



E-Flash Report

Annual Results 2023

GUIDANCE

- 2023 Annual Results Briefing
- Management Message
- Frequently Asked Questions

2023 Annual Results Presentation

From 25 to 27 March 2024, Shenzhen Expressway held the on-site presentations of its annual results for 2023 in both Shenzhen and Hong Kong and an online communication meeting for small and medium investors, of which the on-site results presentations were provided additional two online means of attendance: live video streaming and teleconferencing, with a cumulative total of more than 140 person-times of attendance in the three briefing sessions. Mr. LIAO Xiangwen, Executive Director & President, Mr. XU Huaxiang, Independent Director, Ms. ZHAO Guiping, Chief Financial Officer & Joint Company Secretary, Ms. HUANG Binan, Vice President, and Mr. WEN Powei, Vice President, fully communicated with the guests on the operating results and the business progress of various segments of the Group in 2023, as well as the major work plan for 2024. The content of the aforesaid meetings (Chinese only) can be reviewed through the Comein Finance platform (<https://www.comein.cn/roadshow/home/198273>) and Panorama·Global Roadshow platform (<https://rs.p5w.net/html/141413.shtml>), and relevant presentation material can be accessed on the Company's official website (<https://www.sz-expressway.com/uploadfiles/2024/03/20240322220934570.pdf>).





Management Message

Dear Investors,

In 2023, Shenzhen Expressway actively respond to market changes and achieved a revenue of RMB9.3 billion, basically flat YOY, net profit of RMB2.33 billion, up 15% YOY, and earnings per share of RMB0.982, up 17% YOY. The Group proposed a cash dividend of RMB0.55 per share, representing a dividend payout ratio of 56.03%, which is the highest level in its history. Based on the closing price as at the date of the announcement of the annual report, the dividend yield for A-shares is approximately 6.16% and that for H-shares is approximately 9.04%.

The “14th Five-Year” plan of Shenzhen Expressway has reached the halfway point. The highway segment has been continuously consolidated and improved, with the vigorous promotion in the construction of new projects and the reconstruction and expansion of existing projects. At present, the general-environmental protection business has a clean energy installed capacity of more than 600 MW and has obtained the PV and wind power development quota of approximately 600 MW. The designed daily capacity of organic waste is nearly 7,000 tones and the current daily operation capacity has exceeded 3,000 tones.

In the future, based on the existing industry pattern of the dual core businesses, the Group will leverage its core geographic, brand, team and capital advantages, and seize the opportunities of the times arising from the development of the “dual regions” in a market-oriented and innovation-driven manner, do better in the Guangdong-Hong Kong-Macao Greater Bay Area, and strive to become a first-class and important service provider for infrastructure construction and operation such as highway transportation and environmental protection with national presence, thereby building a smart Shenzhen Expressway and facilitating the high-quality sustainable development of the Company.

LIAO Xiangwen

Executive Director & President



Frequently Asked Questions

1. What was the performance of the Group's expressways during the Spring Festival?

A: The operational performance of the Group's toll highways during the Spring Festival in 2024 was mainly affected by two factors: firstly, the impact of inclement weather. Around the Spring Festival, there were a rare widespread rainy and snowy weather in the central region, which significantly reduced the traffic capacity of the roads and the Group's Yichang Expressway and Changsha Ring Road in Hunan, Nanjing Third Bridge in Jiangsu, and Qinglian Expressway, as an important provincial channel, were all affected to a certain extent. Secondly, the increase of toll-free period. The toll-free period for passenger cars on expressways was increased by two days during the Spring Festival travel season this year, which inevitably impacted toll revenue of each road section.

The operational performance during the Spring Festival can be divided into three stages. The first stage was the pre-Spring Festival toll collection period, when the average daily toll revenue of the Group's projects increased slightly by 6.4% as compared with that of 2023. The second stage was the Spring Festival period, when the toll revenue decreased YOY due to the increase in the toll-free period. The third stage was the post-Spring Festival toll collection period, when the toll revenue also decreased YOY to a certain extent due to the impact of inclement weather.

Overall, the toll revenue during the entire Spring Festival travel period decreased by approximately 4.5% YOY. Excluding the impact of the increase in toll-free period and inclement weather, the YOY increase in toll revenue during the Spring Festival travel period was approximately between 4% and 5%.



2. What is the expiration of the operation period for expressways and the reconstruction and expansion plans?

A: The original operation periods for the Group's Meiguan Expressway, Jihe Expressway, Shuiguan Expressway, Shuiguan Extension, Longda Expressway, GS Expressway, and Yangmao Expressway are due to expire in the coming years. According to the current policies, the operation period can be re-approved for project's reconstruction and expansion. The reconstruction and expansion of Yangmao Expressway has been completed, and its operation period is currently being re-approved. The Company also plans to carry out reconstruction and expansion for Jihe Expressway, Guangzhou-Dongguan Section of GS Expressway. Projects with short mileage, such as Meiguan Expressway, Longda Expressway and so on, do not meet the conditions for reconstruction and expansion, but these projects have a relatively low impact on the Group's overall revenue and profit. The Group will actively expand high-quality highway project resources, increase the scale of highway assets, and maintain the stability of the highway business.

3. What is the progress of the reconstruction and expansion of Jihe Expressway?

A: The Shenzhen government intends to optimize the construction implementation plan for the reconstruction and expansion of Jihe Expressway and accordingly adjust the investment and financing plan. The plan is currently subject to the government's approval. The Group will perform the corresponding approval and disclosure procedures once the relevant plan is clarified.



4. How is the construction progress of Coastal Phase II? What is the impact on the Company's traffic volume after the connection of Coastal Phase II and Shenzhen-Zhongshan Corridor?

A: As of the end of the Reporting Period, Coastal Phase II has achieved approximately 91% of its construction progress, and is scheduled to be completed and opened to traffic in tandem with Shenzhen-Zhongshan Corridor in 2024. After its opening, Shenzhen has direct access to Zhongshan, which facilitates the communication between the eastern and western banks of the Pearl River Estuary and reduces the traffic pressure of long-term congestion of Humen Bridge. The simultaneous opening of Coastal Phase II and Shenzhen-Zhongshan Corridor is expected to generate an increase in traffic volume for Coastal Expressway and the Group's other highway projects in Shenzhen, which will have a certain diversion impact on the vehicles originally traveling Humen Bridge and Nansha Bridge through GS Expressway to return to western region of Guangdong in the short term. Overall, the simultaneous opening of Coastal Phase II and Shenzhen-Zhongshan Corridor will have a long-term positive impact on the Group.

5. What is the capital expenditure plan?

A: From 2024 to the end of 2026, the total capital expenditure of the Group as approved by the Board is approximately RMB8.9 billion, mainly including expenditures for projects such as Outer Ring Project (around RMB4.79 billion), the R&E of Jihe Expressway (preliminary engineering expenditure, etc.) (around RMB2.91 billion), Coastal Phase II (around RMB290 million), the kitchen waste projects of Bioland (around RMB510 million), and Guangming Environmental Park (around RMB270 million). The Group plans to meet the investment needs through its self-owned funds, bank loans, debt repayment funds, etc.



6. What are the reasons for the loss of Bioland in 2023? What measures will be taken by the Company?

A: In 2023, with the recovery of the catering consumption market, the volume of kitchen waste increased YOY and the revenue from waste treatment of Bioland increased to a certain extent, representing a YOY increase of approximately 22.2%. However, due to combined effects of the significant decline in the sales price of grease, insufficient waste collection volume of some projects, and the adjustment of the business structure, the overall operational performance was unsatisfactory.

In the next step, the Group will actively take measures to enhance the profitability of Bioland, such as expanding the waste collection volume in the surrounding areas of projects, exploring the sales of grease outside the region, while the Group will clearly clarify the business strategy of focusing on operation, gradually shrink and terminate the EPC business and the equipment manufacturing and sales business that do not meet expectations, strengthen standardized management, and focus on the quality and efficiency improvement of existing projects.

7. How is the progress of the issuance of Yichang Expressway Public REIT?

A: The project was completed on 7 March 2024 and listed on the SSE on 29 March. The project is referred to as “E Fund Shenzhen Expressway REIT”. Its final offering amount was 300 million units, and the offer price was RMB6.825 per unit with the total offering proceeds of RMB2,047.5 million. The Group, as the original equity holder, subscribed for 120 million units, representing 40% of the total units offered. The Group is expected to receive the profit after tax of approximately RMB123 million and the net proceeds of approximately RMB1,207 million. The successful issuance of the project is effectively revitalize its existing expressway infrastructure assets, recover its operating investments and realize its returns in advance, enhance its asset turnover efficiency, bolster its rolling investment capability, and further expand its financing channels and refine its business models.



8. What is the Group's dividend policy?

A: Since its listing, the Group has insisted on rewarding shareholders and has distributed cash dividends for 26 consecutive years with a total of approximately RMB13.2 billion, which is 5.7 times the total amount of proceeds raised from its listing in both "A+H" capital markets.

The Group proposes to distribute a cash dividend of RMB0.55 per share for 2023, representing a dividend payout ratio of 56.03%, which is the highest level in history. Based on the closing price as at the date of the announcement of the annual report (22 March 2024), the dividend yield for A-shares is approximately 6.16% and that for H-shares is approximately 9.04%

In the "Plan of Shareholders' Return for 2021-2023", the Company undertakes that the annual cash dividend shall not be less than 55% of the profit available for ordinary shareholders for the year. After the implementation of the plan, the Company will formulate a reasonable dividend policy based on the actual business development and the principle of taking into account the current income and long-term returns of shareholders, and strive to maintain the stability and sustainability of shareholders' returns.

About Shenzhen Expressway

Shenzhen Expressway was established on 30 December 1996 and issued overseas listed foreign shares (H shares) in Hong Kong in March 1997, and was listed on The Stock Exchange of Hong Kong Limited on 12 March of the same year; In December 2001, the Company issued RMB-denominated ordinary shares (A Shares) and was listed on the Shanghai Stock Exchange on 25 December. The Company is principally engaged in the investment, construction, operation and management of toll roads and the environmental protection business.

For further information, please contact:

Shenzhen Expressway Corporation Limited

Ms. Babe LIU / Mr. Jianfeng TANG

Tel: (86 755) 8669 8069/8669 8065

Fax: (86 755) 8669 8002

Email: ir@sz-expressway.com