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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 2019 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, 26 April 2019

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. Ding Xun, Nip Yun Wing and Dr. Yim Fung, JP and Professor Cheng Tai Chiu, Edwin 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 2019

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
FAN Zhi Yong	Director	Business reason	CHEN Yan

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

1.4 The financial statements contained in First Quarterly Report of 2019 (the "Report") of the Company for the three months ended 31 March 2019 (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 2018 of the Company.

2. PRINCIPAL FINANCIAL DATA AND CHANGE IN SHAREHOLDERS

2.1 Principal financial data

Unit: RMB

	As at 31 Mar 2019	As at 31 Dec 2018	Change (%)
Total assets	40,434,196,829.64	41,100,850,328.23	-1.62
Net assets attributable to owners of the Company	17,854,652,660.39	17,387,090,943.28	2.69

	Jan ~ Mar 2019	Jan ~ Mar 2018	Change (%)
Net cash flows from operating activities	561,270,459.34	956,242,511.20	-41.30

	Jan ~ Mar 2019	Jan ~ Mar 2018	Change (%)
Revenue	1,330,593,040.84	1,341,789,943.21	-0.83
Net profit attributable to owners of the Company	467,451,393.65	397,052,814.45	17.73
Net profit attributable to owners of the Company - excluding non-recurring items	483,467,386.16	454,030,569.45	6.48
Return on equity - weighted average (%)	2.65	2.86	Decreased by 0.21 percentage point
Earnings per share – basic (RMB/share)	0.214	0.182	17.73
Earnings per share - diluted (RMB/share)	0.214	0.182	17.73

Non-recurring Items and Amounts:

Unit: RMB

Non-recurring items	Jan ~ Mar 2019	Descriptions
Net income from entrusted management fee of entrusted operation	2,053,503.78	The net income from entrusted management fee of entrusted operation and management services provided to Longda Company.
Gains arising from the purchase of wealth management products	1,532,178.86	
Capital utilisation fee of non-financial enterprises	595,434.57	
Fair value loss on foreign exchange swap	-34,605,194.00	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.
Changes in fair value of other non-current financial assets	8,944,020.00	This period 's fair value change comprises proceeds from the shares of Water Planning & Design Institute Company and United Electronic Company.
Asset disposal income	902.36	
Other non-operating income and expenses other than the above items	529,529.20	
Effect on minority interest (after tax)	-303,773.59	
Income tax effect	5,237,406.31	
Total	-16,015,992.51	

2.2 Shareholders information

As at the end of the Period, based on the shareholders' registers provided by the share registrar and the transfer offices of the Company in the PRC and Hong Kong, the total number of shareholders of the Company is 18,582, of which 18,353 were holders of A shares and 229 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	33.49%	730,277,099	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
Hong Kong Central Clearing Company Limited	Domestic non-state-owned legal person	1.07%	23,321,775	0	Unknown
PICC Property and Casualty Company Limited—Traditional—Income portfolio	Domestic non-state-owned legal person	0.56%	12,161,143	0	Unknown
AU SIU KWOK	Overseas natural person	0.50%	11,000,000	0	Unknown
The Industrial and Commercial Bank of China Limited—FullGoal New Industry Stock Securities Investment Fund	Domestic non-state-owned legal person	0.31%	6,664,978	0	Unknown
ZHANG PING YING	Domestic natural person	0.23%	5,017,000	0	Unknown
Top ten holders of non-restricted circulating shares					
Name of shareholder			Number of non-restricted circulating shares held	Type of shares	
HKSCC NOMINEES LIMITED ⁽¹⁾			730,277,099	H share	
Xin Tong Chan Development (Shenzhen) Company Limited			654,780,000	A share	
Shenzhen Shen Guang Hui Highway Development Company Limited			411,459,887	A share	
China Merchants Expressway Network & Technology Holdings Co., Ltd.			87,211,323	A share	
Guangdong Roads and Bridges Construction Development Company Limited			61,948,790	A share	
Hong Kong Central Clearing Company Limited			23,321,775	A share	
PICC Property and Casualty Company Limited—Traditional—Income portfolio			12,161,143	A share	
AU SIU KWOK			11,000,000	H share	
The Industrial and Commercial Bank of China Limited—FullGoal New Industry Stock Securities Investment Fund			6,664,978	A share	
ZHANG PING YING			5,017,000	A share	
Connected relationship or concerted action relationship among the abovementioned shareholders:	<p>Xin Tong Chan Development (Shenzhen) Company Limited (“XTC Company”) and Shenzhen Shen Guang Hui Highway Development Company Limited (“SGH Company”) are connected persons under the same control of Shenzhen International Holdings Limited (“Shenzhen International”).</p> <p>There is no connected relationship among the state-owned shareholders in the above table. The Company did not notice any connected relationship among the other abovementioned shareholders or any connected relationship among the abovementioned state-owned shareholders and other shareholders.</p>				

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

3. SIGNIFICANT MATTERS

3.1 Operational information

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 2019	YOY	Jan ~ Mar 2019	YOY
Guangdong Province - Shenzhen region:						
Meiguan Expressway	100%	100%	99	10.9%	328	3.0%
Jihe East	100%	100%	282	5.9%	1,996	3.1%
Jihe West	100%	100%	210	4.0%	1,729	5.1%
Coastal Project ⁽²⁾	100%	100%	91	9.4%	1,353	18.4%
Shuiguan Expressway	50%	100%	207	-0.1%	1,604	-2.4%
Shuiguan Extension	40%	—	74	0.9%	307	2.7%
Guangdong Province - other regions:						
Qinglian Expressway	76.37%	100%	53	9.0%	2,630	8.3%
Yangmao Expressway	25%	—	49	-12.1%	1,686	-11.8%
Guangwu Project	30%	—	41	-4.4%	863	-3.3%
Jiangzhong Project	25%	—	148	7.9%	1,265	2.3%
GZ W2 Expressway	25%	—	74	-2.1%	1,487	5.0%
Other provinces:						
Wuhuang Expressway	100%	100%	61	10.3%	1,148	8.4%
Yichang Project	100%	100%	56	-1.4%	1,151	0.0%
Changsha Ring Road	51%	100%	39	11.1%	374	1.3%
Nanjing Third Bridge	25%	-	39	8.1%	1,424	5.7%

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) Coastal Company has been included into the consolidated financial statements of the Group since 8 February 2018. In addition, according to the agreement of implementation of toll adjustment for trucks of Coastal Project signed between Shenzhen Transport Commission and Coastal Company, all types of trucks passing through the Coastal Project will be charged 50% of the normal standard toll fees from 1 March 2018 to 31 December 2020, and Shenzhen Transport Commission compensated RMB302 million to Coastal Company in this regard.

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. As the major express passage for inter-provincial west-to-east traffic of Shenzhen, the traffic volume of Jihe Expressway was saturated. In addition, the implementation of the toll-free policy for the Three Projects and Phase II of Qingping Expressway which are connected to each other has driven the increase in its traffic volume, resulting in traffic congestion during peak hours and slight diversion effect. Due to the slope landslide in the Longgang to Hengping Section, the west-east lane of Shuiguan Expressway has been closed by the Company for maintenance and construction during the period from 5 September 2018 to 23 January 2019; the toll-free policy of Phase II of Qingping Expressway has brought slight diversion effect on the traffic volume of Shuiguan Expressway; the implementation of Provisions on the Administration of Use of Roads by Overloaded Transportation Vehicles has posed some negative impacts on the growth of freight volume and toll revenue of Shuiguan Expressway. Under the combined effects of the above factors, average daily traffic volume and toll revenue of Shuiguan Expressway recorded YOY decrease during the Reporting Period. The policy on toll adjustment of trucks of Coastal Project has been implemented since 1 March 2018, which gradually led to the steady growth in freight traffic volume. With the continuous enhancement of surrounding road network and the scheduled opening of the connecting lane of Dongbin Tunnel Shahe West Section in 2019, it is expected that the traffic volume of Coastal Project, as an important passage for diverting the port's traffic for Shenzhen West Port, will increase steadily in the future.

Guangdong Province - other regions:

After the opening of Yunzhan section (Yunfu – Zhanjiang) of the Shanzhan Expressway at the end of 2017, Jiangzhan section (Jiangmen – Zhanjiang) of the Shenmao High-speed Railway and Xinyang Phase II section of Yunzhan Expressway (Xinxing – Yangchun) opened in July and the end of September 2018, respectively. Affected by the diversion of these sections, impact of the reconstruction and expansion project of certain sections of Yangmao Expressway and the continuous impact of the implementation of the policy governing over-limit and overloaded vehicles, both the average daily traffic volume and toll revenue of Yangmao Expressway recorded a YOY decrease during the Reporting Period. During the year, due to the combined effects of factors such as changes in road network, reconstruction of connected roads and further implementation of traffic administration measures, though the average daily traffic volume of GZ W2 Expressway recorded a slight YOY decrease, the traffic volume of the whole journey increased significantly, which made its average daily toll revenue recorded a slight YOY increase. Xinyang Phase II section of Yuanzhan Expressway and Guangxi Wuzhou Ring Expressway were opened successively in September and December 2018. Certain vehicles travelling across the provincial boundaries have chosen to use the above-mentioned passages. As a result, the average daily traffic volume and toll revenue of Guangwu Project recorded a YOY decrease. The Guangzhongjiang Expressway opened at the end of 2017 has a slight diversion effect on the Jiangzhong Project, but it was influenced by the positive effect of road network penetration to a larger extent, which has resulted in slight YOY increase in the average daily traffic volume and toll revenue of Jiangzhong Project. The diversion effect of Guangle Expressway and Erguang Expressway on Qinglian Expressway has basically stabilised, but Guisan Expressway, which was opened at the end of October 2017, diverted some of the transit traffic volume previously travelling via the Qinglian Expressway to the adjacent provincial boundaries; the construction of Qingxi Bridge and connected engineering and Yuewang Expressway (Yueyang-Wangcheng) were completed and opened successively at the end of September 2018. So far, the construction of “Guangqing-Qinglian-Yuelin-Suiyue-Lintong-Lannan” expressway was completed in full, the effect of which as a north-south traffic artery from Southern China to Central China will be further highlighted and is expected to drive the traffic volume on Qinglian Expressway in the future. During the Reporting Period, the average daily toll revenue of Qinglian Expressway maintained a stable YOY growth.

Other provinces:

During the Reporting Period, due to the combined effects of factors such as growth of vehicle ownership in surrounding cities, continuous improvement of surrounding road networks and the significant effect of precision marketing, the operational performance of Wuhuang Expressway was generally stable with a positive trend. Due to the positive impact of factors such as peripheral and regional economic development and the implementation of preferential policies for transportation within the province, the average daily traffic volume and toll revenue of Nanjing Third Bridge recorded a single-digit YOY growth. As affected by the combined effects of factors such as implementation of toll-by-weight policy, diversion of newly opened sections in the surrounding areas, implementation of traffic control policies and the functional changes in the business districts along the highway, the toll revenue of Changsha Ring Road basically remained the same as that in the corresponding period of last year despite the continuous growth of organic traffic volume. Dehan Road (Changde Municipal Road) which opened at the beginning of 2019 has brought certain diversion impact on Yichang Expressway. Coupled with the continuous impacts of the implementation of policies on traffic control and those governing over-limit and overloaded vehicles, as well as the negative impacts of snowstorms at the beginning of the year, both the average daily traffic volume and toll revenue of Yichang Expressway basically remained the same as compared with the same period of the previous year.

3.2 Financial analysis

3.2.1 General Description

During the Reporting Period, the Group recorded net profit attributable to owners of the Company of RMB467,451,000 (same period of 2018: RMB397,053,000), representing a YOY increase of 17.73%. This was mainly due to the stable income growth recorded by the ancillary toll highways and the decrease in financial expenses as a result of decreased average borrowing scale.

During the Reporting Period, the Group recorded revenue of RMB1,330,593,000 (same period of 2018: RMB1,341,790,000), representing a YOY decrease of 0.83%. Since the Three Projects were repurchased by the government in advance at the end of 2018, the comparable revenue increased by 12.51%, excluding the effect of its toll revenue of RMB159,496,000 in the same period of the previous year. Among which, the comparable toll revenue recorded a growth of 5.3% in aggregate, which is mainly attributable to the stable growth of toll revenue of Coastal Expressway, Qinglian Expressway, Wuhuang Expressway and Jihe Expressway benefited from the optimization of road networks and organic growth of traffic volume. Moreover, the revenue of Guilong Development Project during the Period also increased with the increase in number of delivered units. For details of the operational performance of each of the toll highway projects during the Reporting Period, please refer to the relevant content in paragraph 3.1 above.

During the Reporting Period, the Group recognised cost of services of RMB676,962,000 (same period of 2018: RMB656,942,000), representing a YOY increase of 3.05%. Excluding the effect of cost of services of the Three Projects, the comparable cost of services recorded a YOY increase of 15.55%, which was mainly attributable to the corresponding increase in the carry-forward of development costs as a result of the increase in revenue of Guilong Development Project, and the YOY increase in depreciation and amortisation expenses as a result of the increase in traffic volume of various road sections and unit amortization amount of the concession intangible assets of Qinglian Expressway.

During the Reporting Period, the Group recognised financial expenses of RMB94,932,000 (same period of 2018: RMB161,932,000), representing a YOY decrease of 41.38%. After hedging the “gain from changes in fair value – gain from changes in fair value of foreign exchange swap instruments” of RMB-34,605,000 (same period of 2018: RMB-89,842,000), the comprehensive financial cost of the Group during the Reporting Period was RMB129,537,000 (same period of 2018: RMB251,774,000), representing a YOY decrease of 48.55%, which was mainly due to the decrease in interest expense as a result of a YOY decrease in the scale of interest-bearing liabilities of the Group.

During the Reporting Period, the Group incurred capital expenditures of approximately RMB330 million. As at the end of the Reporting Period, the total outstanding interest-bearing liabilities of the Group amounted to approximately RMB13.9 billion (31 March 2018: RMB21.5 billion), which remained basically the same as that of the beginning of the year. At the end of the Reporting Period, the debt-to-asset ratio of the Group was 50.49%, down by 1.97 percentage points as compared to that of the beginning of the year.

3.2.2 Change in accounting policies

At the end of 2018, the Ministry of Finance of the PRC issued the revised “Accounting Standard for Business Enterprises No. 21 – Lease” (the “New Lease Standard”). Pursuant to the requirements of this standard, as a company listed both in the PRC and Hong Kong, the Group adopted the New Lease Standard and changed the relevant accounting policies commencing from 1 January 2019. The above changes in accounting policies have been considered and approved by the fifteenth 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 22 March 2019.

The Group has adopted the New Lease Standard since 1 January 2019. Pursuant to the transitional requirements of the New Lease Standard, a company can choose to adjust the retained earnings and the amounts of other related items in the financial statement at the beginning of the year of the first implementation of the New Lease Standard based on the cumulative impact figure of the first implementation of the New Lease Standard, without adjusting the information of the comparable period. During the Reporting Period, the Group adopted the New Lease Standard and measured the lease liability of RMB124,262,000, which is calculated by the present value of the remaining lease payments at the first execution date of the lessee's incremental borrowing rate, and recognized the right-of-use assets of RMB132,848,000. The difference between the lease liability and right-of-use assets of RMB8,586,000 is the prepaid lease payment. The amortization on the right-of-use assets of the Period is RMB 7,040,000, the recognized interest expense of the lease liability is RMB 1,464,000, and the rental payment reduced the lease liability by RMB 6,281,000.

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 2019	As at 31 Dec 2018	Change (%)	Primary reasons for the change
Transactional financial assets	10,498	45,103	-76.72	Recognition of loss from changes in fair value of foreign exchange swap instruments due to appreciation of RMB during the Period.
Other receivables	64,019	1,580,256	-95.95	Receipt of the tax compensation in relation to the toll adjustment of the Three Projects and remaining payments for capital reduction and interest from United Land Company during the Period.
Other current assets	157,805	264,155	-40.26	Maturity of certain financial management products during the Period.
Right-of-use assets	125,808	-	N/A	Implementation of the New Lease Standard.
Long-term amortization expenses	9,695	5,962	62.60	Payment for renovation work of the Long-term Rental Apartment Project.
Short-term borrowings	573,475	117,425	388.38	Moderate increase of short-term borrowings based on capital trend during the Period.
Taxes payable	388,438	1,353,424	-71.30	Tax paid in relation to the disposal of assets under the Three Projects during the Period.
Non-current liabilities due within one year	247,835	379,136	-34.63	Long term borrowings due within one year and repaid during the Period
Lease liability	106,108	-	N/A	Implementation of the New Lease Standard.

	Jan – Mar 2019	Jan – Mar 2018	Change (%)	Primary reasons for the change
Tax and surcharges	13,912	10,222	36.10	Increase in the land appreciation tax paid for Guilong Development Project during the Period.
General and administrative expenses	29,772	16,858	76.60	Reversal of over-provision for year-end bonus made in the same period of the previous year.
Financial expenses	94,932	161,932	-41.38	Decrease in the average borrowing scale during the Period.
Gain or loss from changes in fair value	-25,661	-89,842	-71.44	Decrease in the loss from changes in fair value of foreign exchange swap instruments recognized due to fluctuation of RMB during the Period.
Net cash flows from operating activities	561,270	956,243	-41.30	Freight compensation received by Coastal Company from the government in the same period of the previous year.
Net cash flows from investing activities	450,290	-371,472	N/A	Receipt of remaining payments for capital reduction and interest from United Land Company during the Period.
Net cash flows from financing activities	-186,590	-405,523	-53.99	The YOY decrease in interest expenses.

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

With the approval of the Board, the Group entered into the “Equity Acquisition Agreement in respect of Nanjing Wind Power Technology Co., Ltd” (《關於南京風電科技有限公司的股權併購協議》) (the “Acquisition Agreement”) on 15 March 2019, pursuant to which the Group obtained 51% controlling equity interests in Nanjing Wind Power by ways of equity transfer and capital increase at a consideration of RMB510 million. Nanjing Wind Power is a high-tech company specialising in wind power, a type of renewable new energy. It is principally engaged in the research, integration, production, installation, sales and maintenance of wind power generation system, as well as investment and operation of wind farms. As Nanjing Wind Power possesses the technological capacity to self-develop and produce large scale wind power generating units, as well as the experience and ability to develop, construct, operate and manage wind farms, the market prospect for business development of Nanjing Wind Power is promising. Clean energy, being an emerging sector in the general environmental protection industry, will be a new industrial development direction that the Group has decided to place strong emphasis on in its development strategies. By acquiring the controlling equity interests in Nanjing Wind Power at a reasonable consideration, the Group would be able to achieve complementary advantages with Nanjing Wind Power, rapidly expand into the new energy sector, optimise industrial structure of the Group, and enhance competitiveness of the Group in the sustainable development market. For details, please refer to the relevant contents of the Company’s announcement dated 15 March 2019.

On 28 December 2017, the Company’s First Extraordinary General Meeting 2017 and class meetings of shareholders considered and approved the proposal of public issuance of A Share Convertible Corporate Bonds, respectively. On 13 April 2018, the China Securities Regulatory Commission formally accepted the Company’s application for the issuance of A Share Convertible Corporate Bonds. As the Company’s application for issuance is still pending review by the China Securities Regulatory Commission, in order to ensure the smooth process of the issuance, the Company has convened the General Meeting and class meetings of shareholders to approve the extension of the validity period of the resolutions regarding the issuance proposal and the authorization granted to the Board by the General Meeting and class meetings of shareholders on 27 December 2019. Apart from the extension of validity period of the resolutions and authorization, other terms of the issuance proposal which have been considered and approved at the Company’s First Extraordinary General Meeting 2017 and class meetings of shareholders remained unchanged. For details, please refer to the announcements of the Company dated 28 December 2017, 17 April 2018, 23 May 2018, 14 June 2018, 20 June 2018, 15 August 2018, 28 December 2018 and 4 March 2019, respectively. The public issuance of A Share Convertible

Corporate Bonds by the Company is still subject to the approval of the China Securities Regulatory Commission.

As approved by the Board of the Company, subject to the condition that both safety and liquidity of capital reserve can be assured, the Group invested part of the funds in monetary funds, wealth management products issued by banks, financial products for financing purposes and other types of wealth management products issued by holding enterprises within the Shenzhen SASAC system. During the Reporting Period, the Group conducted two transactions relating to short-term closed principal-guaranteed wealth management products of RMB300 million in aggregate, with an expected yield of RMB1,685,000 (tax inclusive). As at the end of the Reporting Period, the balance of the wealth management products of the Group was RMB100 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

Background	Type	Undertaking party	Undertaking details	Date and deadline for performance	Deadline for performance or not	Performed timely and strictly or not	
Undertakings made in Acquisition Report or Report on the Change of Equity Interests	Other	Shenzhen International/ Shenzhen International (Shenzhen)	Undertake to avoid peer competition and regulate connected transactions, etc. For details, please refer to Detailed Report on the Change of Equity Interests (詳式權益變動報告書) published on 18 October 2007 to the securities market of the PRC by undertaking parties or related contents in the Annual Report 2007 of the Company.	Oct. 2007	No	Yes	
	Other	Shenzhen International	Made undertaking in respect of the matters such as avoiding peer competition and supporting the business development of the Company. The undertakings include that Shenzhen International and SIHCL shall inject their expressway assets into the Company in around 5-8 years when certain conditions are fulfilled. For details, please refer to Acquisition Report (收購報告書) published by SIHCL on 4 January 2011 to the securities market of the PRC and the announcement of the Company dated 1 June 2011.	Dec. 2010	Yes	Yes	
				June 2011			
	Other	SIHCL			Dec. 2010	Yes	Yes
					May 2011		
	Undertakings made related to IPO	Avoiding peer competition	XTC Company/ SGH Company	The undertaking parties will not engage in any industry or business in any form, which, directly or indirectly, competes with the Company in Shenzhen.	Jan. 1997	No	Yes
Undertakings regarding refinancing	Other	Shenzhen International/ XTC Company	Details of self-inspection on real estate business during the year of 2015-2017 have been accurately disclosed in the Self-inspection Report on Real Estate Business regarding the Public Issuance of A Share Convertible Corporate Bonds of Shenzhen Expressway Company Limited (《深圳高速公路股份有限公司關於公開發行A股可轉換公司債券之房地產業務自查報告》). As the controlling shareholder of the Company, it undertakes that it shall indemnify any losses brought upon the Company and its investors in accordance with the provisions of relevant laws and administrative regulations and the requirements set out by the CSRC as the result of any undisclosed idled land, land speculation, deliberate withholding of properties from sale and raising housing prices in violation of any laws and regulations in relation to the real estate development project(s) of the Company within the scope of the self-inspection.	20 June 2018	No	Yes	

Background	Type	Undertaking party	Undertaking details	Date and deadline for performance	Deadline for performance or not	Performed timely and strictly or not
Undertakings regarding refinancing	Other	the Directors, supervisors and senior management	Details of self-inspection on real estate business during the year of 2015-2017 have been accurately disclosed in the Self-inspection Report on Real Estate Business regarding the Public Issuance of A Share Convertible Corporate Bonds of Shenzhen Expressway Company Limited (《深圳高速公路股份有限公司關於公開發行 A 股可轉換公司債券之房地產業務自查報告》). As the Directors, supervisors and senior management of the Company, they undertake that they shall indemnify any losses brought upon the Company and its investors in accordance with the provisions of relevant laws and administrative regulations and the requirements set out by the CSRC as the result of any undisclosed idled land, land speculation, deliberate withholding of properties from sale and raising housing prices in violation of any laws and regulations in relation to the real estate development project(s) of the Company within the scope of the self-inspection.	20 June 2018	No	Yes

Note: On 29 December 2017, Shenzhen Investment International Capital Holdings Infrastructure Co., Ltd (深圳投控國際資本控股基建有限公司, as purchaser), a subsidiary of Shenzhen Investment Holdings Company Limited (“SIHCL”, 深圳市投資控股有限公司), SIHCL (as guarantor of the purchaser), Anber Investments Limited (as vendor) and Hopewell Holdings Limited (as vendor’s guarantor) entered into an agreement in relation to the proposed acquisition of interests in Hopewell Highway Infrastructure Limited (“HHI”). Upon completion of the acquisition and the general offer, SIHCL owned as to 71.83% equity interest in HHI as at 18 September 2018. HHI is a Hong Kong listed company, it and its subsidiaries are principally engaged in highway infrastructure businesses in Guangdong Province and are the operators of Guangzhou-Shenzhen Expressway and Guangdong Guangzhou-Zhuhai West Expressway.

Prior to the entering of the said agreement, SIHCL had enquired the Company if the Company desires to be the acquiring entity in the above acquisition without disclosing the name of the target company. Having considered the business of the target company and the conditions of the acquisition such as the scale and completion timeframe as provided by SIHCL, the Company concluded that it was impracticable to carry out the acquisition and the Company intended to give up the offer since it was unable to take the acquisition. The Board was reported with the aforesaid matters, and the Directors (including the independent non-executive Directors) conformed with the view that the Company should not take the acquisition. In the event that SIHCL completes the said acquisition, SIHCL will perform its obligations under the non-competition undertaking, negotiate with the Company on the actual arrangement on the business of the target company and settle the matters in accordance with the non-competition undertaking.

In view of factors including both HHI and the Company are companies listed on the HKEx, and HHI does not has control over its PRC expressway assets, SIHCL and the Company will further negotiate on the arrangement of HHI’s expressway assets and resolve the matter as and when appropriate.

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, 26 April 2019

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

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

Appendix:**Consolidated Balance Sheet**

31 Mar 2019

Unit: RMB; Unaudited

Item	As at 31 Mar 2019	As at 31 Dec 2018
Current assets:		
Cash at bank and on hand	4,950,025,824.24	4,226,691,084.07
Transactional financial assets	10,498,000.00	45,103,194.00
Accounts receivable	197,882,231.52	174,639,116.34
Prepayments	214,200,043.76	166,448,063.98
Other receivables	64,018,690.18	1,580,256,204.51
Inventories	520,208,662.25	588,939,198.83
Contract assets	180,978,749.77	166,842,230.65
Held-for-sale assets	296,668,935.95	296,640,634.06
Non-current assets due within one year	22,548,751.19	22,548,751.19
Other current assets	157,804,583.21	264,155,141.70
Total current assets	6,614,834,472.07	7,532,263,619.33
Non-current assets:		
Long-term prepayments	388,722,345.61	367,160,992.89
Long-term receivable	173,515,805.46	160,973,492.73
Other non-current financial assets	189,382,840.00	180,438,820.00
Long-term equity investments	8,005,258,670.57	7,859,108,497.62
Investment properties	12,230,898.00	12,374,883.60
Fixed assets	809,234,840.30	840,078,401.28
Right-of-use assets	125,807,864.20	-
Construction in progress	22,076,810.94	31,264,050.74
Intangible assets	23,564,804,637.24	23,596,233,488.95
Long-term prepaid expenses	9,694,825.98	5,962,359.05
Deferred tax assets	176,033,319.27	172,392,222.04
Other non-current assets	342,599,500.00	342,599,500.00
Total non-current assets	33,819,362,357.57	33,568,586,708.90
TOTAL ASSETS	40,434,196,829.64	41,100,850,328.23

Consolidated Balance Sheet (continued)

31 Mar 2019

Unit: RMB; Unaudited

Item	As at 31 Mar 2019	As at 31 Dec 2018
Current liabilities:		
Short-term borrowings	573,474,628.92	117,424,819.20
Advances from customers	683,743,992.43	714,905,820.77
Contract liabilities	797,419,080.74	858,712,742.77
Employee benefits payable	201,410,442.86	221,882,422.16
Taxes payable	388,438,260.40	1,353,423,918.60
Other payables	2,329,413,228.88	2,396,828,896.75
Non-current liabilities due within one year	247,835,433.76	379,135,997.24
Deferred revenue	2,721,396.10	2,796,223.13
Total current liabilities	5,224,456,464.09	6,045,110,840.62
Non-current liabilities:		
Long-term borrowings	8,569,375,479.53	8,892,735,993.43
Bonds payable	4,596,443,219.22	4,632,920,008.39
Lease liability	106,107,521.09	-
Deferred revenue	430,170,247.99	439,287,093.37
Deferred tax liabilities	1,391,337,794.25	1,422,673,617.86
Other non-current liabilities	96,283,869.48	128,370,047.21
Total non-current liabilities	15,189,718,131.56	15,515,986,760.26
Total liabilities	20,414,174,595.65	21,561,097,600.88
Owners' equity:		
Share capital	2,180,770,326.00	2,180,770,326.00
Capital surplus	6,219,027,132.41	6,219,027,132.41
Other comprehensive income	881,486,310.66	881,375,987.20
Surplus reserve	2,481,665,060.29	2,481,665,060.29
Undistributed profits	6,091,703,831.03	5,624,252,437.38
Total equity attributable to owners of the Company	17,854,652,660.39	17,387,090,943.28
Minority interests	2,165,369,573.60	2,152,661,784.07
Total owners' equity	20,020,022,233.99	19,539,752,727.35
TOTAL LIABILITIES AND OWNERS' EQUITY	40,434,196,829.64	41,100,850,328.23

Balance Sheet

31 Mar 2019

Unit: RMB; Unaudited

Item	As at 31 Mar 2019	As at 31 Dec 2018
Current assets:		
Cash at bank and on hand	1,778,036,952.85	1,222,994,093.07
Transactional financial assets	10,498,000.00	45,103,194.00
Accounts receivable	20,783,081.25	21,331,105.99
Prepayments	15,196,407.06	23,773,795.01
Other receivables	1,324,580,181.45	2,479,355,358.90
Inventories	1,120,058.44	1,843,919.52
Contract assets	125,449,136.51	118,201,711.53
Other current assets	100,000,000.00	-
Total current assets	3,375,663,817.56	3,912,603,178.02
Non-current assets:		
Long-term prepayments	27,944,087.98	-
Long-term receivable	3,524,138,800.22	3,890,963,143.15
Long-term equity investments	14,788,227,479.48	14,667,348,245.71
Other non-current financial assets	189,382,840.00	180,438,820.00
Investment properties	12,230,898.00	12,374,883.60
Fixed assets	135,810,107.42	139,593,056.31
Construction in progress	1,183,661.78	877,667.43
Right-of-use assets	5,764,309.57	-
Intangible assets	243,259,855.16	254,160,514.28
Long-term prepaid expenses	867,177.13	973,111.15
Deferred tax assets	67,914,830.16	62,934,792.94
Total non-current assets	18,996,724,046.90	19,209,664,234.57
TOTAL ASSETS	22,372,387,864.46	23,122,267,412.59

Balance Sheet (continued)

31 Mar 2019

Unit: RMB; Unaudited

Item	As at 31 Mar 2019	As at 31 Dec 2018
Current liabilities:		
Accounts payable	20,223,942.78	20,223,942.78
Employee benefits payable	84,190,459.75	88,250,867.34
Taxes payable	73,953,328.37	986,619,918.16
Other payables	1,569,401,646.34	1,485,329,854.15
Non-current liabilities due within one year	38,454,545.45	44,454,545.45
Total current liabilities	1,786,223,922.69	2,624,879,127.88
Non-current liabilities:		
Long-term borrowings	735,000,000.00	823,000,000.00
Bonds payable	4,596,443,219.22	4,632,920,008.39
Lease liabilities	5,837,592.19	-
Deferred revenue	306,984,931.35	312,144,931.35
Deferred tax liabilities	2,236,005.00	-
Total non-current liabilities	5,646,501,747.76	5,768,064,939.74
Total liabilities	7,432,725,670.45	8,392,944,067.62
Owners' equity:		
Share capital	2,180,770,326.00	2,180,770,326.00
Capital surplus	3,279,942,664.85	3,279,942,664.85
Other comprehensive income	3,094,873.60	1,946,181.99
Surplus reserve	2,481,665,060.29	2,481,665,060.29
Undistributed profits	6,994,189,269.27	6,784,999,111.84
Total owners' equity	14,939,662,194.01	14,729,323,344.97
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	22,372,387,864.46	23,122,267,412.59

Consolidated Income Statement

Jan ~ Mar 2019

Unit: RMB; Unaudited

Item	Jan ~ Mar 2019	Jan ~ Mar 2018
1. Total revenue	1,330,593,040.84	1,341,789,943.21
Including: Revenue from services	1,330,593,040.84	1,341,789,943.21
2. Total cost	818,014,052.64	848,236,728.71
Including: Cost of services	676,961,677.83	656,941,790.70
Tax and surcharges	13,911,885.51	10,221,793.17
Selling expenses	2,437,092.39	2,268,398.40
General and administrative expenses	29,771,671.60	16,858,276.31
Financial expenses	94,931,725.31	161,932,354.29
Including: Interest expense	144,995,577.52	241,520,286.76
Interest income	13,099,195.33	9,351,443.15
Impairment loss on assets	-	14,115.84
Add: Other income	74,827.03	45,324.21
Investment income (“-” indicates loss)	142,344,518.74	134,530,034.07
Including: Share of profits of associates and joint ventures	140,812,339.88	134,530,034.07
Gain or loss from changes in fair value (loss shown with“-”)	-25,661,174.00	-89,841,756.30
Gains or loss on disposal of assets (loss shown with“-”)	902.36	-558,572.59
3. Operating profits (loss shown with“-”)	629,338,062.33	537,728,243.89
Add: Non-operating income	1,219,979.34	2,098,228.74
Less: Non-operating expenses	690,450.14	367,451.57
4. Total profit (“-” indicates total loss)	629,867,591.53	539,459,021.06
Less: Income tax expenses	119,708,408.33	104,800,193.00
5. Net profit (“-” indicates net loss)	510,159,183.20	434,658,828.06
(1) Classified by business continuity		
1. Net profit from continuing operations (“-” indicates net loss)	510,159,183.20	434,658,828.06
Among which: net profit before merger by entity under the same control	-	768,835.45
(2) Classified by ownership		
1. Net profit attributable to owners of the Company (“-” indicates net loss)	467,451,393.65	397,052,814.45
2. Minority interests (“-” indicates net loss)	42,707,789.55	37,606,013.61
6. Other comprehensive income after tax	110,323.46	-2,080,004.21
Other comprehensive income after tax attributable to owners of the company	110,323.46	-2,080,004.21
Items that may be reclassified subsequently to profit or loss	110,323.46	-2,080,004.21
Including: Foreign exchange gain/loss	-1,038,368.15	-1,851,750.14
Share of other comprehensive income from investees accounted for the equity method to be reclassified to profit or loss in the subsequent year	1,148,691.61	-228,254.07
7. Total comprehensive income	510,269,506.66	432,578,823.85
Total comprehensive income attributable to owners of the company	467,561,717.11	394,972,810.24
Total comprehensive income attributable to minority interest	42,707,789.55	37,606,013.61
8. Earnings per share		
(1) Basic earnings per share (RMB per share)	0.214	0.182
(2) Diluted earnings per share (RMB per share)	0.214	0.182

Income Statement

Jan ~ Mar 2019

Unit: RMB; Unaudited

Item	Jan ~ Mar 2019	Jan ~ Mar 2018
1. Total Revenue	184,775,332.01	320,937,463.54
Less: Cost of services	51,675,877.30	115,146,898.82
Tax and surcharges	1,344,785.44	1,811,643.82
General and administrative expenses	19,871,405.71	7,265,404.85
Financial expenses	-21,045,709.73	24,630,306.83
Including: Interest expenses	52,064,869.47	98,570,766.67
Interest income	39,402,223.81	4,943,892.02
Add: Investment income	129,030,542.16	195,927,945.99
Including: Share of profits of associates and joint ventures	105,341,400.69	98,294,647.71
Gain or loss from changes in fair value (loss shown with“-”)	-25,661,174.00	-89,841,756.30
2. Operating profit (loss shown with“-”)	236,298,341.45	278,169,398.91
Add: Non-operating income	10,074.49	426,098.31
Less: Non-operating expenses	260,565.69	-
3. Total profit (“-” indicates total loss)	236,047,850.25	278,595,497.22
Less: Income tax expenses	26,857,692.82	20,873,525.14
4. Net profit (“-” indicates total loss)	209,190,157.43	257,721,972.08
(1) Net profit from continuous operation (“-” indicates net loss)	209,190,157.43	257,721,972.08
5. Other comprehensive income (loss shown with“-”)	1,148,691.61	-228,254.07
Items that may be reclassified subsequently to profit or loss	1,148,691.61	-228,254.07
Including: Share in other comprehensive income that will be reclassified into profit and loss after the invested entity under equity method	1,148,691.61	-228,254.07
6. Total comprehensive income	210,338,849.04	257,493,718.01

Consolidated Cash Flow Statement

Jan ~ Mar 2019

Unit: RMB; Unaudited

Item	Jan ~ Mar 2019	Jan ~ Mar 2018
1.Cash flows from operating activities:		
Cash received from selling goods and rendering services	1,222,186,654.54	1,605,048,297.68
Cash received relating to other operating activities	945,081,843.51	9,852,717.33
Sub-total of cash inflows	2,167,268,498.05	1,614,901,015.01
Cash paid for goods and services	91,447,888.65	145,282,789.33
Cash paid to and on behalf of employees	147,295,643.15	181,805,292.96
Payments of taxes and surcharges	1,172,490,998.77	180,362,954.30
Cash paid relating to other operating activities	194,763,508.14	151,207,467.22
Sub-total of cash outflows	1,605,998,038.71	658,658,503.81
Net cash flows from operating activities	561,270,459.34	956,242,511.20
2.Cash flows from investing activities:		
Cash received from recovery of investments	588,000,000.00	-
Cash received from returns on investments	29,624,109.59	-
Net cash received from disposal of fixed assets, intangible assets and other long-term assets	16,846.00	360.00
Net cash received from disposal of subsidiaries and other business units	-	20,000,000.00
Cash received relating to other investing activities	231,819,943.78	4,545,866.63
Sub-total of cash inflows	849,460,899.37	24,546,226.63
Cash paid to acquire fixed assets, intangible assets and other long-term assets	266,669,334.82	96,018,554.89
Net cash paid to acquire subsidiaries and other business units	32,500,000.00	-
Cash paid relating to other investing activities	100,001,387.05	300,000,000.00
Sub-total of cash outflows	399,170,721.87	396,018,554.89
Net cash flows from investing activities	450,290,177.50	-371,472,328.26
3.Cash flows from financing activities:		
Cash received from borrowings	1,466,515,705.18	700,000,000.00
Sub-total of cash inflows	1,466,515,705.18	700,000,000.00
Cash repayments of borrowings	1,483,200,260.00	766,838,722.75
Cash payments for interest expenses and distribution of dividends or profits	164,247,122.13	319,970,434.70
Cash payments relating to other financing activities	5,658,140.27	18,714,312.05
Sub-total of cash outflows	1,653,105,522.40	1,105,523,469.50
Net cash flows from financing activities	-186,589,817.22	-405,523,469.50
4.Effect of foreign exchange rate changes on cash and cash equivalents	-50,651.51	-445,863.58
5.Net increase in cash and cash equivalents	824,920,168.11	178,800,849.86
Add: Cash and cash equivalents at beginning of the year	2,580,843,329.57	1,884,570,222.49
6.Cash and cash equivalents at end of the year	3,405,763,497.68	2,063,371,072.35

Cash Flow Statement

Jan ~ Mar 2019

Unit: RMB; Unaudited

Item	Jan ~ Mar 2019	Jan ~ Mar 2018
1.Cash flows from operating activities:		
Cash received from selling goods and rendering services	162,409,236.60	163,513,315.61
Cash received relating to other operating activities	1,097,634,947.12	208,296,578.71
Sub-total of cash inflows	1,260,044,183.72	371,809,894.32
Cash paid for goods and services	22,165,963.06	53,456,637.30
Cash paid to and on behalf of employees	46,441,518.89	70,247,941.76
Payments of taxes and surcharges	948,162,995.83	35,512,725.66
Cash paid relating to other operating activities	703,830,789.51	54,071,931.84
Sub-total of cash outflows	1,720,601,267.29	213,289,236.56
Net cash flows from operating activities	-460,557,083.57	158,520,657.76
2.Cash flows from investing activities:		
Cash received from recovery of investments	588,000,000.00	10,874,422.99
Cash received from returns on investments	52,000,000.00	57,749,199.93
Net cash received from disposal of fixed assets, intangible assets and other long-term assets	15,000.00	-
Cash received relating to other investing activities	679,265,248.20	197,500,464.75
Sub-total of cash inflows	1,319,280,248.20	266,124,087.67
Cash paid to acquire fixed assets, intangible assets and other long-term assets	24,730,396.61	6,356,089.25
Net cash paid to acquire subsidiaries and other business units	42,700,000.00	5,100,000.00
Cash paid relating to other investing activities	100,000,000.00	15,000,000.00
Sub-total of cash outflows	167,430,396.61	26,456,089.25
Net cash flows from investing activities	1,151,849,851.59	239,667,998.42
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	94,000,000.00	750,000,000.00
Cash payments for interest expenses and distribution of dividends or profits	39,649,083.43	57,978,367.26
Cash payments relating to other financing activities	5,555,760.00	8,202,790.64
Sub-total of cash outflows	139,204,843.43	816,181,157.90
Net cash flows from financing activities	-139,204,843.43	-266,181,157.90
4.Effect of foreign exchange rate changes on cash and cash equivalents	-1,203.44	-5,896.40
5.Net increase in cash and cash equivalents	552,086,721.15	132,001,601.88
Add: Cash and cash equivalents at beginning of the year	1,192,441,921.64	621,727,474.29
6.Cash and cash equivalents at end of the year	1,744,528,642.79	753,729,076.17