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Shenzhen International Holdings Limited

深圳國際控股有限公司

(incorporated in Bermuda with limited liability)

(Stock Code: 00152)

(the “Company”)

OVERSEAS REGULATORY ANNOUNCEMENT

The document attached hereto is the First Quarterly Report of 2018 of Shenzhen Expressway Company Limited (a subsidiary of the Company, the A shares of which are listed on the Shanghai Stock Exchange and the H shares of which are listed on The Stock Exchange of Hong Kong Limited) which has been released to the Shanghai Stock Exchange.

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

Hong Kong, 25 April 2018

As at the date of this announcement, the board of directors of the Company consists of Messrs. Gao Lei, Li Hai Tao, Zhong Shan Qun, Liu Jun and Hu Wei as executive directors, Messrs. Xie Chu Dao and Liu Xiao Dong as non-executive directors and Messrs. Leung Ming Yuen, Simon, Ding Xun, Nip Yun Wing and Dr. Yim Fung, JP as independent non-executive directors.

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深圳高速公路股份有限公司

SHENZHEN EXPRESSWAY COMPANY LIMITED

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

FIRST QUARTERLY REPORT OF 2018

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
Liu Ji	Non-executive Director	business reason	Hu Wei
Chen Yuan Jun	Non-executive Director	business reason	Wu Ya De

1.3 Mr. Hu Wei, Chairman, Ms. Gong Tao Tao, Financial Controller, and Ms. Zhao Gui Ping, General Manager of Finance Department, confirm the truthfulness, accuracy and completeness of the financial statements contained in this quarterly report.

1.4 The financial statements contained in First Quarterly Report of 2018 (the “Report”) of the Company for the three months ended 31 March 2018 (the “Reporting Period” or “Period”) have not been audited.

- 1.5 Unless otherwise stated, the currency of the amounts stated in the Report is in RMB.
- 1.6 Unless otherwise stated, the abbreviation of the highways/projects operated, invested and managed by the Company and the investee companies of the Company in the Report shall have the same meaning as defined in Annual Report 2017 of the Company.

2. PRINCIPAL FINANCIAL DATA AND CHANGE IN SHAREHOLDERS

2.1 Principal financial data

Unit: RMB

	As at 31 Mar 2018	As at 31 Dec 2017 (Restated)	Change (%)
Total assets	44,667,577,751.58	44,082,970,503.24	1.33
Net assets attributable to owners of the Company	14,094,956,098.63	13,695,322,387.24	2.92

	Jan ~ Mar 2018	Jan ~ Mar 2017 (Restated)	Change (%)
Net cash flows from operating activities	956,242,511.20	651,787,711.91	46.71

	Jan ~ Mar 2018	Jan ~ Mar 2017 (Restated)	Change (%)
Revenue	1,341,789,943.21	1,117,299,311.65	20.09
Net profit attributable to owners of the Company	397,052,814.45	326,989,616.21	21.43
Net profit attributable to owners of the Company - excluding non-recurring items	454,030,569.45	328,269,769.90	38.31
Return on equity - weighted average (%)	2.86	2.28	Increased by 0.58 percentage point
Earnings per share – basic (RMB/share)	0.182	0.150	21.43
Earnings per share - diluted (RMB/share)	0.182	0.150	21.43

Note: During the Reporting Period, due to implementation of new accounting standards and Coastal Company being consolidated into the financial statements of the Group as business combination involving entities under common control, according to the relevant requirements of the accounting standards for business enterprises, the Company has adjusted its consolidated statement of financial position as at 31 December 2017, the consolidated statement of profit or loss and other comprehensive income from January to March 2017, and the consolidated statement of cash flows from January to March 2017. For details, please refer to the relevant disclosure in 3.2 “Financial analysis” below.

Non-recurring Items and Amounts:

Unit: RMB

Non-recurring items	Jan ~ Mar 2018	Descriptions
Net income from entrusted management fee of entrusted operation	4,214,716.98	The net income from entrusted management fee of entrusted operation and management services provided to Longda Company.
Amortisation of compensation provided by concession grantor	4,236,929.36	The amortisation of compensations received by the Company for Yanba Expressway and Yanpai Expressway provided by concession grantors was recognised according to traffic volume method, which was disclosed as write-downs of amortisation of concession intangible assets for accounting treatment.
Net profit and loss of subsidiaries resulting from the business combination involving entities under common control from the beginning of the Period to the date of combination	768,835.45	The current net income of Coastal Company for the Period resulting from being consolidated into the financial statements of the Group as business combination involving entities under common control from the beginning of the Period to the date of combination.
Capital utilisation fee of non-financial enterprises	2,026,382.40	Interest income accrued on the advances for projects such as Nanmen River Comprehensive Management Project.
Fair value loss on foreign exchange swap	-89,841,756.30	To lock in foreign exchange risks, a foreign exchange swap transaction for overseas debentures of USD300 million was entered into. During the Reporting Period, losses incurred from changes in fair value of swap were recognised due to the appreciation of RMB.
Asset disposal income	-558,572.59	
Other non-operating income and expenses other than the above items	1,730,777.17	
Effect on minority interest (after tax)	-264,691.57	
Income tax effect	20,709,624.10	
Total	-56,977,755.00	

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 19,051, of which 18,817 were holders of A shares and 234 were holders of H shares. The top ten shareholders and the top ten holders of non-restricted circulating shares of the Company were as follows:

Unit: share

The top ten shareholders					
Name of shareholder	Nature of shareholders	Percentage	Number of shares held	Number of restricted circulating shares held	Information on shares pledged or frozen
HKSCC NOMINEES LIMITED ⁽¹⁾	Overseas legal person	33.24%	724,901,099	0	Unknown
Xin Tong Chan Development (Shenzhen) Company Limited	Domestic non-state-owned legal person	30.03%	654,780,000	0	None
Shenzhen Shen Guang Hui Highway Development Company Limited	Domestic non-state-owned legal person	18.87%	411,459,887	0	None
China Merchants Expressway Network & Technology Holdings Co.,Ltd.	State-owned legal person	4.00%	87,211,323	0	None
Guangdong Roads and Bridges Construction Development Company Limited	State-owned legal person	2.84%	61,948,790	0	None
AU SIU KWOK	Overseas natural person	0.50%	11,000,000	0	Unknown
PICC Property and Casualty Company Limited—Traditional—Income portfolio	Domestic non-state-owned legal person	0.31%	6,823,187	0	Unknown
ZHANG PING YING	Domestic natural person	0.28%	6,023,400	0	Unknown
LIU SHEN PEI	Domestic natural person	0.27%	5,831,000	0	Unknown
CHEN DAN ZHEN	Domestic natural person	0.26%	5,691,500	0	Unknown
Top ten holders of non-restricted circulating shares					
Name of shareholder			Number of non-restricted circulating shares held	Type of shares	
HKSCC NOMINEES LIMITED ⁽¹⁾			724,901,099	H share	
Xin Tong Chan Development (Shenzhen) Company Limited			654,780,000	A share	
Shenzhen Shen Guang Hui Highway Development Company Limited			411,459,887	A share	
China Merchants Expressway Network & Technology Holdings Co.,Ltd.			87,211,323	A share	
Guangdong Roads and Bridges Construction Development Company Limited			61,948,790	A share	
AU SIU KWOK			11,000,000	H share	
PICC Property and Casualty Company Limited—Traditional—Income portfolio			6,823,187	A share	
ZHANG PING YING			6,023,400	A share	
LIU SHEN PEI			5,831,000	A share	
CHEN DAN ZHEN			5,691,500	A share	
Connected relationship or concerted action relationship among the abovementioned shareholders:	Xin Tong Chan Development (Shenzhen) Company Limited and Shenzhen Shen Guang Hui Highway Development Company Limited are connected persons under the same control of Shenzhen International Holdings Limited. There is no connected relationship among the state-owned shareholders in the above table. The Company did not notice any connected relationship among the other abovementioned shareholders or any connected relationship among the abovementioned state-owned shareholders and other shareholders.				

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

3. SIGNIFICANT MATTERS

3.1 Operational information

Toll highway	Percentage of equity held by the Group	Percentage of revenue consolidated	Average daily mixed traffic volume (number of vehicles in '000) ⁽¹⁾		Average daily toll revenue (RMB'000)	
			Jan ~ Mar 2018	YOY	Jan ~ Mar 2018	YOY
Guangdong Province - Shenzhen region:						
Meiguan Expressway	100%	100%	89	5.6%	319	1.0%
Jihe East	100%	100%	266	8.0%	1,936	8.5%
Jihe West	100%	100%	202	2.4%	1,645	4.9%
Coastal Project ⁽⁵⁾	100%	100%	82	4.9%	1,142	14.5%
Shuiguan Expressway	50%	100%	223	6.0%	1,643	1.8%
Shuiguan Extension	40%	—	104	9.9%	299	6.7%
Guangdong Province - other regions:						
Qinglian Expressway	76.37%	100%	49	5.8%	2,428	3.9%
Yangmao Expressway	25%	—	55	7.5%	1,911	0.8%
Guangwu Project	30%	—	43	9.6%	892	4.2%
Jiangzhong Project	25%	—	131	5.1%	1,236	6.9%
GZ W2 Expressway	25%	—	75	22.8%	1,416	31.7%
Other provinces:						
Wuhuang Expressway	100%	100%	55	6.7%	1,059	-0.3%
Yichang Project ⁽³⁾	100%	100%	54	N/A	1,151	N/A
Changsha Ring Road ⁽⁴⁾	51%	100%	31	10.5%	370	21.4%
Nanjing Third Bridge	25%	—	36	5.8%	1,347	4.2%

Notes:

- (1) Free traffic volume which is toll free during implementation of Toll Free Scheme on Holidays is not included in the figures of average daily mixed traffic volume.
- (2) According to the agreement signed between the Group and Shenzhen Transport Commission, Yanba Expressway, Yanpai Expressway and Nanguang Expressway should become toll free from 0:00 on 7 February 2016. The Company calculated and recognised the revenue according to the agreed method under the agreement.
- (3) As the Group completed the acquisition of 100% equity interest in Yichang Company in June 2017, Yichang Company has been consolidated into the consolidated financial statements of the Group since 15 June 2017.
- (4) Shenchang Company has been included into the consolidated financial statements of the Group since 1 April 2017. The main business of Shenchang Company is operation and management of Changsha Ring Road.
- (5) Coastal Company has been consolidated into the consolidated financial statements of the Group since 8 February 2018.

The effect of factors such as economic environment and policy changes on highway projects varied, and the operational performances varied among different highway projects due to differences in the functional positioning, operation date of respective projects and economic development along the highways. The operational performances of toll highways were also affected, either positively or negatively, by factors such as changes in surrounding competitive or synergistic road networks, repairs to connected or parallel roads and implementation of urban traffic organisation plans as well as other transportation methods. In addition, the construction or maintenance works of the projects may also have impact on their then operational performances.

Guangdong Province - Shenzhen region:

During the Reporting Period, the total toll revenue of toll highway projects of the Group in Shenzhen region recorded a YOY growth. With the continuous improvement of the transportation network in Shenzhen, coupled with the cancellation of toll collection of certain expressways and local roads, the traffic distribution and composition of the road network in Shenzhen have witnessed certain changes. After the adjusted toll collection scheme on Meiguan Expressway was implemented in April 2014, the traffic volume of toll-free section grew rapidly, which has stimulated the traffic growth of toll section. Toll-free policy has been implemented for Yanpai Expressway, Yanba Expressway and Nanguang Expressway from 00:00 on 7 February 2016. The Company calculates and recognises revenues from these highway projects according to the method specified in the agreement. The growth of traffic volume of these toll-free projects also drove the traffic growth of the connecting Jihe Expressway and Shuiguan Expressway. In addition, the Provisions on the Administration of Use of Roads by Overloaded Transportation Vehicles has been implemented nationwide since late September 2016. The implementation of such policy has caused negative impact on the freight volume of transportation vehicles and toll revenue of Jihe Expressway and Shuiguan Expressway. During the Reporting Period, the Group has completed the acquisition of 100% interests in Coastal Company, and Coastal Company was consolidated into the Group's financial statements commencing from 8 February 2018, which has further strengthened the scale of the Group's core business of highway assets in Shenzhen region.

Guangdong Province - other regions:

During the Reporting Period, the factors contributing to the organic growth of the traffic volume of Yangmao Expressway have stabilised due to the impact of diversion from the commencement of operation of Shanzhan Expressway (Yunzhan section), its parallel road section, and the continuous impact brought by implementation of policy governing the over-limit and overloaded vehicles. The average daily traffic volume of Yangmao Expressway recorded slight YOY increase, its average daily toll revenue remained flat year-on-year. Benefited from the positive implications of factors such as the economic growth in the areas along the expressways, changes of road networks and greater efforts in the implementation of traffic management measures, both the average daily traffic volume and toll revenue of GZ W2 Expressway recorded satisfactory YOY growths. The diversion impact arising from the commencement of operation of neighboring road networks on Guangwu Project still existed, however, the impact was gradually neutralised by the organic growth of traffic volume, and its average daily toll revenue remained basically flat year-on-year. Benefited from the positive implications of factors such as the synergy from commencement of operation of road networks and the maintenance works on neighboring roads and bridges, both the average daily traffic volume and toll revenue of Jiangzhong Project witnessed YOY growths.

The average daily toll revenue of Qinglian Expressway recorded a stable YOY increase during the Reporting Period, which was mainly due to the improvement of the neighboring road networks, the organic growth of the overall traffic volume in the region and the multi-level marketing strategy implemented by Qinglian Company with its positive effect on Qinglian Expressway. The diversion impact brought by the commencement of operation of parallel road section is almost eliminated.

Other provinces:

During the Reporting Period, due to the combined effects of diversion and the rapid growth of vehicle ownership in surrounding cities, the overall performance of Wuhuang Expressway is stable. Moreover, benefited from the positive implications of various factors including the economic development of the peripheral areas and regions, and the implementation of preferential transportation policies in provinces, both the average daily traffic volume and toll revenue of Nanjing Third Bridge recorded satisfactory YOY growth. Benefited from the positive impact of various factors including the improvement in road networks, implementation of the toll-by-weight policy, the traffic control measures of neighbouring roads and the business growth of enterprises along the highway, the toll revenue of Changsha Ring Road maintained a relatively rapid YOY growth. Benefited from the economic growth of the Northwestern regions of Hunan and the construction works of neighbouring roads as well as the implementation of traffic control measures, the operational performance of Yichang Expressway was satisfactory.

3.2 Financial analysis

3.2.1 Overall Description

During the Reporting Period, the Group recorded net profit attributable to owners of the Company of RMB 397,053,000 (same period of 2017 (restated): RMB326,990,000), representing a YOY increase of 21.43%, which was mainly due to the income growth recorded by the toll highways currently operated and invested by the Group and the revenue contributed by newly acquired projects including Derun Environment and Yichang Expressway.

During the Reporting Period, the Group recorded revenue of RMB 1,341,790,000 (same period of 2017 (restated): RMB1,117,299,000), representing a YOY increase of 20.09%, in which the aggregate toll revenue contributed by the respective consolidation of Shenchang Company as at 1 April 2017 and Yichang Company as at 15 June 2017 into the Group's financial statements amounted to RMB 136,867,000. Coastal Company was consolidated into the Group's financial statements as business combination involving entities under common control for the Reporting Period, which recorded toll revenue of RMB 102,825,000 during the Period, representing a YOY increase 14.5%. The toll revenue of the other existing ancillary toll highways of the Group recorded a YOY increase of 3.3%. In addition, the revenue from real estate development recognised for Guilong Development Project recorded a YOY growth. For details of the operational performance of toll highway projects for the Reporting Period, please refer to the relevant disclosure in paragraph 3.1 above.

During the Reporting Period, the Group recognised cost of services of RMB 656,942,000 (same period of 2017 (restated): RMB560,514,000), representing a YOY increase of 17.20%, in which the aggregate increase in cost of service resulting from the consolidation of Shenchang Company and Yichang Company into the Group's financial statements amounted to RMB 59,087,000. The cost of service of Coastal Company represented a YOY increase of 4.25%. The cost of service of the other existing ancillary toll highways of the Group recorded a YOY increase of 1.52% as a whole, which was mainly due to the increase in the depreciation and amortisation expenses with the traffic volume increase.

During the Reporting Period, the Group recognised financial expenses of RMB 161,932,000 (same period of 2017 (restated): RMB185,407,000), representing a YOY decrease of 12.66%, which was mainly due to the YOY increase in exchange gains from USD debentures arising from RMB appreciation. To avoid the risks relating to fluctuation in exchange rate of the million overseas debentures, the Company entered into a foreign exchange swap transaction to lock in the foreign exchange risk. During the Reporting Period, due to the appreciation of RMB, the Group recognised loss from changes in fair value of the swap transaction of RMB 89,842,000, which represents the exchange lock-in cost after deducting exchange gains from USD debentures during the Reporting Period.

During the Reporting Period, the Group incurred capital expenditures of approximately RMB100 million. At the end of the Reporting Period, the total outstanding interest-bearing liabilities of the Group amounted to approximately RMB 21.5 billion, representing a decrease of approximately RMB200 million over the beginning of the year. At the end of the Reporting Period, the debt-to-asset ratio of the Group was 63.64%, (after deducting the compensation for pre-receipt of fees and charges for the Three Projects and the balance of funds allocated by the Outer Ring Project and Coastal Phase II Project, the debt-to-asset ratio is about 52%) which was basically flat as compared with that of the beginning of the year (restated).

3.2.2 Change in accounting policies

In 2017, the Ministry of Finance of the PRC successively revised several Accounting Standards for Business Enterprises, including Accounting Standards for Business Enterprises No. 14 – Revenues (“New Revenue Standard”), Accounting Standards for Business Enterprises No. 22 – Recognition and Measurement of Financial Instrument, Accounting Standards for Business Enterprises No. 23 – Transfer of Financial Assets, Accounting Standards for Business Enterprises No. 24 – Hedging Accounting, Accounting Standards for Business Enterprises No. 37 – Presentation and Reporting of Financial Instrument (the latter four standards were collectively referred to as the “New Financial Instruments Standards”). Pursuant to the requirements of these standards, as a company listed both in the PRC and Hong Kong, the Group adopted the five newly revised accounting standards and changed the relevant accounting policies commencing from 1 January 2018. The above changes in accounting policies have been considered and approved by the fourth meeting of the eighth session of the Board of the Company. For details, please refer to the announcement on Board resolutions of the Company dated 23 March 2018.

During the Reporting Period, due to the adoption of the New Revenue Standard, in respect of the pre-sale commercial housing contracts with major financial components which have not been completed at the beginning of the year, the amounts collected in advance calculated the interest costs and the impact of capitalisation of related interest costs before the completion of commercial housing construction was considered. In accordance with relevant requirements of cohesion provisions contained in the New Revenue Standard, the “inventory” under the current assets at the beginning of the year was adjusted and increased by RMB525,000, “deferred income tax assets” under non-current assets at the beginning of the year was adjusted and increased by RMB1,661,000, “the advances from customers” under the current liabilities at the beginning of the year was adjusted and increased by RMB7,169,000, the “undistributed profits” under the owner’s equity at the beginning of the year was adjusted and decreased by RMB3,488,000 and the minority interests at the beginning of the year was adjusted and decreased by RMB1,495,000.

During the Reporting Period, because of the adoption of the New Financial Instruments Standards, the Group reclassified the equity investments that were classified as “available-for-sale financial assets” in the prior years to “financial assets at fair value through profit or loss”, and conducted valuation on the fair value of the respective equity investments as at the date of implementation of the standards. Pursuant to relevant requirements of the transitional provisions of the New Financial Instruments Standards, the “financial assets at fair value through profit or loss” under current asset at the beginning of the year increased by RMB162,510,000, while the “available-for-sale financial assets” under non-current assets at the beginning of the year decreased by RMB106,557,000, and the difference was accounted as an increase in “undistributed profit” under the shareholders’ interests at the beginning of the year of RMB55,953,000.

3.2.3 Change in consolidation scope

(1) Business combination involving enterprises under common control

On 8 February 2018, the Company completed the relevant formalities for the acquisition of 100%

interest in Coastal Company. Coastal Company became a subsidiary of the Company since that day and was consolidated into the Group's consolidated financial statements. As the Coastal Company and the Company were both under the control of Shenzhen Investment Holdings Company Limited before and after the combination, and that the control is not transitory, as such, pursuant to the relevant requirements of the Accounting Standards for Business Enterprises, the above business combination was a business combination involving enterprises under common control. According to the relevant requirements of the Accounting Standards for Business Enterprises, the Company has adjusted its consolidated balance sheet as at 31 December 2017, the consolidated statement of profit or loss and other comprehensive income for January to March 2017 and the consolidated statement of cash flows for January to March 2017 accordingly.

The revenue and net profit of Coastal Company from the beginning of the year of combination to the date of combination and the first quarter of 2017 were set out as follows:

Unit: RMB'000

The merged party	Revenue of the merged party from the beginning of the period of combination to the date of combination	Net profit of the merged party from the beginning of the period of combination to the date of combination	Revenue of the merged party in the first quarter of 2017	Net profit of the merged party in the first quarter of 2017
Coastal Company	38,566	769	90,209	-17,360

The carrying amount of the asset and liability of Coastal Company on the date of combination were set out as follows:

Unit: RMB'000

Coastal Company	Carrying amount as at the date of combination	Carrying amount as at 31 December 2017
Cash at bank and on hand	1,688,527	1,738,430
Accounts receivable	7,221	7,800
Other current assets	2,598	1,660
Fixed assets	197,523	199,455
Construction in progress	6,661	6,661
Intangible assets	6,299,909	6,310,867
Less:Accounts payable	571,268	570,864
Interests payable	26,380	6,909
Other payables	1,487,317	1,569,293
Current portion of non-current liabilities	96,448	96,448
Other current assets	5,321	6,422
Long-term prepayments	4,518,159	4,518,159
Net asset	1,497,547	1,496,778

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

Unit: RMB'000

	As at 31 Mar 2018	As at 31 Dec 2017 (Restated)	Change (%)	Primary reasons for the change
Interest receivable	4,561	2,210	106.42	Increase in interest of advances for projects such as Nanmen River Comprehensive Management Project.
Other receivables	2,523,156	171,483	1,371.37	Completion of capital decrease procedures by United Land Company, with capital decrease receivable RMB2,205 million.
Current portion of non-current assets	22,494	79,908	-71.85	Guilong Project receivable partially received.
Other current assets	350,239	39,367	789.68	Increase in investment of wealth management products issued by banks.
Employee benefits payable	80,430	168,822	-52.36	Performance bonus for the year 2017 was paid to employees.
Financial liabilities measured at fair value through profit or loss	161,214	71,372	125.88	Recognition of loss from changes in fair value of foreign exchange swap transaction instrument.
	Jan – Mar 2017	Jan – Mar 2018 (Restated)	Change (%)	Primary reasons for the change
Tax and surcharges	10,222	7,618	34.18	Increase due to the increase in income from real estate development of Guizhou Property and subsidies for freight traffic discount received by Coastal Company.
Gain or loss from changes in fair value	-89,842	-16,144	456.50	Increase in loss from changes in fair value of foreign exchange swap transaction.
Investment income	134,530	97,903	37.41	Addition of investment income from Derun Environment.
Gains on disposal of assets	-559	24,689	N/A	Recognition of compensation for government expropriation of land-use right for Jihe East during the same period of last year.
Minority shareholders' interests	37,606	26,093	44.12	Shenchang Company was included in the consolidation scope of the Group commencing from 1 April 2017; and the profits of Qinglian Company and Guizhou Property increased, leading to a corresponding increase in profit attributable to minority interests during the Reporting Period.
Net cash flows from operating activities	956,243	651,788	46.71	Coastal Company received the compensation for freight traffic discount from the government, Shenchang Company and Yichang Company were included in the scope of consolidation to increase the Group's net cash flow from operations, as well as the combined effects of factors such as the receipt of agency revenue from Section A of Nanping Phase II during the same period last year.
Net cash flows from investing activities	-371,472	-1,383,523	-73.15	Payment for acquiring the equity interest of Yichang Company during the same period of last year.
Net cash flows from financing activities	-405,523	134,657	N/A	The YOY increase in interest expenses and dividends distributed to minority interests by subsidiaries.

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

On 5 February 2018 and 8 February 2018, the resolution in relation to the acquisition of 100% interests in Guangshen Coastal Expressway (Shenzhen Section) by the Company was considered and approved by the general meeting of Shenzhen International Holdings Limited and the Company, respectively, pursuant to which, the Company acquired 100% interests in Guangshen Coastal Expressway (Shenzhen Section) at a consideration of RMB1.472 billion (the “Coastal Project”). The transaction has been completed during the Reporting Period. In addition, on 28 February 2018, the Transport Commission of Shenzhen Municipality (the “Transport Commission”) entered into an agreement with Coastal Company for the implementation of matters in relation to adjustment of transportation fees of trucks of Coastal Project (the “Toll Fees Adjustment”). Pursuant to the plan for Toll Fee Adjustment, during the period between 1 March 2018 to 31 December 2020, toll fee will be charged for all types of truck of the Coastal Project at 50% of the normal rate, and the Transport Commission will provide a compensation of RMB302 million to Coastal Company in this regard. Coastal Expressway is an important core passage going through the north-south of the Pearl River Delta region. It is also an important corridor connecting Guangzhou, Shenzhen and Hong Kong within the Guangdong-Hong Kong-Macau Greater Bay Area. It enjoys an excellent geographical location and an economically viable neighbourhood region. With the steady development of the regional economy along the Coastal Project and the constant improvement of its surrounding road networks, the operating performance of Coastal Project will enter a period of rapid growth. In the long run, the acquisition of 100% interest in Coastal Company by the Company at a reasonable price is in line with the development strategy and in the interests of the Company as a whole as it will help to enhance the allocation efficiency of the Company’s highway assets, stabilise the business scale of its core business of toll highway, thereby laying a foundation for the profit growth of the core business of the Company in the future. For details, please refer to the announcements of the Company dated 8 December 2017, 11 December 2017, 8 February 2018 and 28 February 2018 and the circular of the Company dated 23 January 2018.

On 9 November 2017, the resolution in relation to the public issuance of A Share convertible corporate bonds was considered and approved by the 29th meeting of the seventh session of the Board of the Company. On 6 December 2017, the Shenzhen SASAC had issued an approval, whereby it had approved the Company’s overall plan of the public issuance of not more than RMB2.2 billion A Share convertible corporate bonds in principle. Such approval shall be effective for a period of 12 months from the date when the said proposal is considered and approved by the general meeting of the Company. On 28 December 2017, the relevant resolution was considered and approved by the 2017 first extraordinary meeting and class meeting of the Company. During the Reporting Period, the China Securities Regulatory Commission (the “CSRC”) had issued the Acceptance Notice of the Application for Administrative Permission to the Company for the public issuance of A Share convertible corporate bonds. For details, please refer to the announcements of the Company dated 9 November 2017, 14 December 2017, 28 December 2018 and 17 April 2018. The public issuance of A Share convertible corporate bonds is still pending the approval of the CSRC.

Upon the approval of the Board of the Company and on the condition that both safety and liquidity of capital reserve can be assured, the Group purchased short-term principal-guaranteed RMB wealth management products from cooperative banks. During the Reporting Period, the Group conducted a transaction involving the purchase of short-term closed principal-guaranteed wealth management products of RMB300 million. The expected yield is RMB3,329,000 (tax inclusive). As at the end of the Reporting Period, the balance of the wealth management products of the Group was RMB300 million and there was no overdue principal and gain accrued outstanding.

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

applicable not applicable

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

applicable not applicable

By order of the Board

Hu Wei

Chairman

Shenzhen, the PRC, 25 April 2018

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

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

Appendix:

Consolidated Balance Sheet

31 Mar 2018

Unit: RMB; Unaudited

Item	As at 31 Mar 2018	As at 31 Dec 2017 (Restated)
Current assets:		
Cash at bank and on hand	4,549,401,420.37	4,259,695,462.26
Accounts receivable	256,463,246.06	223,338,953.78
Advances to suppliers	314,757,820.96	311,971,758.93
Interest receivable	4,561,222.53	2,209,701.24
Other receivables	2,523,156,154.91	171,483,113.60
Inventories	590,684,025.67	600,043,723.91
Current portion of non-current assets	22,494,042.69	79,908,301.90
Other current assets	350,239,189.22	39,366,991.50
Total current assets	8,611,757,122.41	5,688,018,007.12
Non-current assets:		
Long-term prepayments	337,118,360.22	326,996,397.88
Financial assets at fair value through profit or loss	162,510,000.00	162,510,000.00
Long-term receivable	16,519,232.87	16,519,232.87
Long-term equity investments	6,998,214,962.06	9,064,252,280.91
Investment properties	12,806,800.00	12,950,725.00
Fixed assets	1,118,598,400.67	1,157,135,268.77
Construction in progress	43,122,656.88	35,823,195.78
Intangible assets	27,191,380,253.74	27,463,982,268.91
Long-term prepaid expenses	4,814,114.66	5,256,417.00
Deferred tax assets	170,735,848.07	149,526,709.00
Total non-current assets	36,055,820,629.17	38,394,952,496.12
TOTAL ASSETS	44,667,577,751.58	44,082,970,503.24

Consolidated Balance Sheet (continued)

31 Mar 2018

Unit: RMB; Unaudited

Item	As at 31 Mar 2018	As at 31 Dec 2017 (Restated)
Current liabilities:		
Short-term borrowings	2,318,256,000.00	2,518,256,000.00
Financial liabilities at fair value through profit or loss	161,213,613.60	71,371,857.30
Accounts payable	564,145,573.22	677,252,834.93
Advances from customers	568,585,360.29	492,331,748.03
Employee benefits payable	80,429,538.50	168,822,032.25
Taxes payable	289,230,416.74	245,819,939.04
Interests payable	79,374,062.62	73,582,698.51
Other payables	3,129,095,683.06	2,981,749,261.98
Current portion of non-current liabilities	1,591,918,084.89	1,592,099,621.18
Deferred income	2,889,994.27	2,688,148.48
Total current liabilities	8,785,138,327.19	8,823,974,141.70
Non-current liabilities:		
Long-term borrowings	9,618,105,614.23	9,497,344,336.98
Bonds payable	2,660,177,271.51	2,732,092,797.02
Provisions	136,850,713.75	136,780,725.09
Deferred income	139,012,698.16	142,969,543.54
Deferred tax liabilities	1,520,249,332.49	1,537,614,506.77
Other non-current liabilities	5,564,921,521.44	5,361,879,999.98
Total non-current liabilities	19,639,317,151.58	19,408,681,909.38
Total liabilities	28,424,455,478.77	28,232,656,051.08
Owners' equity:		
Share capital	2,180,770,326.00	2,180,770,326.00
Capital surplus	5,287,655,822.58	5,282,994,921.43
Other comprehensive income	885,544,166.29	887,624,170.50
Surplus reserve	2,138,614,923.89	2,138,614,923.89
Undistributed profits	3,602,370,859.87	3,205,318,045.42
Total equity attributable to shareholders of the Company	14,094,956,098.63	13,695,322,387.24
Minority shareholders' interests	2,148,166,174.18	2,154,992,064.92
Total shareholders' equity	16,243,122,272.81	15,850,314,452.16
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	44,667,577,751.58	44,082,970,503.24

Balance Sheet

31 Mar 2018

Unit: RMB; Unaudited

Item	As at 31 Mar 2018	As at 31 Dec 2017 (Restated)
Current assets:		
Cash at bank and on hand	792,251,402.23	676,471,526.41
Accounts receivable	114,727,447.13	111,130,176.03
Advances to suppliers	21,378,438.83	9,530,649.12
Interest receivable	325,138.89	-
Other receivables	2,564,255,191.88	369,260,529.15
Inventories	998,557.46	1,552,959.68
Total current assets	3,493,936,176.42	1,167,945,840.39
Non-current assets:		
Long-term prepayments	3,329,760.00	3,329,760.00
Financial assets at fair value through profit or loss	162,510,000.00	162,510,000.00
Long-term receivables	2,763,864,691.83	2,890,825,463.77
Long-term equity investments	13,825,143,136.84	14,465,197,277.86
Investment properties	12,806,800.00	12,950,725.00
Fixed assets	376,304,219.84	388,079,131.68
Construction in progress	10,266,062.06	7,434,768.47
Intangible assets	3,829,852,821.13	3,883,256,173.82
Long-term prepaid expenses	1,290,913.19	1,396,847.18
Deferred tax assets	83,754,271.90	61,832,801.24
Other non-current assets	-	1,472,000,000.00
Total non-current assets	21,069,122,676.79	23,348,812,949.02
TOTAL ASSETS	24,563,058,853.21	24,516,758,789.41

Balance Sheet (continued)

31 Mar 2018

Unit: RMB; Unaudited

Item	As at 31 Mar 2018	As at 31 Dec 2017 (Restated)
Current liabilities:		
Short-term borrowings	1,370,000,000.00	1,570,000,000.00
Financial liabilities at fair value through profit or loss	161,213,613.60	71,371,857.30
Accounts payable	19,593,408.69	20,316,068.70
Advances from customers	19,378,599.38	19,378,599.38
Employee benefits payable	26,981,198.19	87,189,369.23
Taxes payable	74,714,675.65	44,141,456.88
Interests payable	68,463,557.29	63,037,480.69
Other payables	1,226,301,309.11	1,165,432,327.68
Current portion of non-current liabilities	1,304,839,499.60	1,400,174,552.51
Total current liabilities	4,271,485,861.51	4,441,041,712.37
Non-current liabilities:		
Long-term borrowings	839,954,545.45	839,954,545.45
Bonds payable	2,660,177,271.51	2,732,092,797.02
Provisions	136,850,713.75	136,780,725.09
Other non-current liabilities	5,361,879,999.98	5,361,879,999.98
Total non-current liabilities	8,998,862,530.69	9,070,708,067.54
Total liabilities	13,270,348,392.20	13,511,749,779.91
Owners' equity:		
Share capital	2,180,770,326.00	2,180,770,326.00
Capital surplus	2,359,981,745.44	2,329,774,011.94
Other comprehensive income	-6,657,585.55	-6,429,331.48
Surplus reserve	2,138,614,923.89	2,138,614,923.89
Undistributed profits	4,620,001,051.23	4,362,279,079.15
Total shareholders' equity	11,292,710,461.01	11,005,009,009.50
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	24,563,058,853.21	24,516,758,789.41

Consolidated Income Statement

Jan ~ Mar 2018

Unit: RMB; Unaudited

Item	Jan ~ Mar 2018	Jan ~ Mar 2017 (Restated)
1. Total revenue	1,341,789,943.21	1,117,299,311.65
Including: Revenue from operation	1,341,789,943.21	1,117,299,311.65
2. Total operating cost	848,236,728.71	773,367,782.61
Including: Cost of services	656,941,790.70	560,514,399.21
Tax and surcharges	10,221,793.17	7,617,928.01
Selling expenses	2,268,398.40	1,935,076.67
General and administrative expenses	16,858,276.31	17,893,802.95
Financial expenses	161,932,354.29	185,406,575.77
Asset impairment loss	14,115.84	-
Add: Gain or loss arising from changes in fair value (“-” indicates loss)	-89,841,756.30	-16,144,044.79
Investment income (“-” indicates loss)	134,530,034.07	97,903,440.55
Including: Share of profit of associates and joint ventures	134,530,034.07	93,019,488.29
Asset disposal income (“-” indicates loss)	-558,572.59	24,688,534.90
Other income	45,324.21	19,572.94
3. Operating profit (“-” indicates loss)	537,728,243.89	450,399,032.64
Add: Non-operating income	2,098,228.74	1,143,363.46
Less: Non-operating expenses	367,451.57	136,584.74
4. Total profit (“-” indicates total loss)	539,459,021.06	451,405,811.36
Less: Income tax expenses	104,800,193.00	98,323,390.55
5. Net profit (“-” indicates net loss)	434,658,828.06	353,082,420.81
(1) Classification according to operation continuity		
1.Net profit from continuous operation (“-” indicates for net loss)	434,658,828.06	353,082,420.81
(2) Classification according to ownership		
1. Minority interests	37,606,013.61	26,092,804.60
2. Net profit attributable to owners of the Company	397,052,814.45	326,989,616.21
6. Other comprehensive income after tax	-2,080,004.21	-204,966.40
(1) Item that may be reclassified subsequently to profit and loss	-2,080,004.21	-204,966.40
1. Share in other comprehensive income that will be reclassified into profit and loss after the invested entity under equity method.	-228,254.07	-
2. Balance arising from the translation of foreign currency financial statements.	-1,851,750.14	-204,966.40
7. Total comprehensive income	432,578,823.85	352,877,454.41
Total comprehensive income attributable to owners of the company	394,972,810.24	326,784,649.81
Total comprehensive income attributable to minority interest	37,606,013.61	26,092,804.60
8. Earnings per share		
(1) Basic earnings per share (RMB per share)	0.182	0.150
(2) Diluted earnings per share (RMB per share)	0.182	0.150

As the business combination involving entities under common control occurred during the Reporting Period, the net profit realised by the combined entity before combination: RMB768,835.45, the net profit realised by the combined entity during the same period of last year: -17,359,784.71。

Income Statement

Jan ~ Mar 2018

Unit: RMB; Unaudited

Item	Jan ~ Mar 2018	Jan ~ Mar 2017
1. Revenue	320,937,463.54	313,953,672.36
Less: Cost of services	115,146,898.82	116,344,690.74
Tax and surcharges	1,811,643.82	2,780,262.79
General and administrative expenses	7,265,404.85	11,303,631.74
Financial expenses	24,630,306.83	61,290,783.26
Add: Gain or loss arising from changes in fair value (“-” indicates loss)	-89,841,756.30	-16,144,044.79
Investment income (“-” indicates loss)	195,927,945.99	201,252,941.17
Including: Share of profit of associates and joint ventures	98,294,647.71	93,019,488.29
2. Operating profit (“-” indicates loss)	278,169,398.91	307,343,200.21
Add: Non-operating income	426,098.31	456,286.24
Less: Non-operating expenses	-	35,707.80
3. Total profit (“-” indicates total loss)	278,595,497.22	307,763,778.65
Less: Income tax expenses	20,873,525.14	27,194,164.65
4. Net profit (“-” indicates net loss)	257,721,972.08	280,569,614.00
(1) Net profit from continuous operation (“-” indicates net loss)	257,721,972.08	280,569,614.00
5. Other comprehensive income	-228,254.07	-
(1) Item that may be reclassified subsequently to profit and loss	-228,254.07	-
1. Share in other comprehensive income that will be reclassified into profit and loss after the invested entity under equity method.	-228,254.07	-
6. Total comprehensive income	257,493,718.01	280,569,614.00

Consolidated Cash Flow Statement

Jan ~ Mar 2018

Unit: RMB; Unaudited

Item	Jan ~ Mar 2018	Jan ~ Mar 2017 (Restated)
1. Cash flows from operating activities		
Cash received from sales of goods and rendering of services	1,605,048,297.68	1,119,814,371.82
Cash received relating to other operating activities	9,852,717.33	9,224,108.00
Sub-total of cash inflows	1,614,901,015.01	1,129,038,479.82
Cash paid for goods and services	145,282,789.33	126,841,765.74
Cash paid to and on behalf of employees	181,805,292.96	179,307,875.98
Payments of taxes and surcharges	180,362,954.30	121,990,299.07
Cash paid relating to other operating activities	151,207,467.22	49,110,827.12
Sub-total of cash outflows	658,658,503.81	477,250,767.91
Net cash flows from operating activities	956,242,511.20	651,787,711.91
2. Cash flows from investing activities		
Cash from repayment of investments	-	11,058,312.73
Cash received from returns on investments	-	7,993,489.40
Net cash received from disposal of fixed assets, intangible assets and other long-term assets	360.00	-
Net cash received from disposal of subsidiaries and other business units	20,000,000.00	-
Cash received relating to other investing activities	4,545,866.63	868,821,254.14
Sub-total of cash inflows	24,546,226.63	887,873,056.27
Cash paid to acquire fixed assets, intangible assets and other long-term assets	96,018,554.89	45,396,449.63
Net cash paid to acquire subsidiaries and other business units	-	1,270,000,000.00
Cash paid relating to other investing activities	300,000,000.00	956,000,000.00
Sub-total of cash outflows	396,018,554.89	2,271,396,449.63
Net cash flows from investing activities	-371,472,328.26	-1,383,523,393.36
3. Cash flows from financing activities		
Cash received from borrowings	700,000,000.00	277,139,739.99
Sub-total of cash inflows	700,000,000.00	277,139,739.99
Cash repayments of borrowings	766,838,722.75	24,800,000.00
Cash payments for interest expenses and distribution of dividends or profits	319,970,434.70	112,878,618.48
Including: Cash payments for dividends or profit to minority shareholders of subsidiaries	72,186,499.92	4,600,742.17
Cash payments relating to other financing activities	18,714,312.05	4,804,136.81
Sub-total of cash outflows	1,105,523,469.50	142,482,755.29
Net cash flows from financing activities	-405,523,469.50	134,656,984.70
4. Effect of foreign exchange rate changes on cash and cash equivalents	-445,863.58	-157,309.18
5. Net increase in cash and cash equivalents	178,800,849.86	-597,236,005.93
Add: Cash and cash equivalents at beginning of the Period	1,884,570,222.49	4,464,187,614.55
6. Cash and cash equivalents at the end of the Period	2,063,371,072.35	3,866,951,608.62

Cash Flow Statement

Jan ~ Mar 2018

Unit: RMB; Unaudited

Item	Jan ~ Mar 2018	Jan ~ Mar 2017 (Restated)
1. Cash flows from operating activities		
Cash received from sales of goods and rendering of services	163,513,315.61	252,521,114.61
Cash received relating to other operating activities	208,296,578.71	554,450,636.33
Sub-total of cash inflows	371,809,894.32	806,971,750.94
Cash paid for goods and services	53,456,637.30	34,610,701.50
Cash paid to and on behalf of employees	70,247,941.76	93,508,738.71
Payments of taxes and surcharges	35,512,725.66	16,775,884.02
Cash paid relating to other operating activities	54,071,931.84	92,489,026.81
Sub-total of cash outflows	213,289,236.56	237,384,351.04
Net cash flows from operating activities	158,520,657.76	569,587,399.90
2. Cash flows from investing activities		
Cash from repayment of investments	10,874,422.99	11,058,312.73
Cash received from returns on investments	57,749,199.93	111,323,124.24
Cash received relating to other investing activities	197,500,464.75	1,466,751,167.11
Sub-total of cash inflows	266,124,087.67	1,589,132,604.08
Cash paid to acquire fixed assets, intangible assets and other long-term assets	6,356,089.25	2,097,256.57
Net cash paid to acquire subsidiaries and other business units	5,100,000.00	1,298,500,000.00
Cash paid relating to other investing activities	15,000,000.00	956,000,000.00
Sub-total of cash outflows	26,456,089.25	2,256,597,256.57
Net cash flows from investing activities	239,667,998.42	-667,464,652.49
3. Cash flows from financing activities		
Cash received from borrowings	550,000,000.00	-
Sub-total of cash inflows	550,000,000.00	-
Cash repayments of borrowings	750,000,000.00	-
Cash payments for interest expenses and distribution of dividends or profits	57,978,367.26	29,915,812.50
Cash payments relating to other financing activities	8,202,790.64	4,757,616.86
Sub-total of cash outflows	816,181,157.90	34,673,429.36
Net cash flows from financing activities	-266,181,157.90	-34,673,429.36
4. Effect of foreign exchange rate changes on cash and cash equivalents	-5,896.40	-86,099.21
5. Net increase in cash and cash equivalents	132,001,601.88	-132,636,781.16
Add: Cash and cash equivalents at beginning of the Period	621,727,474.29	2,881,566,453.69
6. Cash and cash equivalents at the end of the Period	753,729,076.17	2,748,929,672.53