



SHENZHEN EXPRESSWAY COMPANY LIMITED

E-Flash Report

2009 Annual Results



2009 Annual Results Presentation

On 20 March 2010, Shenzhen Expressway announced 2009 annual results. The Company respectively held the annual results presentation conferences and press conferences in Shenzhen and Hong Kong on 22 March 2010. There were 41 foreign and domestic institutional investors and 26 foreign and domestic media participated. At the conferences, Mr.



Yang Hai, the Chairman of the Company, reported overall operating performances of the Company in 2009 and the development plan, and together with the management to answer all questions raised by the investors and reporters. In this Fact Sheet, we sum up the main questions and relative answers for your further understanding about the Company's operating performances and other related information.

Frequently Asked Questions

Q1 In 2009, the Company has overcome the difficulties in the external environment and maintained growth in toll revenue. How will it be in 2010?

A1 In 2009, the impact of the global economic crisis on the real economy was subsisting. However, driven by the positive factors such as gradual recovery of the economy and the growth of private car ownership, the toll highways operated and invested by the Group performed well on the whole. The toll revenue increased by RMB350 million, representing an increase of 35.6% over 2008.



The management has set the total toll revenue target for 2010 at not less than RMB1.9 billion after the in-depth analyses of the policies, environment and operating conditions. The general consideration elements include:

1. The macro-economy recovers continuously, the import/export business will have a certain degree of recovery, but it is likely to remain at low levels.
2. The period of Jihe East's revenue consolidated into the Group is more than 2009 by nine months.

3. The toll revenue generates from new-opened projects, which includes Qinglian Expressway, Yanba Expressway, and Nanguang Expressway, will increase to certain extent and the overall performance is in line with anticipation.
4. The existing projects will keep a stable growth based on the situation that there are no other substantial changes in road network or adjustment of governmental traffic plans.

Q2 What's the reason for the increase of finance costs in 2009? Will it continue to rise in 2010?

A2 The Group's finance costs increased by 53% to RMB309 million over 2008 (H share)(A share: increased by 54% to RMB380 million), due to a rise in the expensed borrowing interests of Qinglian Project, Nanguang Expressway and Yanba C as well as the increase of loan size.

Take into account the borrowing scale, which reached 10 billion at the end of 2009, and the substantial decrease of the capitalized interest expenses due to the completion of most of the construction projects, it is expected that the finance costs will increase to RMB500 -600million in 2010.



Q3 Please introduce the current performance of Qinglian Expressway. When will Liannan Section and Yilian Expressway be completed? How will it boost Qinglian Expressway after Yilian Expressway opens to traffic?

A3 The toll revenue of Qinglian Expressway increased significantly since it started to toll as expressway on 1 July 2009. After commencing the trial implementation of "toll-by-weight" on lorries on 1 November, the toll revenue of Qinglian Expressway increased by 46%. The average daily toll revenue of Qinglian Company was approximately RMB860, 000 in the period of July to December. The maximum daily toll revenue of Qinglian Company was RMB2.16 million (of which, Qinglian Expressway was RMB2.01 million) during the Chinese New Year in February.

The construction progress of Liannan Section was basically in line with expectation. It has completed the original road surface reconstruction works and has resumed opening to traffic. The overall reconstruction into an expressway for Liannan Section was scheduled for completion at the beginning of 2011. The toll mileage of Qinglian Expressway will be increased by approximately 27km then.

According to our understanding, the construction progress of Yilian Expressway is pushing ahead normally. It is estimated to complete and open to traffic at the beginning of 2011.

Due to the delay of Yilian Expressway, the current traffic flow of Qinglian Expressway comprises around 80% vehicles which traffic between Yangshan-Qingyuan and its function as a cross border passage between Guangdong Province and Hunan Province has not become prominently. Upon the opening of Yilian Expressway, a considerable portion of vehicles crossing the border from the east of Hunan Province to Guangdong Province will be attracted to Qinglian Expressway and its traffic volume will be enhanced significantly.



Q4 How is the progress of the Outer Ring Expressway? What is the opinion of the management for its investment?

A4 The preliminary works of Outer Ring Expressway is going forward well. The evaluation report on aspects such as the environmental impacts and geology was completed and received replies to it; the toll proposal of the project was also approved. Meanwhile, an in-depth study on the revenue and risks of the project, with the aim to verify its investment value is further pushing ahead.

Outer Ring Expressway is the last of the planned expressway in the Shenzhen Municipal. Following the commencement and progression of the unification of Shen, Guan, Hui (Shenzhen-Dongguan-Huizhou), the advantages in terms of its route will become more prominent. However, the project involves a large investment scale and a vast amount of costs. The Company will make its investment decisions based on aspects such as enhancing the design plans and the investment mode, as well as seeking support from the government, and after taking due consideration of the returns of the project and the burden bearing capability of the Company's financial resources.

Q5 What is the influence of the expansion of Meiguan Expressway and Shuiguan Expressway on the traffic volumes in 2010?

A5 The impact of the road expansion on the traffic volume is mainly happened in the last stage of the expansion which road surfaces are under construction, it normally takes around four to six months. The expansion of Shuiguan Expressway is planed to be completed at the second half of 2011. The expansion work of North Section of Meiguan Expressway will be started in the first half of 2010 and the duration will be 30 months. Therefore there is no materially impact on the traffic volume in this year. During the period of road surface reconstruction, the Company will take into account measures such as complement construction on a section-by-section basis, night work and traffic regulation in order to mitigate such impact.



Q6 Will the debt ratio continue to rise? How will the Company finance? Will the Company finance by equity?

A6 As at the end of Reporting Period, the net borrowings-to-equity ratio ((total borrowings—cash and cash equivalents)/total equity) reached to 109%. Pursuant to the capital expenditure plan, the liabilities scale of the Company will continue to rise in the short term. The major financing method of the Company is bank borrowings. For the actual situation of high debt, the financial strategies of the Company is to appropriately reduce its capital costs and strive to prevent financial risks on the premise of maintaining financial stability and security. The measures will be supplied in 2010 include:

1. Appropriately increase the proportion of foreign loans and arrange relevant financial instruments to lock the exchange rates and interest rates of foreign currency-denominated liabilities.
2. Make capital contributions to Qinglian Company to lower down the overall borrowing costs.
3. Maintain rational proportion of fixed interest borrowings and appropriately reduce current liabilities.

4. Maintain the highest credit rating and good co-operation relationship with banks.
5. Continue to study the financing instruments in the capital market and to widen financing channels.

The Company is keeping in study on the feasibility of equity financing. The Company will choose the appropriate time to push it ahead based on the comprehensive consideration of the needs of the development and the interests of shareholders.

Q7 Is there any other investment plan of the Company?

A7 For projects investment and acquisition, the overall strategies of the Company is to actively study and reserve the quality project resources. The Company will take due consideration of the returns of the project and the burden bearing capability of the Company's financial resources for investment decision-making. The principles include:

1. Avoid investment in green-field toll highway projects outside Shenzhen region.
2. Acquire existing toll highway projects based on the principles to improve ROE and to help the capital operation.

In addition to the expansion plans announced, currently the Company has no any new investment or acquisition plans.

Thank you for your concern to the event. Should there be any opinions and/or suggestions, or if you require further information, please do not hesitate to contact us via the Investors Hotline or our email at IR@sz-expressway.com.

About Shenzhen Expressway

Shenzhen Expressway was established on 30 December 1996. In March 1997, the Company issued foreign capital shares (H Shares) which were subsequently listed on The Stock Exchange of Hong Kong Limited on 12 March 1997. In December 2001, the Company issued Renminbi-denominated ordinary shares (A Shares) which were subsequently listed on the Shanghai Stock Exchange on 25 December 2001. The Company is mainly engaged in the investment, construction, operation and management of toll highways.

For further information, please contact:

SHENZHEN EXPRESSWAY COMPANY LIMITED

Ms. Catherine ZHENG / Ms. Babe LIU

Tel: (86 755) 8285 3328 / 8285 3330

Fax: (86 755) 8285 3411

Email: ir@sz-expressway.com

Rikes Hill & Knowlton Limited

Ms. Jennifer Leung / Ms. Christy LAI

Tel: (852) 2520 2201

Fax: (852) 2520 2241

Email: info@rikes.hillandknowlton.com

Everbloom Investment Consulting Co., Ltd.

Ms. Weiwei XIE / Mr. Wenrui WU

Tel: (86755) 8296 6116

Fax: (86755) 8296 6226

Email: sgs@everbloom.com.cn