



深圳高速公路股份有限公司

Shenzhen Expressway Company Limited

Stock code: 600548 (A) 00548 (H)

E-news

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## E-Newsletter

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# Opening Message

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Dear investors,

Happy New Year!

With the coming of 2015, the re-election of the Board of Directors is successfully completed. I would like to take this opportunity to thank for the trust and support from all parties. I am honored to serve as Chairman of the Company. Taking this as a start and a valuable opportunity, I will work with all colleagues in Shenzhen Expressway to continue the good corporate governance culture of our Company. Also, we will strengthen daily operating management and clearly define and implement a new phase of development strategy in this year. The operation environment that we are facing is increasingly severe. However, we are fearless of difficulties and challenges. We adhere to the concept of win-win cooperation and explore the long-term and healthy development direction that is benefiting the Company so as to reward our shareholders and the public with our good results.



Thank you for your continued concern and support to Shenzhen Expressway, and we look forward to moving forward with you together towards our future development!

**HU, Wei**  
**Chairman**



## Company News

- On 19 September 2014, the Company participated in *Morgan Stanley's Shanghai - HK Stock Connect Corporate Day* in Shenzhen. Management communicated with foreign shareholders and institutional investors during one-on-one meetings and group meetings.
- In order to continue to understand the investors' comments and suggestions on the Company's investor relations management, the Company conducted 2014 Investor Relations Management (IRM) Satisfaction Survey through the Company's domestic and foreign IR consultant companies in November 2014, to help the Company review the quality of the relevant work on an ongoing basis and to improve the level of investor relations management. The result shows 89% of the interviewees are satisfied or very satisfied with the Company's overall investor relations management in the past year. The interviewees gave suggestions on some specific aspects, such as diversification development, communication channels and market value management. The management of the Company will fully study these recommendations and further improve the related work accordingly.
- On 8 December 2014, the Company participated in *J.P. Morgan's Asia Infrastructure & Industrial 1x1 Forum* in Hong Kong. The Management deep communicated with foreign shareholders and institutional investors during one-on-one meetings and group meetings. The investors' major concerns included the operating performance of toll projects, financial management and the development plan of the Company.

- On 4 December 2014, the *China Securities "Golden Bauhinia" Award Ceremony* was held in Hong Kong. It is sponsored by Ta Kung Pao and jointly organized by the Listed Companies Association of Beijing, the Hong Kong Chinese Enterprises Association and other organizations. The Company and other 9 listed companies won *The Listed Company with the Best Investment Relation Management Award*. The selection of China Securities "Golden Bauhinia" of this year focused on the outstanding performance of China listed companies in different areas and set up nine awards, including "*The Most Influential Listed Company Leader Award*", "*The Listed Company with the Best Brand Value Award*", and "*The Listed Company with the Best Investment Relation Management Award*", etc.





- The Company held the Third Extraordinary General Meeting 2014 (“EGM”) and elected 12 directors of the seventh session of the board of directors and 2 shareholders’ representative supervisors of the seventh session of the supervisory committee. The term of office of the members of the new board of directors and the supervisory committee commences on 1 January 2015 and end on 31 December 2017. 9 directors and 3 supervisors (including staff representative supervisor) of them were re-elected.

## Shareholders’ Calendar

- 20 March 2015 Board meeting for Consideration of the annual results 2014 (tentative <sup>note</sup>)
- 23 March 2015 Presentation conferences for the annual results 2014 (tentative <sup>note</sup>)
- Late of May 2015 2014 Annual General Meeting and declaration of dividend for 2014

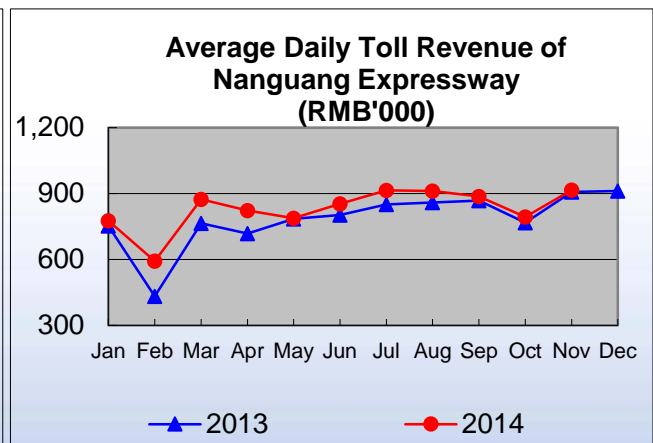
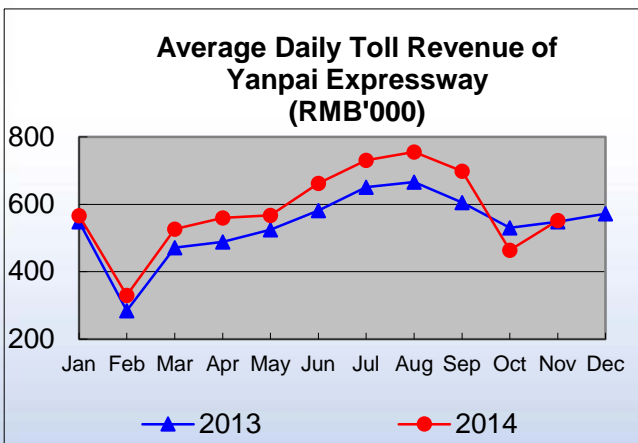
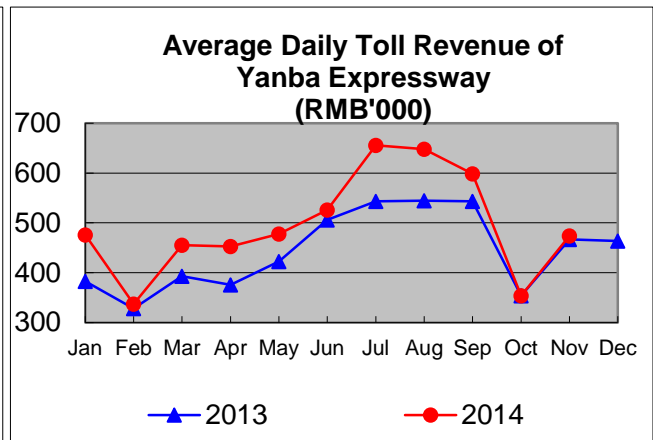
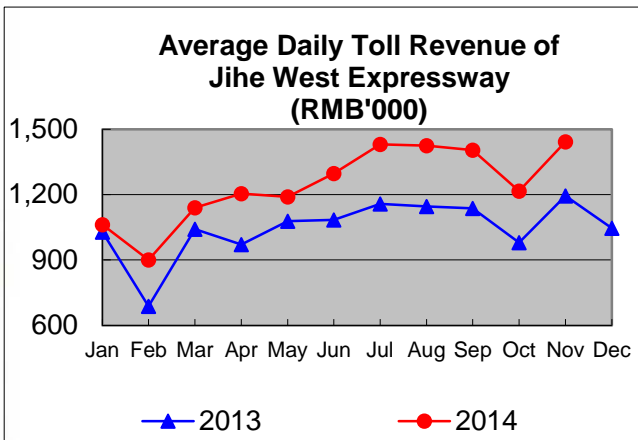
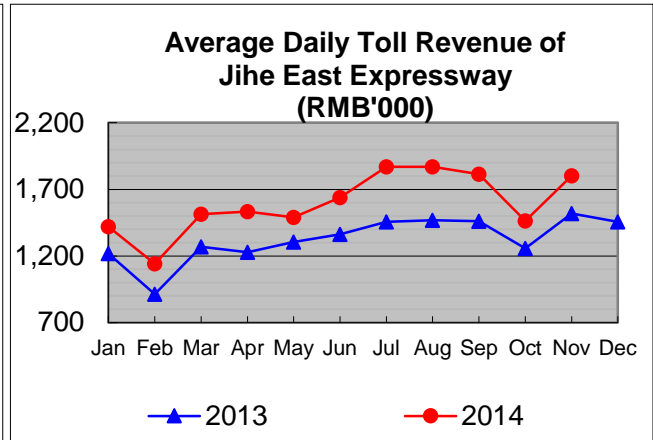
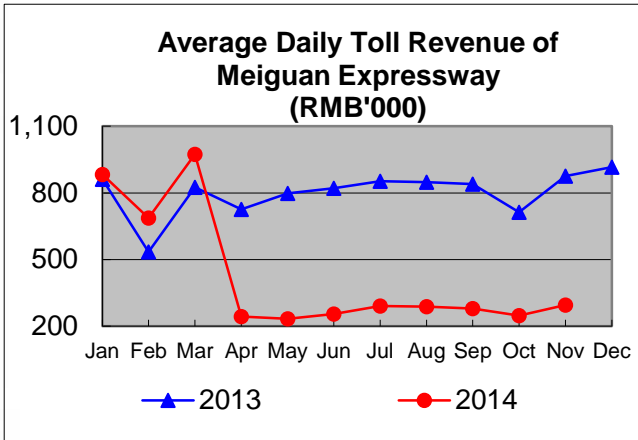
*Note: Please refer to the announcement to be published in March for the exact dates.*

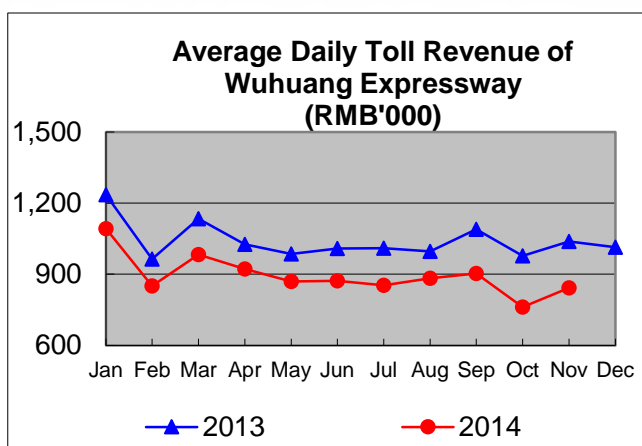
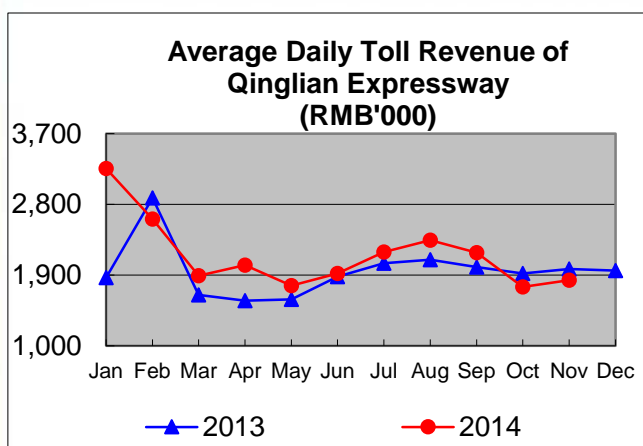
## References

- The period of the 40-day 2015 Chinese Spring Travel Season is from 0:00 on 4 February to 24:00 on 15 March.
- According to the circular of part of the holiday arrangements in 2015 issued by General Office of the State Council, highway toll free time of 2015 Spring Festival is from 0:00 on 18 February to 24:00 on 24 February. For the specific free time, please refer to the notices of Provinces.



## Operations Review of Major Projects





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

- ① Due to the difference in location and function, the Spring Festival holiday may have a positive or negative impact on the operational performance of the Group's highways. As the time of Spring Festival holiday differs for each year (2014 Spring Festival: 31 January; 2013 Spring Festival: 10 February), investors are advised to consolidate the operational statistics for both January and February of each year for comparison in order to see the trend of the YOY change in operational performance of the projects.
- ② Pursuant to the relevant approval and authorization by the general meeting of the Company and the People's Government of Shenzhen, Meilin to Guanlan section of Meiguan Expressway with a mileage of approximately 13.8 km has been operated by card access but the toll exempted since 24:00 on 31 March 2014, and the toll of Shenzhen-Dongguan border to Guanlan section of Meiguan Expressway with a mileage of 5.4 km remained.
- ③ Benefit from the combined effect of improving road networks and the natural growth of traffic volume, the operational performance of most of the toll highways operated or invested by the Group maintained stable or recorded a satisfactory growth. Guangle Expressway (Guangzhou - Lechang) commenced operation at the end of September 2014, which had certain diversion effect on Qinglian Expressway. Negatively affected by the further operation of road networks and the toll sorting model under inter-network toll collection, and the implementation of traffic control measures in Wuhan district, the toll revenue of Wuhuang Expressway recorded a YOY decrease.
- ④ The provincial-wide inter-network toll collection in Guangdong Province has been implemented since the end of June 2014. As the amount of data to be processed is rather large and it takes time for splitting and checking works, the certain operational data of the highway projects in Guangdong Province will be recorded based on estimation at the date of monthly settlement and disclosure after provincial-wide interconnection. Investors are advised to use such data cautiously.



## Frequently Asked Questions

1. [What is the consideration of participating in the Meilin Checkpoint Urban Renewal Project? What is the post-developing plan?](#)

A: Following the implementation of toll-free of Meiguan Expressway, the Shenzhen Government gradually carries out urban planning design and renewal work along Meiguan Expressway. As the owners of the relevant land, the Company has the opportunity to participate in the comprehensive exploitation of the local lands along Meiguan Expressway according to the relevant regulations of Measures on Administration of Urban Renewal of Shenzhen Municipality. The Meilin Checkpoint Urban Renewal Project has location and land price advantage, hence it has great business investment value and value-added space. By participating this project, the Company wishes to take the great opportunity to make all the existing assets achievable, meanwhile, to train and improve the management team members' market consciousness and comprehensive project development ability, and in the long run, to support the Company's long-term sustainable development.

The current task of Meilin Checkpoint Urban Renewal Project is to obtain land resources. According to the plan, it should be finished the signature for the land transferring contract by June, 2015. On the basis of the future strategic position and business profit of shareholders from both sides of the Project Company, the Company will achieve the land value by transferring or self-developing.

2. [What's the progress in the Outer Ring Project?](#)

A: The Outer Ring Expressway is the last expressway in the planned projects in Shenzhen and it has unique line position advantage. However, as the project requires large scale of investment with high construction cost, the Company is still discussing and negotiating the feasible plan of the investment, construction and management with relevant government authorities, including but not limited to cooperative construction, obtaining the operation rights through evaluating the project value and entrusted management. The relevant plan is yet to be finalized at the moment and the Company's investment will be under the premise of meeting the general business value.

In order to cooperate with the government for the overall planning and work arrangement in relation to expressway construction, on the condition that the Shenzhen Government has specified the ultimate responsibility for Outer Ring Project and has made arrangements for the construction funding, the Board has agreed the Group to carry out the construction organization works for the foregoing section of the Outer Ring Project (the "Foregoing Section") in July 2014. The estimated investment amount of the Foregoing Section is approximately RMB500 million. The construction will utilize the funds arranged by the government, the Company will carry out the organization and implementation through its wholly-owned subsidiary, Shenzhen Outer Ring Expressway Investment Company Limited. If the Group and the Shenzhen Government finally fail to reach agreement on the investment and exclusive operation right matters regarding the Outer Ring Project, the Shenzhen Government or other investors determined by Shenzhen Government will take over the preliminary costs and bear relevant legal responsibilities and obligations.



3. How is the construction progress of the neighboring road network of Qinglian Expressway? What is the influence for its further development?

A: Benefiting from the gradual improvement of neighboring road networks and the consistent marketing measures, Qinglian Expressway maintained a good growth momentum in the first three quarters of 2014. It achieved cumulative toll revenue of RMB610 million, representing a YOY increase of 15.3%, which is the main income growth of the Group.

Guangle Expressway, as the dual line of G4 National Expressway (formerly known as Jingzhu Expressway), commenced operation at the end of September 2014, which had certain diversion effect on Qinglian Expressway. The Guangdong Section of Erguang Expressway commenced operation at the end of December 2014 and the influence on Qinglian Expressway remains to be seen. In addition, the reconstruction and expansion work of Guangqing Expressway, which connects to the southern end of Qinglian Expressway, is currently under progress. The restricted access measure for heavy transport vehicles from north to south direction has been eased since October 2014. According to its announced plans, the restricted access measure will be eased gradually thereafter and the whole works will be completed by the end of 2016. The construction of connection line of Guangqing Expressway and Qinglian Expressway started by the end of 2014. The continuous improvement of road network and facilities can facilitate further economic and social development along the highway, as well as people's selections and demand to use highway transportation means, drive the increase of the overall traffic volume level among the road network. Meanwhile, it can also bring changes to the traffic volume distribution of the road network, resulting positive or negative impacts on the operational performance of the specific project on a certain stage. The Company will closely follow up the changes of neighboring road network and constantly conduct monitoring analysis on traffic flow. The Company will also take measures to actively attract traffic flow and keep improving operational performance. These measures include the improvement of traffic condition and service quality, promotion of the opening of the project and service advantage, commencement of special marketing work and optimization of road guidance.

4. What is the Company's dividend payout policy in the future? Will the Company consider increasing the dividends after the one-off earnings from toll adjustment of Meiguan Expressway? Will the implementation of Meilin Checkpoint Urban Renewal Project influence the dividends payout in 2014?

A: The Company pays attention on shareholders' return. Although the debts level of the Company during the reporting period and the financing cost in the market are relatively high, the Company still keeps a dividend payout ratio at around 40% to 50%. In the future, the Company will continue to keep a reasonable and stable dividend payout policy, to fully consider the interests balance between current period and long-term for the Company itself and investors, and make the specific dividend percentage with the consideration of other factors, such as the Company's financial situation, capital needs and external loaning environment. About the one-off earnings gained from the adjustment of toll fees of Meiguan Expressway, the Company will make corresponding dividends plan, but there's no concrete proposal currently. Moreover, dividend payout is mainly connected with year-end profit. It is expected that Meilin Checkpoint Urban Renewal Project will not impact the Company's business performance in 2014, therefore, there is no direct influence on 2014 dividends payout.



### **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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