main Board of the Stock Exchange (Code: 06199.HK)
- **Financial Leasing Company** 100% equity interest, achieved revenue of RMB47 million in 1H2023
- **Shengchuang Fund** 45% interest, the Company contributed RMB135 million and completed investment in 2 projects
- **State-owned Assets Collaborative Development Fund** 7.48% interest, mainly investing in public utilities, financial and strategic emerging industries; the Company contributed RMB300 million and completed investment in 2 projects

# Outlook

on 1000v

## Operating Environment

### Challenges

- International geopolitical turmoil
- Intensified pressure of global stagflation and sluggish global economic growth
- The complex and ever-changing external environment poses challenges to China's economic growth

### Opportunities

- Actively coordinate macroeconomic control policies
- China's economic growth is expected to stabilize in a reasonable range in 2H2023
- China accelerates the modernization of transportation industry
- China continues to implement a series of policies on comprehensive solid waste treatment and new energy systems

## Core Competitiveness

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

## Toll Highway Business

- ✓ Explore investment opportunities in high-quality highway projects
- ✓ Rapidly promote major construction projects with high quality: construction of Coastal Phase II, striving to commence construction of Outer Ring Phase III within the year, coordinating with the government to adjust the construction plan and investment and financing plan of Jihe R&E Project
- ✓ Promote the construction of core business digital platform and pilot free flow charging technology
- ✓ Explore intelligent operation and management method, strengthen the market-oriented expansion of upstream and downstream businesses in the industry chain



## General-environmental Protection & Other Businesses

- ✓ Enhance the expansion capability of market-oriented projects and increase efforts in mergers and acquisitions/new construction of projects in high-quality regions
- ✓ Deepen group management and control, and the management integration of acquired projects
- ✓ Strengthen construction management, optimize cost control, improve the profitability of organic waste treatment projects, promote the operation of wind farms to reduce costs and increase efficiency
- ✓ Enrich professional multi-functional talent team



## Financial Management

- ✓ Promote digital financial transformation and optimize financial control of invested enterprises
- ✓ Strengthen the coordination of financial resources and improve the efficiency of capital use
- ✓ Closely monitor changes in monetary policy and the financing environment, adjust capital strategy in a timely manner
- ✓ Strengthen budget management, improve financial quality
- ✓ Develop diversified financing channels, optimize capital structure and reduce financial risks
- ✓ Promote the issuance of A-shares to specific targets, enrich capital strength, and expand investment and financing space



## Corporate Governance

- ✓ Sort out and improve corporate governance rule, and keep optimizing corporate governance and board building
- ✓ Formulate a scientific authorization and exercise mechanism to improve the quality of decision-making and operation management
- ✓ Insist on high-level information disclosure

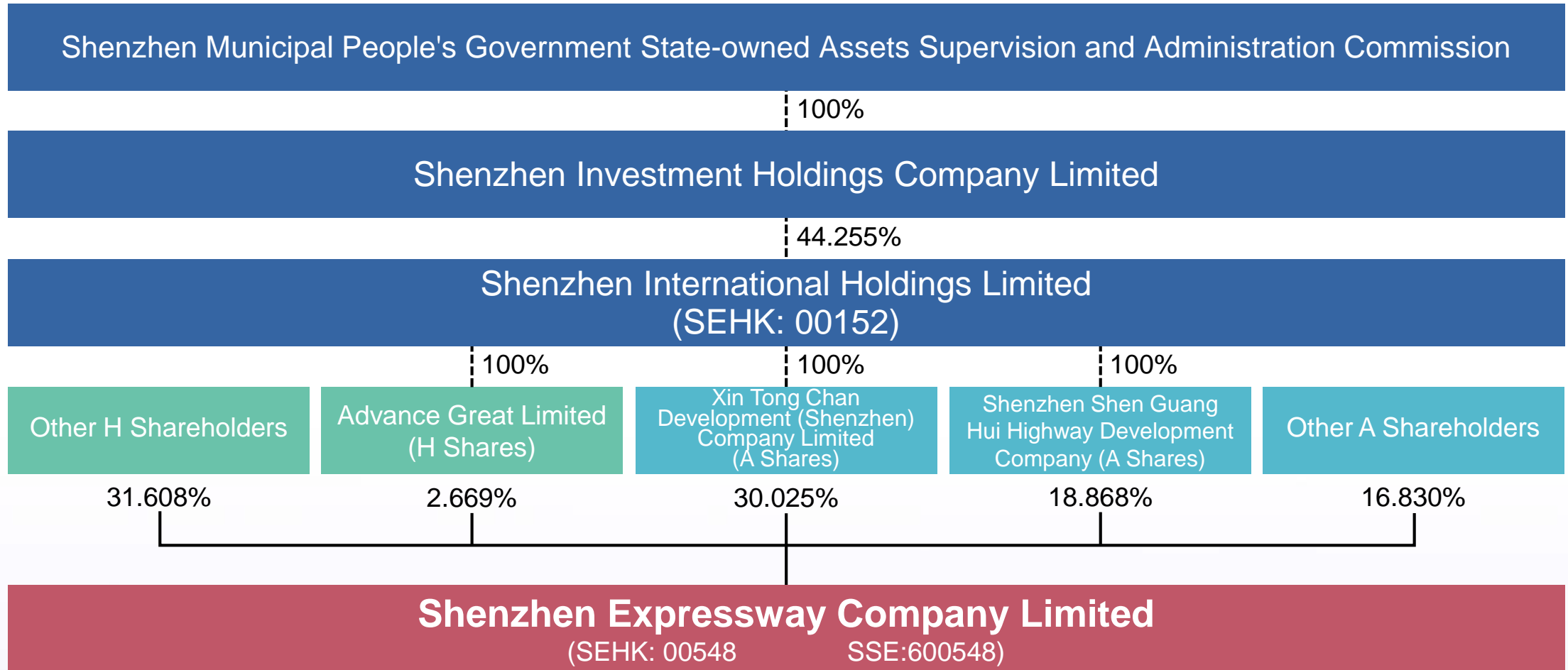




# Appendix

Appendix

# Shareholding Structure

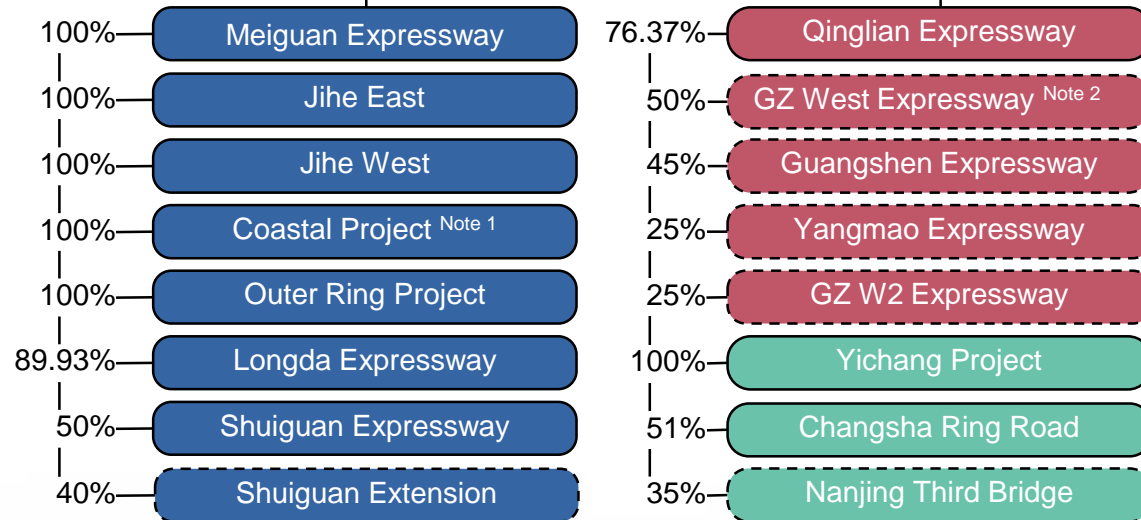


The total share capital of the Company is 2,180,770,326, of which H shares are 747,500,000, accounting for 34.28% and domestic shares are 1,433,270,326, accounting for 65.72%.

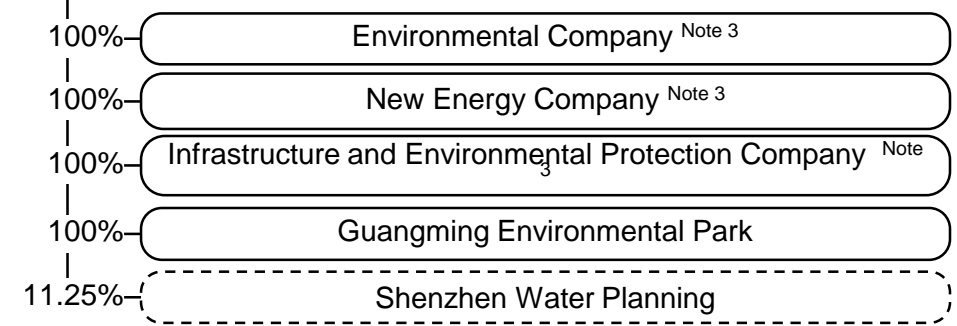


## Shenzhen Expressway Company Limited

### Toll Highway Business



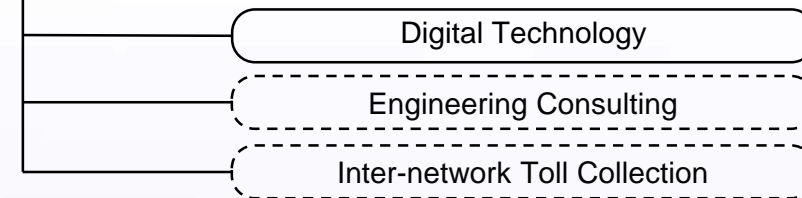
### General-Environmental Protection Business



### Entrusted Management and Other Infrastructure Development

### Industrial-Financial Integration

### Other Businesses



- Icon
- Guangdong-Shenzhen region
  - Guandong-Other regions
  - Other provinces in the PRC
  - Items included in the scope of consolidation
  - Items excluded from the scope of consolidation

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

Note 2: Indirectly holding interests in Guangshen Expressway and GZ West Expressway through holding 71.83% interest in Bay Area Development

Note 3: The Company directly or indirectly holds equity interests in certain environmental protection projects through environmental, new energy and infrastructure environmental protection platform companies





# Toll Highway Projects Summary

Toll Highway	Interest Held by the Company	Location	Toll Mileage (km)	Number of Lanes	Status
Meiguan Expressway	100%	Shenzhen	5.4	8	Under operation
Jihe East	100%	Shenzhen	23.7	6	Under operation
Jihe West	100%	Shenzhen	21.8	6	Under operation
Shuiguan Expressway	50%	Shenzhen	20.0	10	Under operation
Shuiguan Extension	40%	Shenzhen	6.3	6	Under operation
Coastal Project	100%	Shenzhen	36.6	8	Phase I: Under operation Phase II: Part under construction
Outer Ring Project	100%	Shenzhen	60.0	6	Phase I: Under operation Phase II: Under operation Phase III: Preliminary stage
Longda Expressway	89.93%	Shenzhen	4.4	6	Under operation
Yangmao Expressway	25%	Guangdong	79.8	8	Under operation
GZ W2 Expressway	25%	Guangdong	40.2	6	Under operation
Qinglian Expressway	76.37%	Guangdong	216.0	4	Under operation
GZ West Expressway	50%	Guangdong	98.0	6	Under operation
Guangshen Expressway	45%	Guangdong	122.8	6	Under operation
Yichang Expressway	100%	Hunan	78.3	4	Under operation
Changsha Ring Road	51%	Hunan	34.7	4	Under operation
Nanjing Third Bridge	35%	Jiangsu	15.6	6	Under operation



# Environmental Projection Projects Summary

Environmental Projection Project	Interest Held by the Company	Project Location	Capacity / Business Characteristics	Consolidation / Acquisition Time
Xinjiang Mulei	100%	Xinjiang Uygur Autonomous Region	Installed capacity: 299 MW (Qianzhi & Qianhui: 249.5 MW, Qianxin: 49.5 MW)	First quarter of 2021
Baotou Nanfeng	100%	Inner Mongolia Autonomous Region	Installed capacity: 247.5 MW	September 2019
Yongcheng Zhuneng	100%	Henan	Installed capacity: 32 MW	September 2021
Zhongwei Gantang	100%	Ningxia Hui Autonomous Region	Installed capacity: 49.5 MW	December 2021
Nanjing Wind Power	51%	Nationwide	Specialising in renewable and new energy wind power generation business, with experience and ability in wind farm development, construction and operation management	April 2019
Fenghe Energy	50%	Nationwide	51% equity interests in Nanjing AVIS	February 2022
Jinshen New Energy	65%	Guizhou Province	Obtained the approval of 380MW wind power projects in Guizhou	2023
Huai'an Zhongheng	20%	Jiangsu	Installed capacity: 99 MW	July 2021
Guangming Environmental Park	100%	Shenzhen	Organic waste treatment capacity: 1,000 t/d Large pieces waste (wasted furniture) treatment capacity: 100 t/d Greening waste treatment capacity: 100 t/d	February 2021 (winning bid)
Bioland	92.29%	Nationwide	Designed capacity: over 4,800 t/d	January 2020
Lisai Environmental	70%	Shenzhen	Designed capacity of kitchen waste: 650 t/d Designed capacity of oil and grease treatment capacity: 30 t/d	April 2022
Shaoyang Project	100%	Hunan	Designed capacity: 200 t/d	December 2022
Shenshan Qiantai	63.33%	Shenzhen	Owning over 10 independent intellectual property rights related to key technologies of electric-vehicle battery recycling and scrapping new energy vehicles	December 2020
Derun Environment	20%	Chongqing / Nationwide	A comprehensive environmental enterprise with majority owned subsidiaries including Chongqing Water and Sanfeng Environment, etc., and with major business segments including water supply and sewage treatment, waste incineration power generation and environmental restoration, etc.	May 2017
Shenzhen Water Planning	11.25%	Shenzhen	A comprehensive survey and design organisation for integrated water planning, and possessing a number of A-grade qualifications in areas such as water conservancy industry, municipal water supply and drainage, comprehensive engineering survey and other types of surveying etc.	July 2017



# Average Daily Toll Revenue for Five Years

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

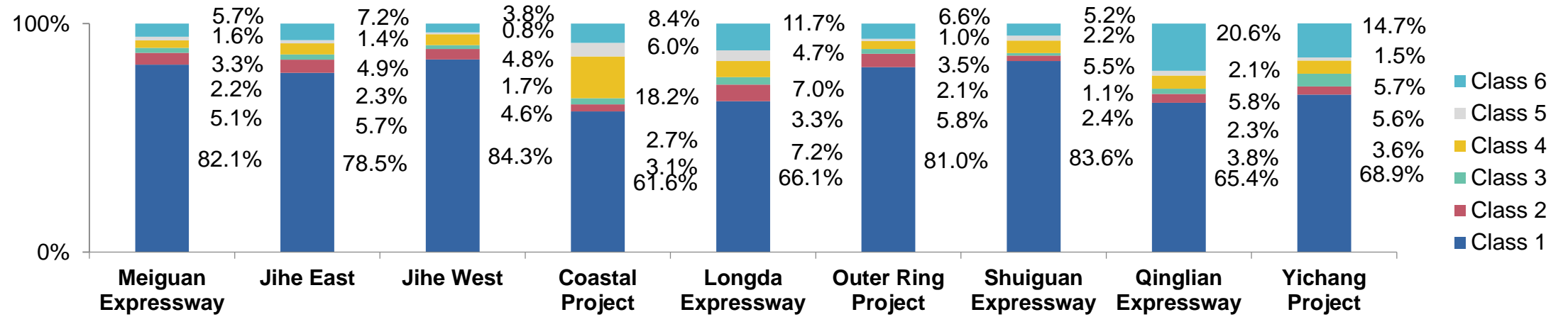
Note 1: Outer Ring Phase I opened to traffic on 29 December 2020; Outer Ring Phase II opened to traffic on 1 January 2022

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

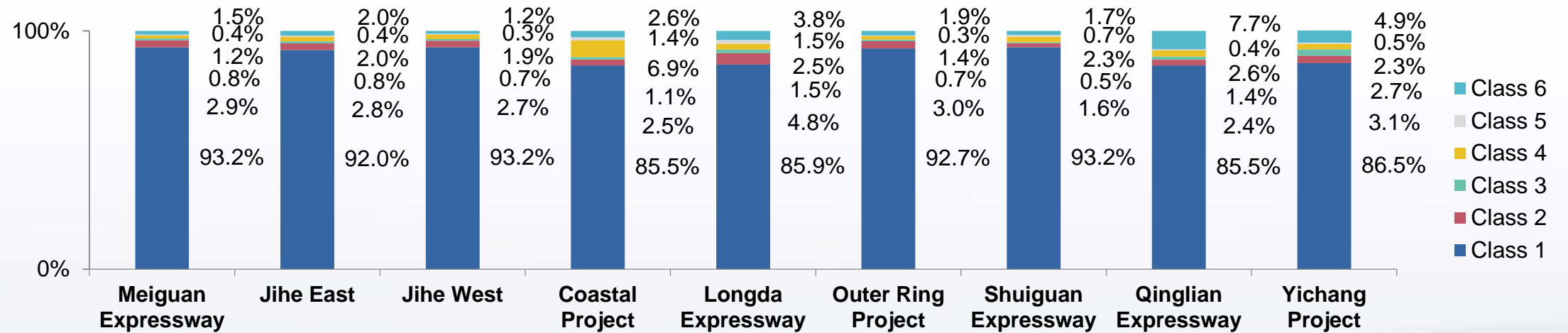
Note 3: Since 11 January 2022, the Group has indirectly held approximately 71.83% equity interest in Bay Area Development, which indirectly enjoys 50% profit of GZ West Expressway and 45% profit of Guangshen Expressway

# Vehicle Category of Major Highways in 1H2023

By revenue



By traffic volume

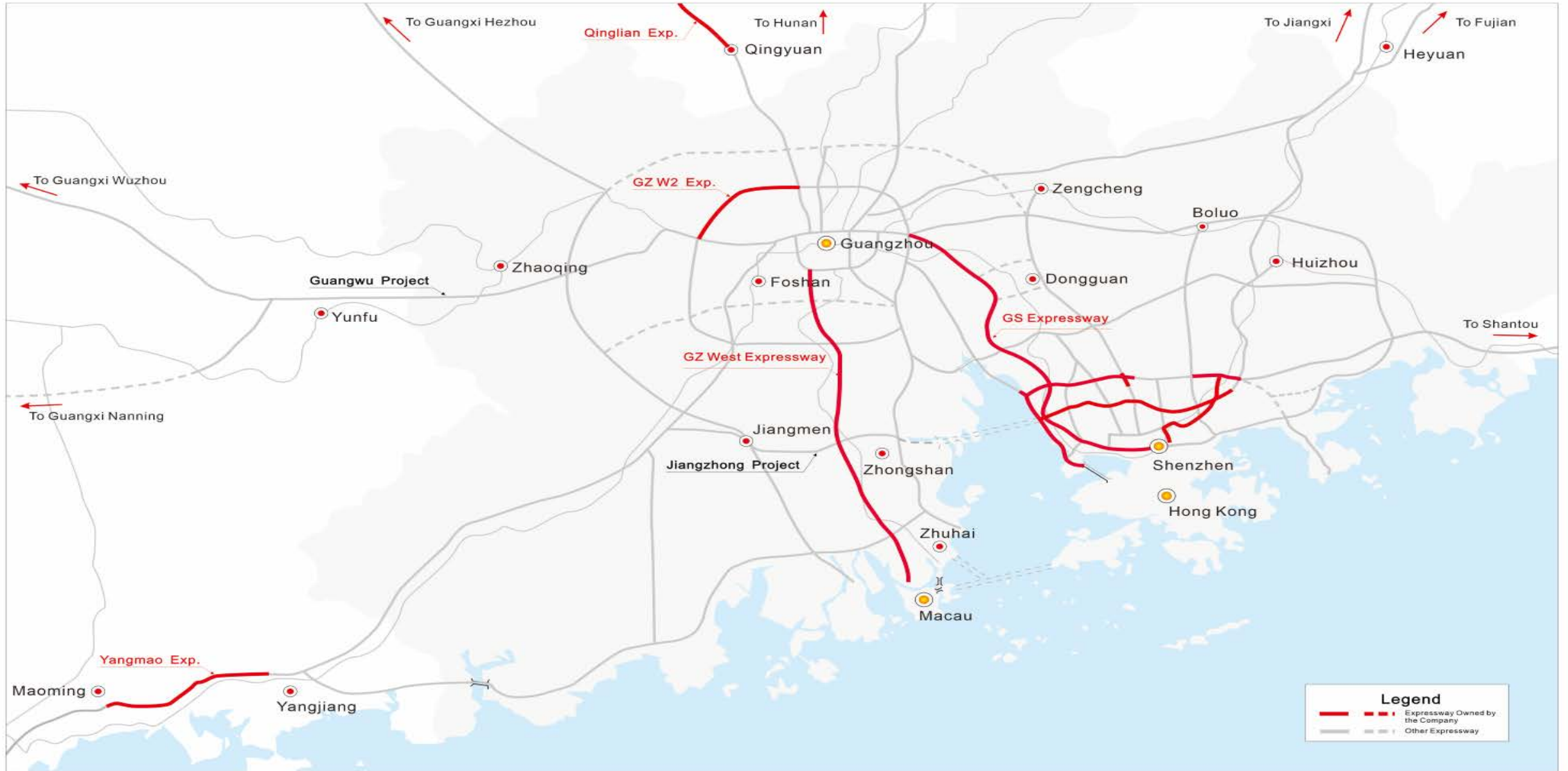


# Road Network of Shenzhen





# Road Network of Pearl River Delta



# Road Network of Qinglian Expressway

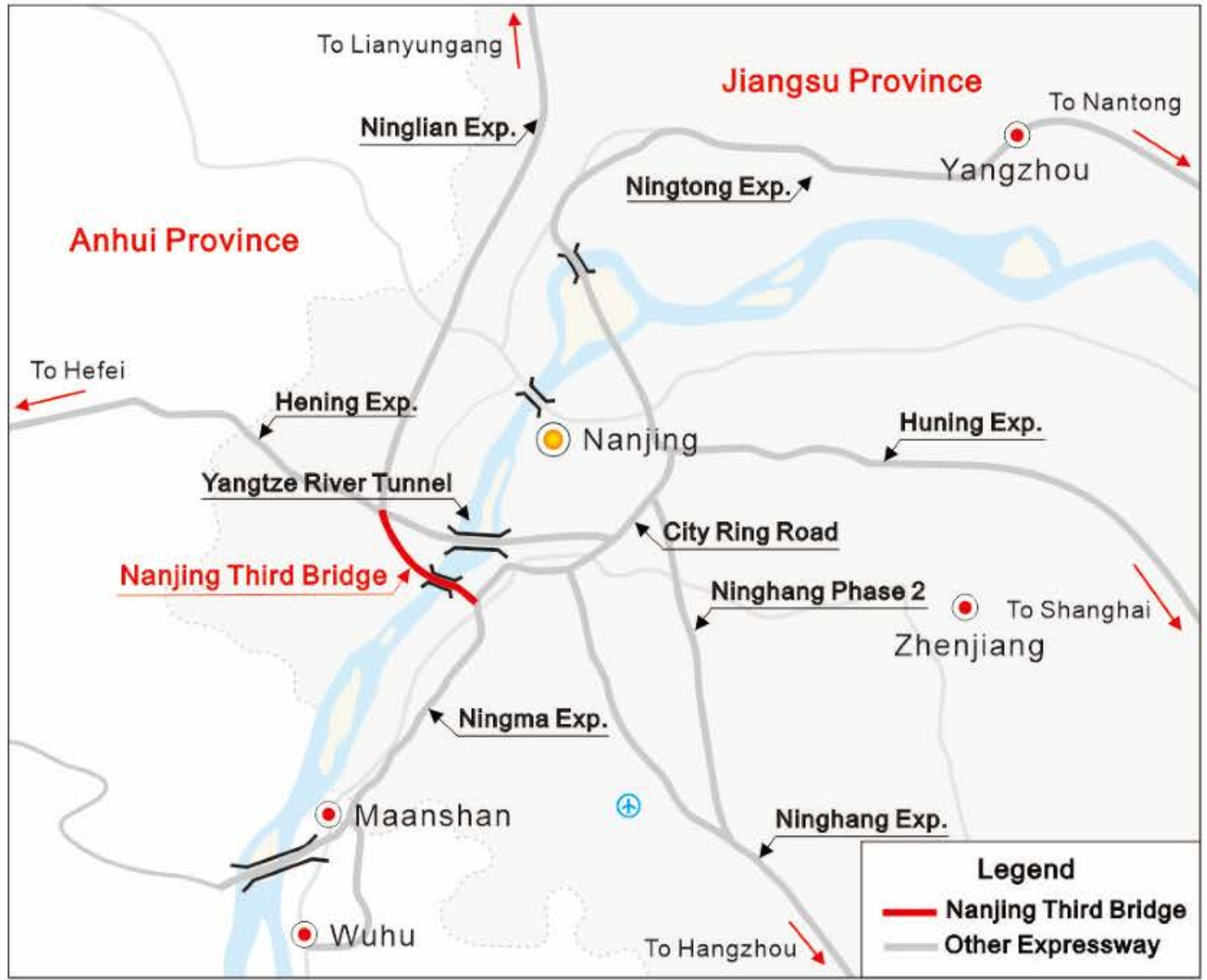


# Road Network of Yichang Expressway

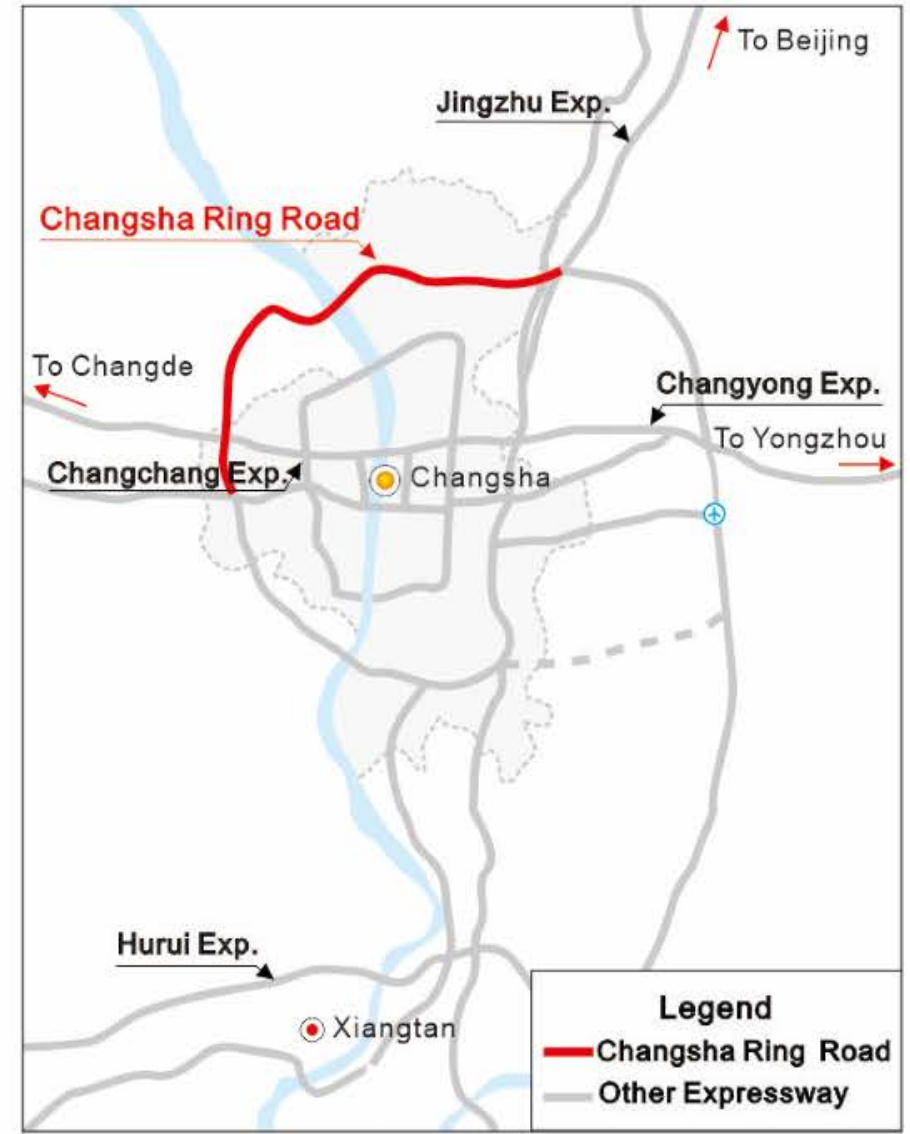




# Road Network of Nanjing Third Bridge



# Road Network of Changsha Ring Road



## Company Declaration

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

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