



Stock code: 600548(A share)

00548(H share)

SHENZHEN EXPRESSWAY COMPANY LIMITED

E-Flash Report

2010 First Quarterly Results

GUIDANCE

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Announcement of First Quarterly Results 2010

On 29 April 2010, the Company announced its first quarterly results of 2010. In accordance with China Accounting Standards for Business Enterprises, the Group realized a revenue of RMB506,524,000, net profit of RMB168,955,000, and earnings per share of RMB0.077.

<i>(unit: RMB' million)</i>	1Q2010	1Q2009	Change
Revenue	506.5	262.0	↑93.32%
Including: Toll revenue	484.2	246.5	↑96.42%
Net profit	169.0	121.3	↑39.33%
EPS (RMB)	0.077	0.056	↑39.33%
ROE	2.02%	1.70%	↑0.32 percentage point

The Results over the Expectation:

Benefitting from a recovery of the macro-economy and the sustained increase in car ownership, the major toll highways operated and invested by the Group recorded an overall growth in both of toll revenue and profit, which mitigated the pressure arising from new projects being at their incubating stage, increased operating costs and increased finance costs. In addition, the acquisition of 45% equity interests in Jihe Expressway (Eastern Section) last year has contributed a new profit to the Group. As a result, the Group's first quarter operating results grew significantly year-on-year.

Pressure of Profit Growth in 2010 is concerned:

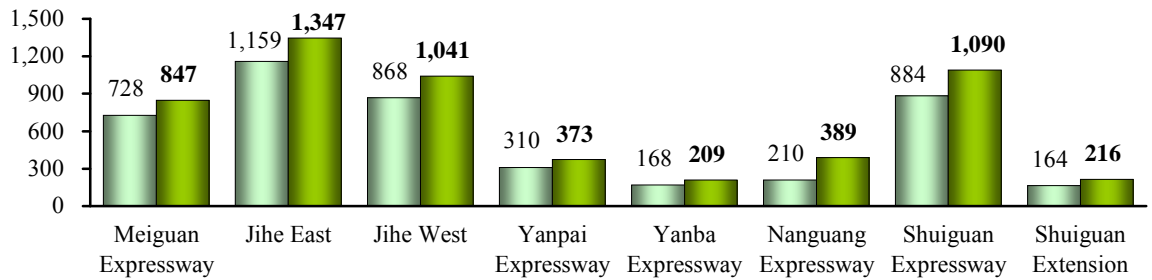
The management of the Company gave a view of that the growth of overall profit in 2010 will still be a challenge. In one hand, there are still uncertainties on the future macro-economic environment; in another hand, at this stage the Group is still faced with pressure from its rising operating expenses and heavy financing costs. In addition, for the next two years, the Company also needs to cope with the challenges brought by road network changes. The management will strive to expand its income and minimize expenses through various means, so as to ensure stable operating results.

Analysis of the Results

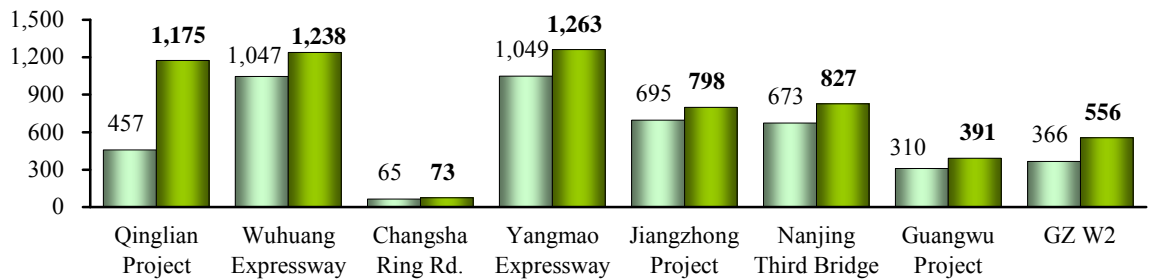
Operating Performance

(Unit: RMB'000) ■ IQ2009 ■ IQ2010

Average Daily Toll Revenue of Shenzhen Region's Projects



Average Daily Toll Revenue of Other Regions' Projects



Benefitting from a recovery of the macro-economy and the sustained increase in car ownership, both of the traffic volumes and toll revenues of the Group's operating projects recorded a double-digit growth in the first quarter of 2010. Of which:

1. The operating statistics of Nanguang Expressway recorded a substantial growth since it is still in the initial operation stage.
2. The main part of Qinglian Expressway has adopted expressway toll rates since 1 July 2009 and a toll-by-weight trial system for trucks since 1 November 2009, respectively and the toll revenues recorded a significant growth.
3. Following the successive implementation of governmental traffic plans, GZ W2 Expressway's function as a cross border passage has become prominent.
4. Yanba C opened for traffic on 25 March 2010; it increases the toll mileage and traffic volume of Yanba Expressway.

Construction Progress

- In the first quarter, the Group's capital expenditure amounted to approximately RMB380,000,000. It mainly used for the construction investment projects including Liannan Section of Qinglian Project.
- The reconstruction of the Liannan Section into an expressway and the expansion works of Meiguan Expressway progressed as planned.
- Progress of the Company's entrusted construction projects including the Coastal project and Phase II of the Nanping project met expectations.

Analysis of the Financial Statement Items

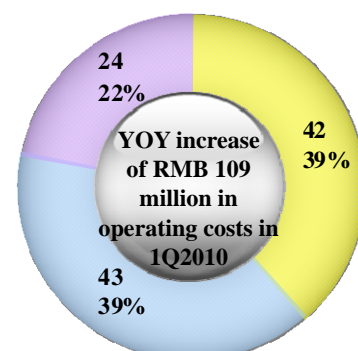
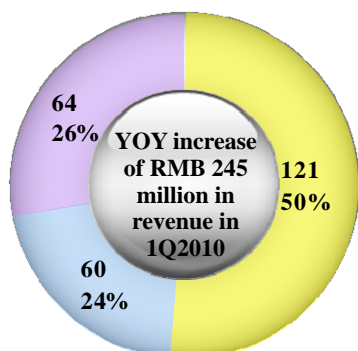
● Revenue and Operating Costs

In the first quarter, the Group's toll revenue increased 96.4% YOY and the operating costs increased 94.7% YOY.

(Unit: RMB' million)

Revenue in 1Q2010	507
Revenue in 1Q2009	262
Change	245

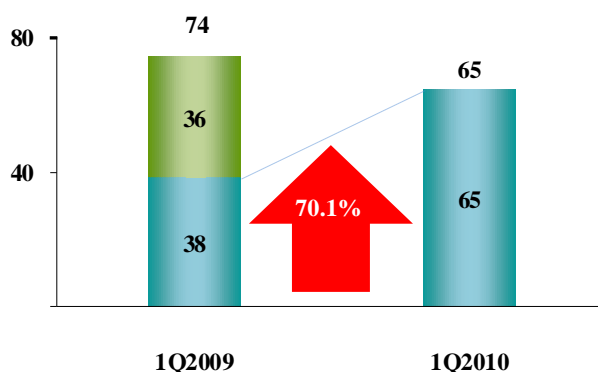
Operating costs in 1Q2010	225
Operating costs in 1Q2009	116
Change	109



After deducting the impacts of Qinglian Expressway, Jihe East and the provision for maintenance/resurfacing obligations, the Group's toll revenue increased 25.2% YOY and the operating costs increased 17.7% YOY.

● Contribution from Jointly Controlled Entities and Associates

(Unit: RMB' million) ■ Jihe East



Jihe East Company has been consolidated into the Group since 30 September 2009. After deducting the statistics of Jihe East, the Group's profit contributed from jointly controlled entities and associates increased 70.1% YOY.

● Finance Costs

	1Q2010	1Q2009	Change
Finance costs (Unit: RMB' million)	132.32	67.28	↑96.7%
Composite borrowing costs	5.06%	5.70%	↓0.64 percentage point

1. Upon expressway operation of Qinglian Expressway, the related borrowing interests were no longer capitalized, leading to a significant increase in the finance costs of the Group YOY.
2. In addition to active adjustments made on the loan structure and loan categories in order to enjoy better borrowing terms, the Company has issued medium-term notes amounting to RMB700 million to help lower the overall borrowing cost of the Group effectively.

● Changes in Accounting Estimates

The amendment of the relevant accounting estimates of the unit amortization amount for the intangible assets under concession:

- Background: the Group's intangible assets under concession are amortized based on the units-of-usage method. Pursuant to the relevant regulation of periodic review for the toll highways and taking into account the actual situation of the major toll highways, the Company has amended the unit amortization amount for the intangible assets under concession for part projects.
- Involved projects: Jihe West, Yanpai Expressway, Meiguan Expressway, and Qinglian Class 2 Road
- Time of amendment: since 1 January 2010
- Influences:
 1. Reduced the net profit for the period from January to March 2010 by RMB5,510,000;
 2. Expected reduction of the net profit for 2010 is RMB21,609,000.
- Aforementioned changes cause no significant effect to the overall financial position and operating results of the Group.

Online Investor Meeting

The Company held an online investor meeting from 3:00-5:00 p.m. on 29 April 2010. Mr. Yang Hai, Chairman, Mr. Wu Yade, President, Ms. Gong Taotao, Financial Controller, and Mr. Liao Xiangwen, vice president, attended the meeting and answered investors' questions. For Q&A details, please access: <http://newspt.p5w.net/bbs/bbs.asp?boardid=835>.

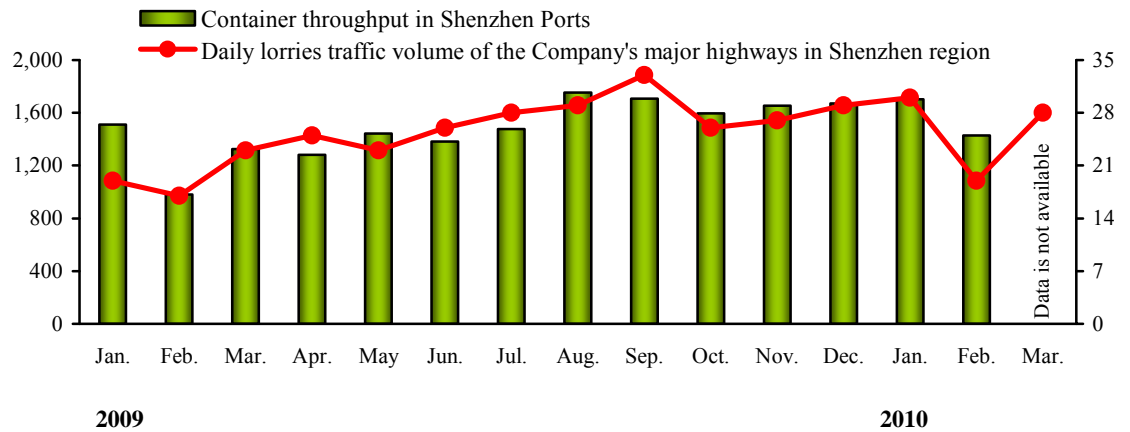


Reference

Container Throughput and Lorries Traffic Volume in Shenzhen Region

(Unit: '000 TEU)

(Unit: '000 vehicle)



(Source: Website of Statistics Bureau of Shenzhen Municipality)

In the first quarter, the daily lorries traffic volume of the Company's major highways in Shenzhen region increased 29.3% YOY and decreased 5.8% as compared to the fourth quarter of 2009.

Thank you for your concern to the Company. 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.

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