



E-Newsletter

开卷语

Opening Message

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Dear investors,

Extensive concern and discussions in the public occurred when the consultative drafts on the Amendment of the Toll Road Management Regulations (《收费公路管理条例》) were issued by the Ministry of Transport in May. The Company believes that the on-going amendment and improvement on relevant policies will reinforce the standardized management of the toll road industry and facilitate healthy development of the industry in long term.

The delivery and inspection of the Coastal Expressway (Shenzhen Section) entrusted to the Company have been successfully completed at the end of June. It meets all



requirement for opening to traffic and is scheduled to commence operation in the second half of the year. The Company will continue to press on with the management of its entrusted and self-owned projects and strive to explore new sources of income and reduce expenditure for the delivery of its operating targets for the year.

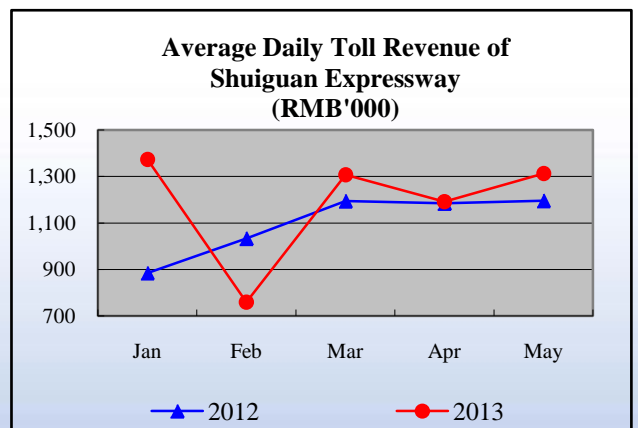
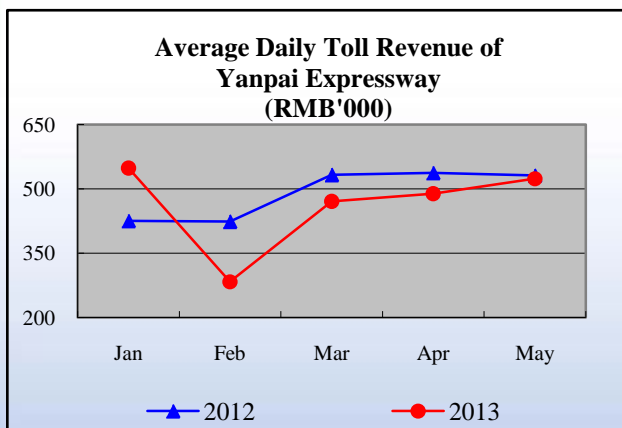
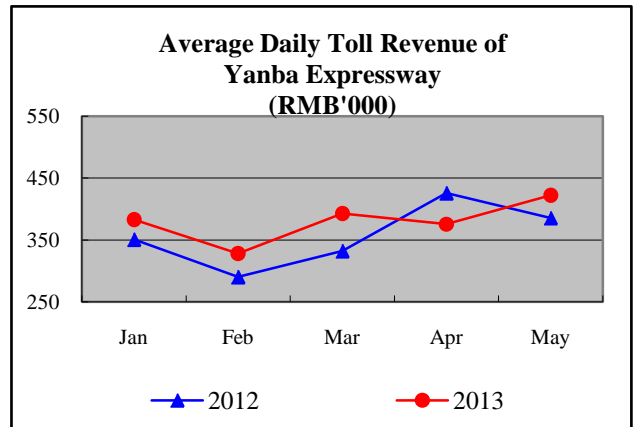
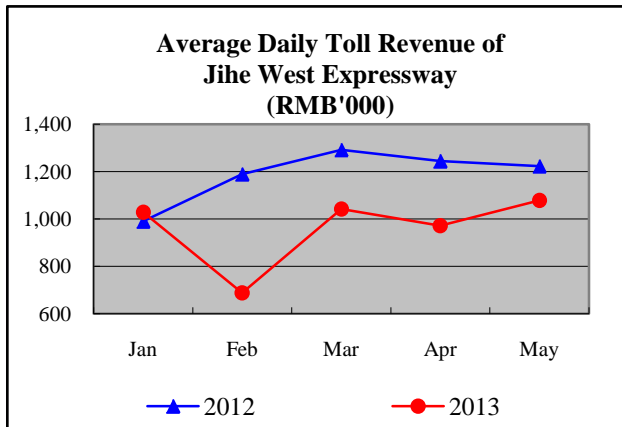
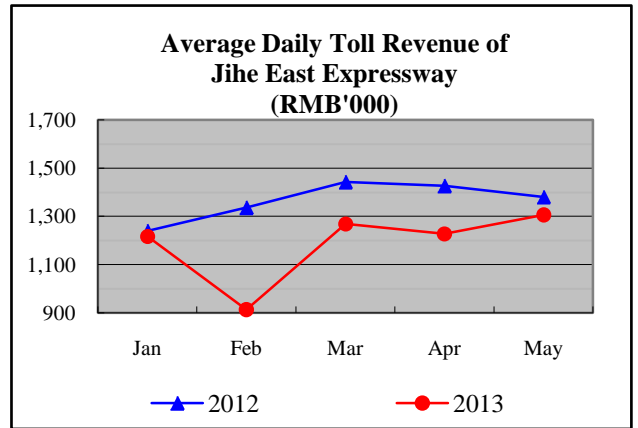
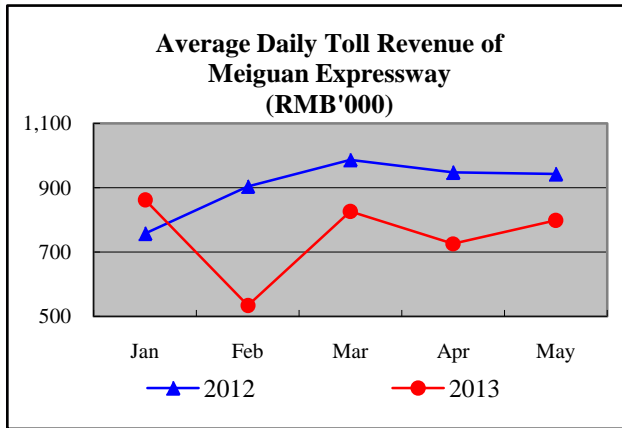
Best regards,

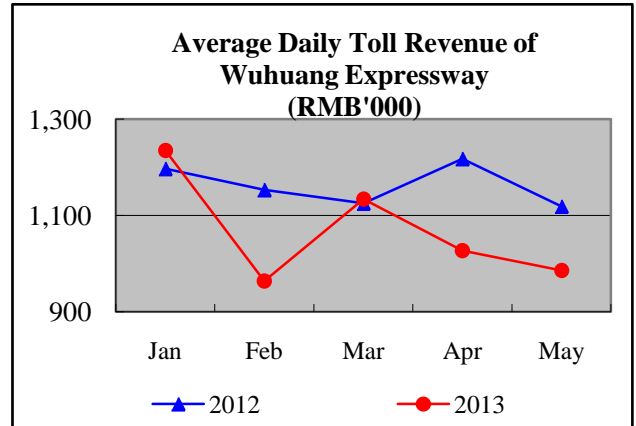
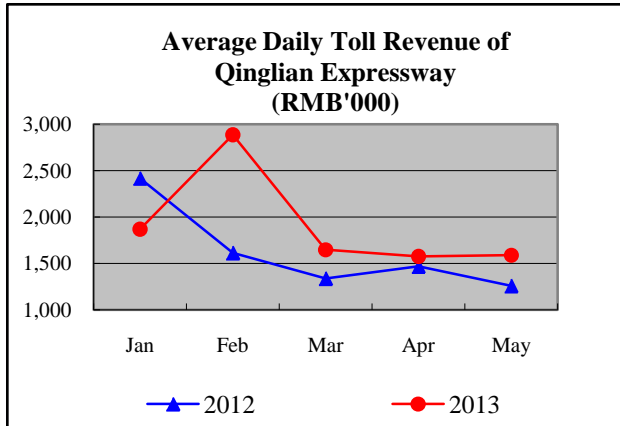
Yang Hai

Chairman



Operations Review of Major Projects



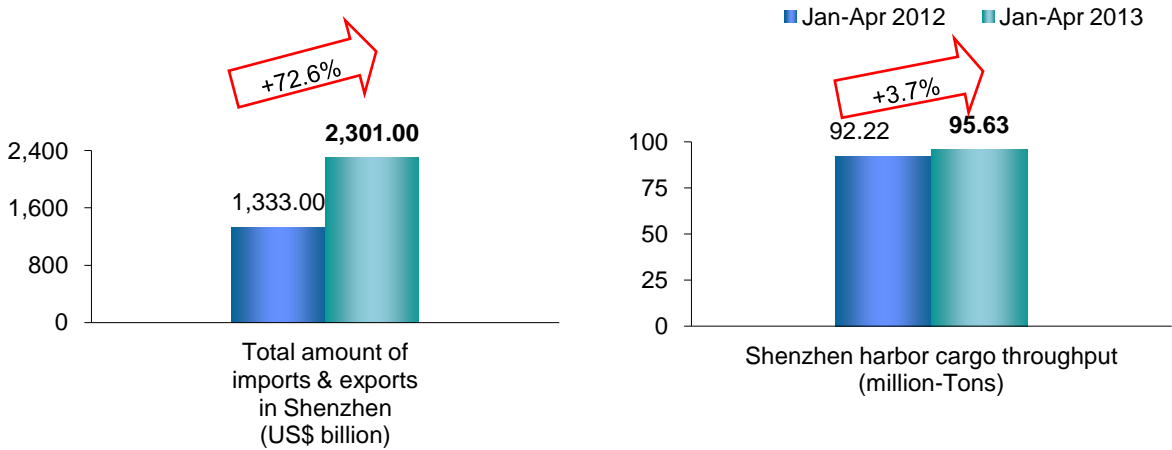


(For Other projects' operational performances of the Group, please go to "Operational Statistics" of the Company's web-site.)

- A unified toll fees standardization has been implemented to all expressway projects according to the unified toll rate, toll coefficient, calculating method for ramps and rounding principle in Guangdong Province since 1 June 2012. Subsequent adjustment was also adopted in cases that the toll fees had been increased as a result of the implementation of the above scheme. The implementation of the above mentioned policies had certain negative impact on the operational performance of Jihe Expressway, Meiguan Expressway, Shuiguan Extension, Yanpai Expressway, Jiangzhong Project, Guangwu Project and GZ W2 Expressway, while the impact on other projects in Guangdong Province was relatively limited.
- From January to May 2013, the Group had to execute the implementation scheme approved by the State Council of waiving the toll fees for small passenger vehicles in major festivals and holidays during the periods of Spring Festival, Tomb Sweeping Day and Labor Day on all the expressways operated and invested by the Group. The operational performance of all the projects was negatively affected during the aforesaid period.
- The year-on-year changes of the revenue from the affected projects in the first half of the year are expected to be higher than the second half of the year since the aforesaid policies were implemented in June 2012 and the second half of 2012 respectively.
- Changes in road network may affect the operational performance of the projects over a period of time. From January to May 2013, the improvement of the neighboring road network or traffic control measures implemented in related roads had significant promoting effect on the operational performance of Qinglian Expressway, Nanguang Expressway, Nanjing Third Bridge and GZ W2 Expressway; while the opening of the neighboring road had certain negative effect on Wuhuang Expressway and Jiangzhong Project. In addition, the expansion works for North Section of Meiguan Expressway and the maintenance works for Jihe West are being implemented, which had certain effect on the traffic conditions and operational performance of the projects and the connected roads.



References



Source: Website of Statistics Bureau of Shenzhen Municipality (深圳市統計局)

Frequently Asked Questions

1. What plans does the Company have in respect of the development of the core business - toll road, and other businesses in the future?

A: With a dense road network and a rising cost, the yield of new projects have shown a downward trend, while the toll road industry have encountered pressure and challenges due to policy changes or adjustments for the past two years. Hence, apart from focusing on enhancing the overall return on existing assets, the Company will actively research on industries and businesses in relation to the toll road industry and the Company's core business capabilities, in order to seek new opportunities for the Group's long-term development. In terms of business development, the management of the Company will grow with prudence and will not diversify its portfolio simply for the sake of diversification. As the industrial layout at strategic level, it is first and foremost at this stage to gain hands-on experience and develop market awareness. It is also crucial to review and summarize continuously so as to identify a suitable and sustainable business model and create a sustainable development for the Group in the future.

Save as the renovation and expansion projects disclosed previously, the Company has no investment plans on toll road projects at present.



2. How is the operational performance of Qinglian Expressway at the moment?

A: Due to the general effect of organic growth of traffic volume, improvement on the neighboring road network at the northern end and the aggressive marketing initiatives of the Company, its average daily toll revenue during Jan. - May was RMB1.89 million, representing a year-on-year growth of 17%.

Beijing, Hong Kong and Macao Expressway Leiyi Section (Leiyang to Yizhang in Hunan Province) has been in maintenance since late May. It is expected that the relevant traffic diversion measures during the maintenance period will further promote the traffic volume of Qinglian Expressway.

3. Which projects are currently carried out the toll-by-weight policy? What are the impacts of the policy on these projects?

A: The toll-by-weight policy has been implemented in Northern Guangdong, Western Guangdong and Eastern Guangdong since November 2009, September 2011 and October 2011, respectively. Among the projects operated and invested by the Company, Qinglian Expressway (Northern Guangdong), Guangwu Project and Yangmao Expressway (Western Guangdong) and Yanba Expressway (Eastern Guangdong) have implemented the toll-by-weight policy as required. According to the unified arrangement of Guangdong, the inter-network toll collection should be completed and all expressways will be carried out the toll-by-weight policy within the year in Guangdong Province.

The toll-by-weight policy has a positive impact on the toll revenue from transit trunks such as Qinglian Expressway and Yangmao Expressway. It will have minimal impact on the Company's projects located in Shenzhen as those projects mainly relate to small passenger cars while large trucks involved are mostly TEUs container trucks, which will not cause severe overloading.



4. What are the impacts of the consultative drafts in respect of the recently released Amendments to "Toll Road Management Regulations" on the Company?

A: The drafts make some revision and amendments on the investing and operating of the expressways, including the principle of compensation related to implementation of toll free policy and projects expansions, the principle of determining the operation period and toll rates, as well as the principle of toll collection for maintenance need after the expiry date. The Company believes that the sustaining revision and amendments of the relevant policies will strengthen the standardized management of the toll highways, which will benefit the long term development on the industry.

The Company has studied the drafts carefully and reflected the proposal to the relevant department. The Company hopes to take this opportunity to express the Company and the shareholders' views fully, in a bid to promote the balance and unification of the enterprise interest and social interest.

Shareholders' Calendar

- 15 May 2012 Annual General Meeting and declaration of dividend for 2012
- 16 May – 14 July Arrangement for the distribution of cash dividend
- 16 August Board meeting for Consideration of the interim results 2013 (tentative ^{note})
- 19 August Presentation conferences for the interim results 2013 (tentative ^{note})

Note: Please refer to the announcement to be published in August for the exact dates



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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