



深圳高速公路股份有限公司

Shenzhen Expressway Company Limited

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**Interim Results Presentation 2009**

**2009.08.31**



深圳高速公路股份有限公司  
Shenzhen Expressway Company Limited

Results & Performance

Review & Prospect

**Note: All financial data presented in this material is prepared in accordance with HKFRS.**



## Results Highlights

## Results & Performance

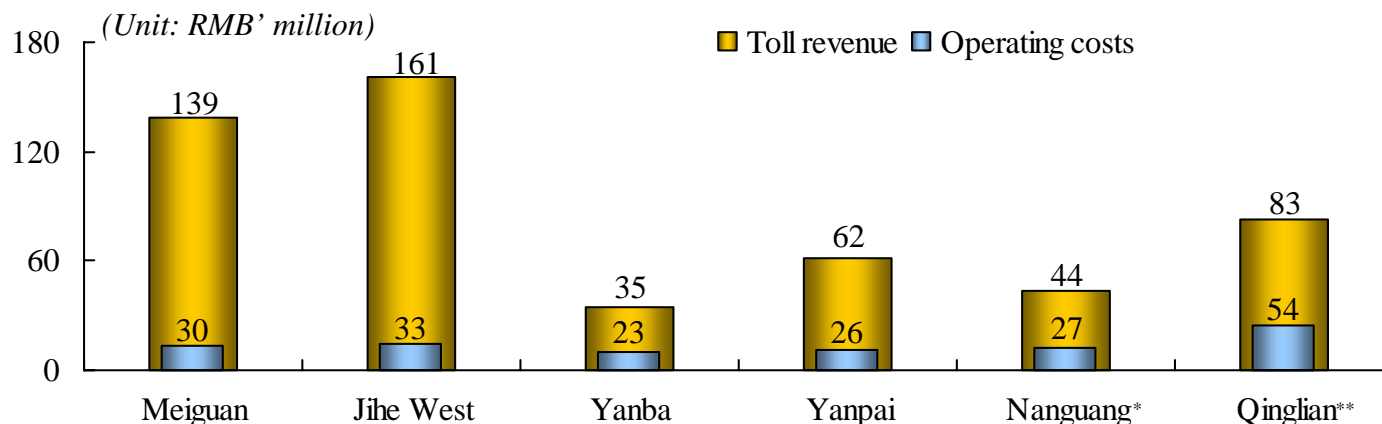
	1H09	1H08	Change
<i>(Unit: RMB' million)</i>			
Revenue	<b>966</b>	1,758	-45.0%
Including: Toll Revenue	<b>523</b>	460	13.7%
Profit attributable to equity holders of the Company	<b>313</b>	284	10.2%
Profit after excluding the relevant figures of provision for maintenance/resurfacing obligations	<b>299</b>	323	-7.6%
Earnings per share <i>(RMB)</i>	<b>0.144</b>	0.130	10.2%
Return on equity attributable to equity holders of the Company	<b>4.4%</b>	4.2%	an increase of 0.2 percentage point



## Performance of Subsidiaries

## Results & Performance

(After excluding the relevant figures of the provisions for maintenance/resurfacing obligations)



Earnings before interest, tax & administrative expenses (RMB' million)

	Meiguan	Jihe West	Yanba	Yanpai	Nanguang*	Qinglian**	TOTAL
	105	124	10	33	16	24	312

Average daily mixed traffic volume

	Meiguan	Jihe West	Yanba	Yanpai	Nanguang*	Qinglian**	(Unit: Number of vehicles in thousands)
	93	67	15	30	26	27	

Change (YOY)

	2.9%	0.6%	31.9%	-4.5%	108.7%	105.8%
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Average daily toll revenue

	Meiguan	Jihe West	Yanba	Yanpai	Nanguang*	Qinglian**	(Unit: RMB' 000)
	769	890	191	340	244	458	

Change (YOY)

	-0.5%	-5.1%	14.5%	-13.8%	66.0%	246.6%
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\* The main route of Nanguang Expressway commenced operation on 26 January 2008.

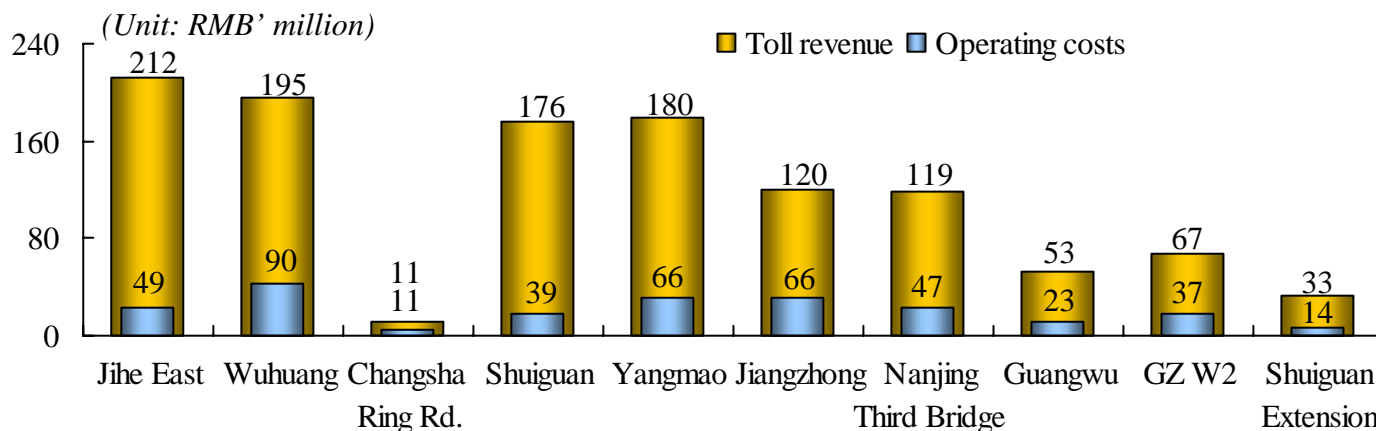
\*\* The road surface works for the main section of Qinglian Project were completed by the end of 2008 and the road has resumed full opening to traffic.



## Performance of JCE & Associates

## Results & Performance

(After excluding the relevant figures of the provisions for maintenance/resurfacing obligations)



	Jointly Controlled Entities			Associates							TOTAL
Share of profit (RMB' million)	69	44	1	35	14	-0.2	-3	0.6	-10	2	<b>154</b>
Average daily mixed traffic volume	87	32	7.2	107	21	48	20	11	11	29	(Unit: Number of vehicles in thousands)
Change (YOY)	-3.9%	11.4%	24.7%	2.4%	4.8%	3.8%	6.1%	13.9%	22.1%	5.3%	
Average daily toll revenue	1,169	1,077	62	971	995	677	656	295	372	180	(Unit: RMB' 000)
Change (YOY)	-4.1%	6.3%	8.4%	-1.5%	2.3%	1.4%	-0.8%	7.5%	32.2%	4.1%	



## Costs & Expenses

## Results & Performance

(After excluding the relevant figures of the provisions for maintenance/resurfacing obligations)

(Unit: RMB' million)	1H09	1H08	Change in amount	Change
<b>Operating Costs</b>				
Employee expenses	33	26	+8	29.3%
Road maintenance expenses	17	21	-4	-20.0%
Depreciation and amortization	120	89	+31	34.4%
Other operating costs	25	25	+0	0.3%
<b>TOTAL</b>	<b>194</b>	<b>160</b>	<b>+34</b>	<b>21.2%</b>
<b>Administrative expenses</b>	<b>27</b>	<b>17</b>	<b>+9</b>	<b>53.0%</b>

### The main reason of the increase in operating costs:

- an increase in the operating costs caused by the reopening of Qinglian Class 1 Highway with a traffic volume growth and given a longer operation period by approximately one month of Nanguang Expressway.



## Finance Costs

(After excluding the relevant figures of the provisions for maintenance/resurfacing obligations)

<i>(Unit: RMB' million)</i>	1H09	1H08	Change in amount	Change
<b>Interest expenses</b>	<b>241</b>	194	+47	24.1%
Excluded: <b>Interest capitalized</b>	<b>(119)</b>	(80)	+39	48.8%
<b>Others</b>	<b>(0.6)</b>	(8)	-8	-93.1%
<b>Finance costs</b>	<b>121</b>	<b>105</b>	<b>+15</b>	<b>14.4%</b>

### The main reason of the increase in operating costs:

- an increase in the expensed borrowing interest of Nanguang Expressway and Yanba (C)



## Assets Highlights

## Results & Performance

	30 Jun 2009	31 Dec 2008	Change
<i>(Unit: RMB' million)</i>			
<b>Total assets</b>	<b>19,702</b>	18,264	7.9%
<b>Total liabilities</b>	<b>11,896</b>	10,511	13.2%
<b>Total borrowings</b> (including: bank loans, bonds payable and bills payable)	<b>8,473</b>	8,037	5.4%
<b>Equity attributable to equity holders of the Company</b>	<b>7,099</b>	7,047	0.7%
<b>Net assets per share to equity holders of the Company (RMB)</b>	<b>3.26</b>	3.23	0.7%





## Financial Indicators

## Results & Performance

	30 Jun 2009	31 Dec 2008 (restated)	Change
<b>Debt-to-asset ratio</b> (total liabilities/total assets)	<b>60.4%</b>	57.6%	an increase of 2.8 percentage points
<b>Net borrowings-to-equity ratio</b> ((total amount of borrowings — cash and cash equivalents)/total equity)	<b>98.7%</b>	96.8%	an increase of 1.9 percentage points
<i>(Unit: RMB' million)</i>	<b>Jan-Jun 2009</b>	<b>Jan-Jun 2008</b>	<b>Change</b>
<b>Net cash inflow from operating activities &amp; cash return on investments *</b>	<b>538</b>	490	9.8%
<i>(Unit: multiple)</i>	<b>Jan-Jun 2009</b>	<b>Jan-Dec 2008</b>	<b>Change</b>
<b>Interest covered multiple</b> (profit before interests & tax/ interest expenses)	<b>1.84</b>	1.82	an increase of 0.02 multiple

\* After deducting the net amount of receivables and payables for local government for Coastal Expressway (Shenzhen Section)



Qinglian

- ❑ Main section (Fengtouling-to-Lianzhou Section and Fengbu-to-Jingkou Section):
  - ❑ its surface works were completed in December 2008 and it has resumed fully opening to traffic.
  - ❑ adopted expressway toll rates since 1 July 2009 with the length of 188 km approximately;  
the basic toll rate is calculated at RMB0.45 per standard vehicle-kilometer.
- ❑ Liannan section (Lianzhou-to-Fengbu Section):
  - ❑ the reconstruction into expressway has commenced in second quarter, the construction period is scheduled to be 2 years.
  - ❑ road surface works has been commenced.

**Expanding the assets scale and profits base**



- ❑ The implementation of contracts for Nanping (Phase II), Shenyun Project and Hengping Link Section is in line with expectation.
- ❑ The construction of the extension of Longda Expressway will commence within this year, the preliminary works are in progress smoothly.
- ❑ The land requisition, demolition and relocation works of Coastal Expressway (Shenzhen Section) were basically completed, and the project commencement report was approved. Relevant works are going systematically.



Construction sites of Coastal Expressway  
(Shenzhen Section)

**Dedicating efforts in entrusted construction and operation businesses  
to expand the market share continuously**



**Jihe East**

- ❑ Entered into the Agreement to acquire the 45% equity interest in Jihe East Company on 1 June 2009.
- ❑ The amount of acquisition: RMB 1.0688 billion and the income tax bore by counterpart in connection with the transaction.
- ❑ Reference date for the transfer of interest: 31 March 2009
- ❑ The procedures regarding approval, filing and registration of the acquisition are underway.
- ❑ Upon completion of the transaction, Jihe East Company will change from a jointly controlled entity to a wholly-owned subsidiary of the Company and its results will be consolidated into the Company's financial statements.

**Increasing stable cash earnings  
Reinforcing the core strength of the Company**



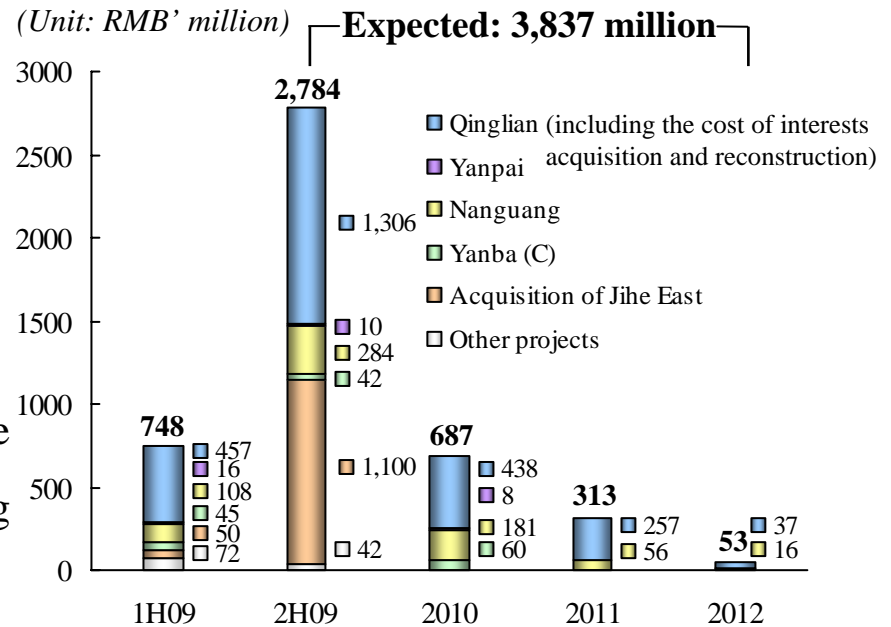
## Controlling Rhythm of Investment

- Optimizing the expansion plan of Meiguan Expressway

The CAPEX will increase considerably if the investment proposal on the expansion of Meiguan Expressway is finally approved by the authorities of the Company.

- Strengthening road assets pre-maintenance and daily maintenance, rationally planning schedule for large-scale maintenance
- Prudent investment strategy

## Capital Expenditure Plan



The project funding has been fully carried out.

**Controlling a moderate rhythm of investment to reduce financial risks**

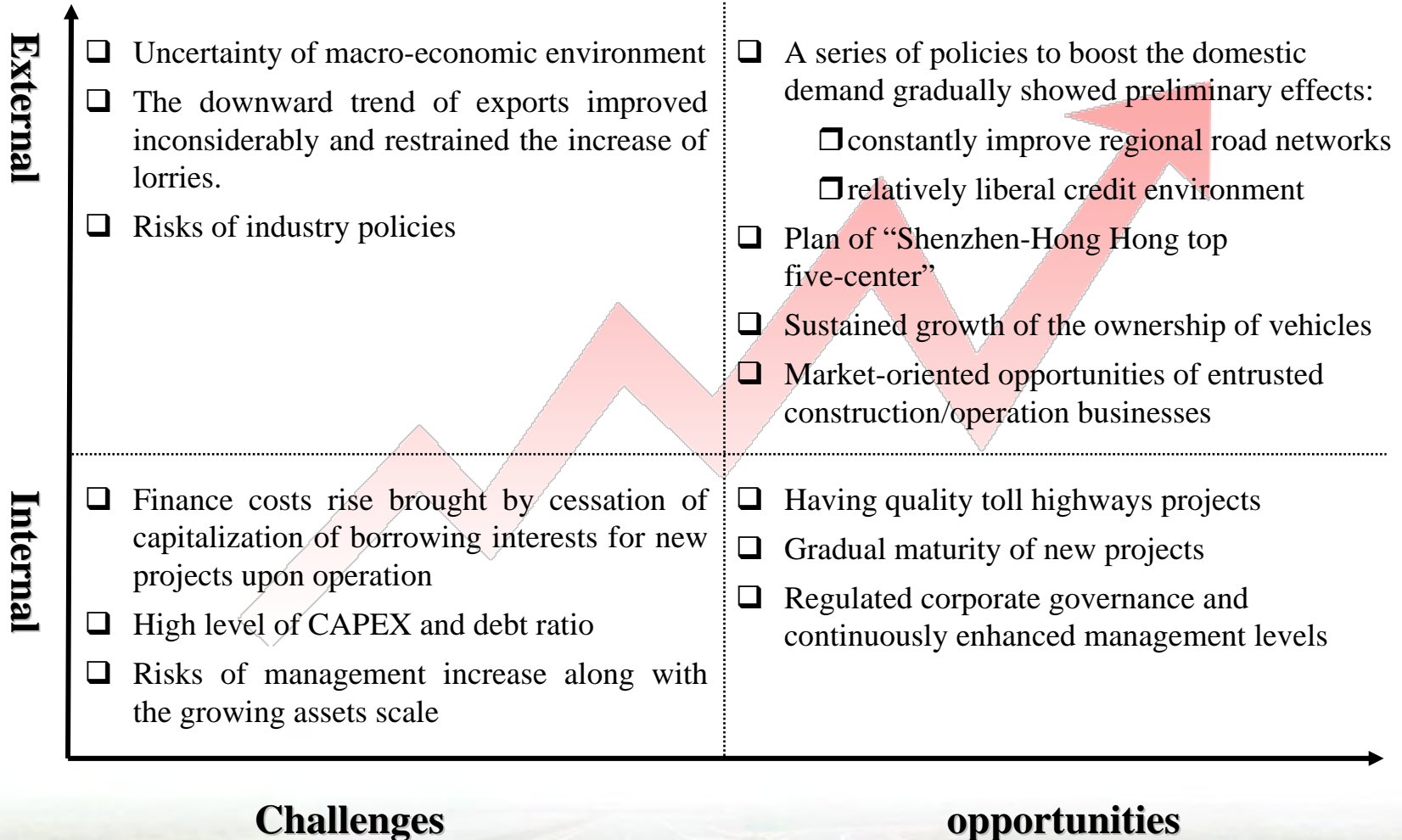


## Financing Arrangements

Comprehensive borrowing costs	1H09
Account cost	5.7%
Current-outlay cost	4.9%

- ❑ Optimizing financing products and portfolio
  - ❑ the preparation works for medium-term notes is underway
  - ❑ adopted a combination of foreign currency loans and trust loans to lower and fix financing costs in the acquisition of Jihe East
- ❑ Keeping good access to bank borrowing
  - ❑ maintaining the highest ratings for various credit rating categories: AAA
  - ❑ continued to enjoy the most favorable rates under the interest rate policy of the People's Bank of China
  - ❑ as at 30 June 2009, the unutilized banking facilities is RMB 6.8 billion

### Optimizing financing products and portfolio to control financing costs





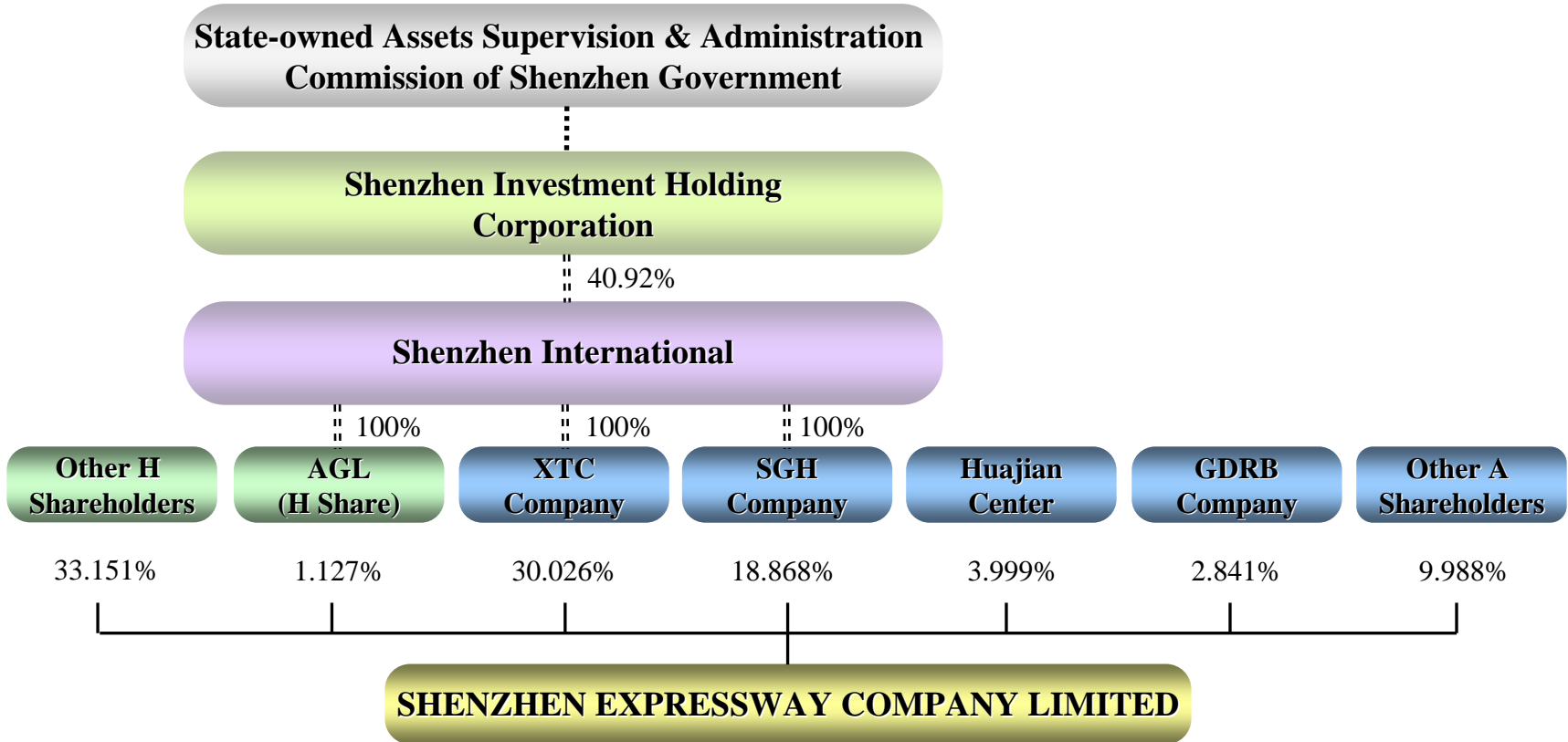
深圳高速公路股份有限公司  
Shenzhen Expressway Company Limited

# Appendices





## Shareholding Structure

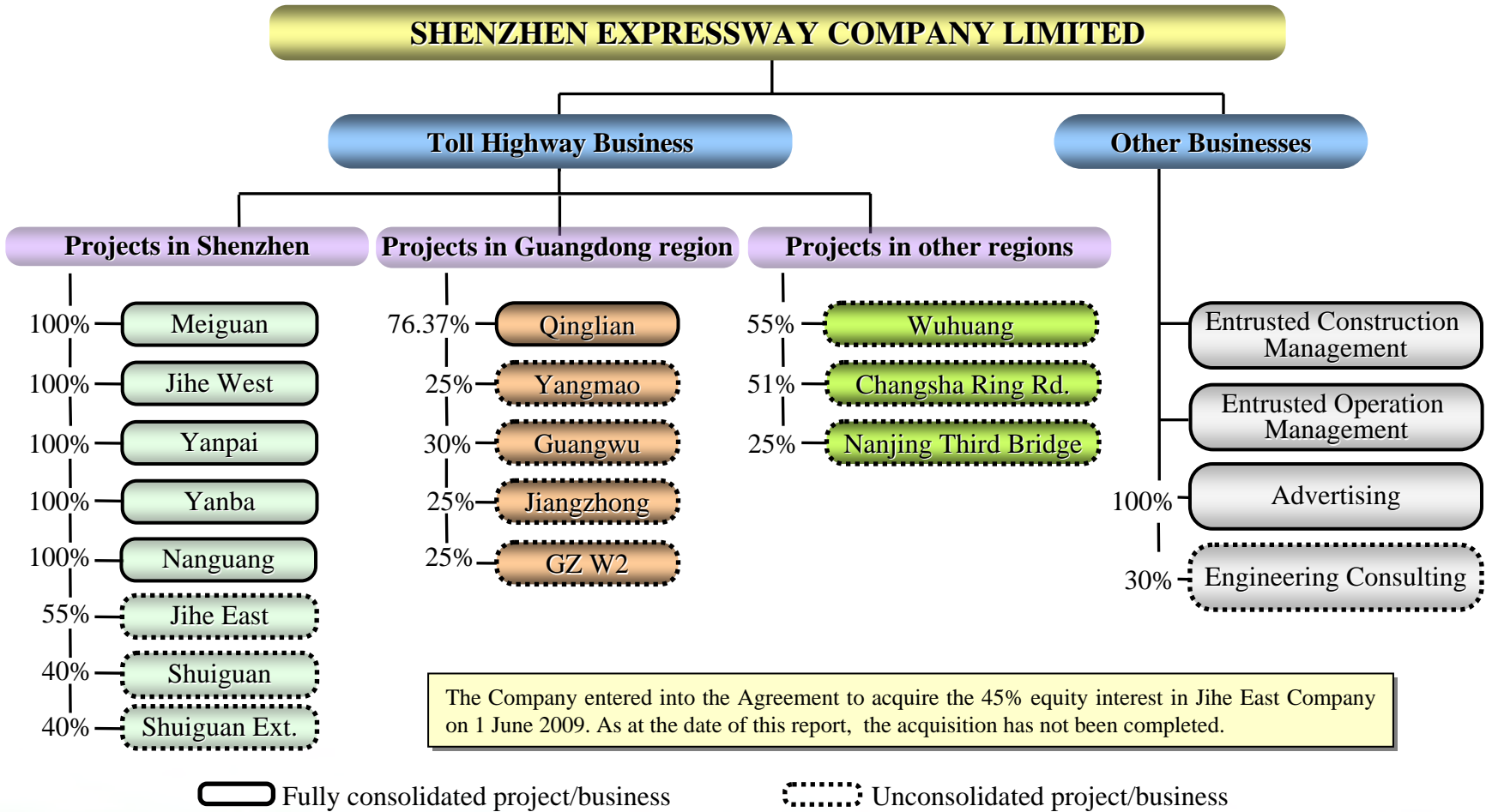


The total share capital of the Company is 2,180,700,000. 747,500,000 H shares are 34.38% of the total share capital and 1,433,200,000 domestic shares are 65.72% of the total share capital.



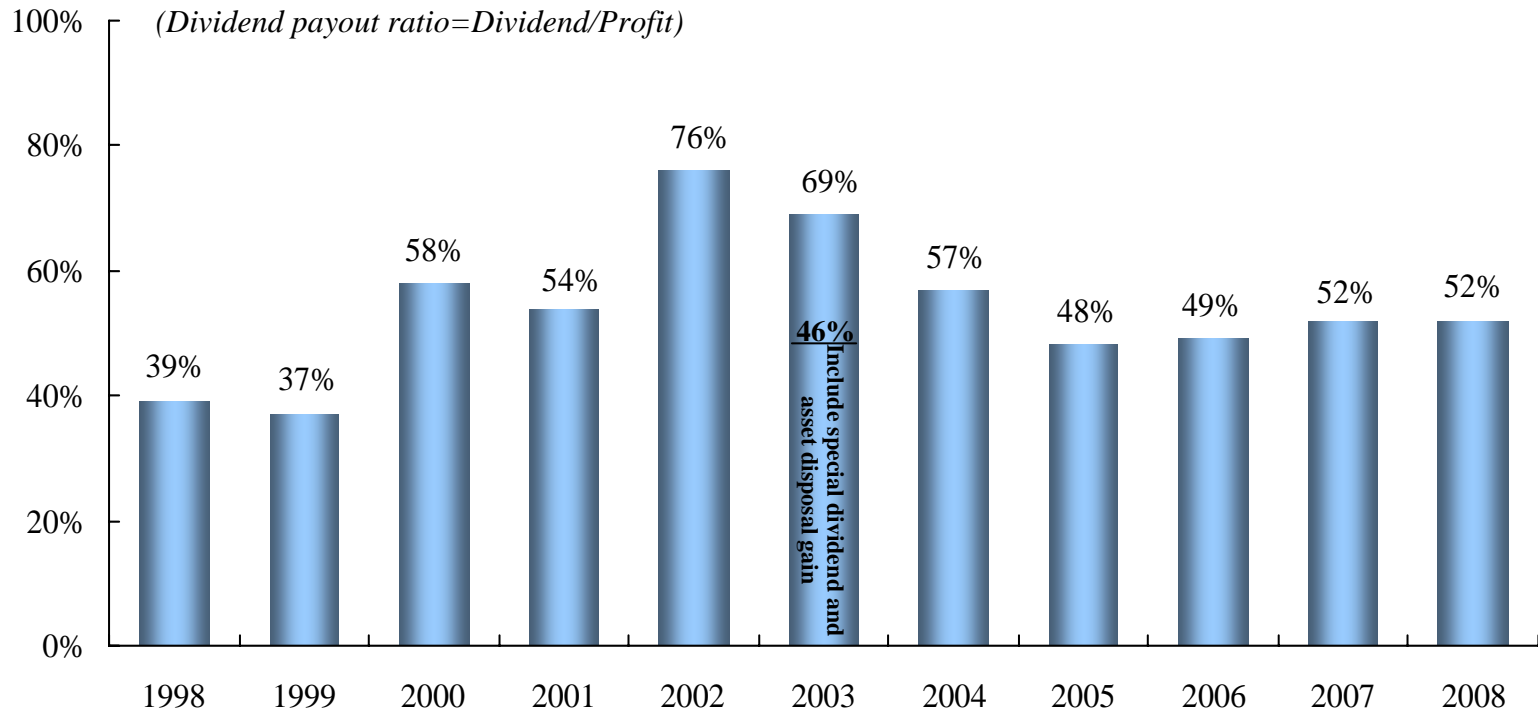
## Business Structure

## Appendices



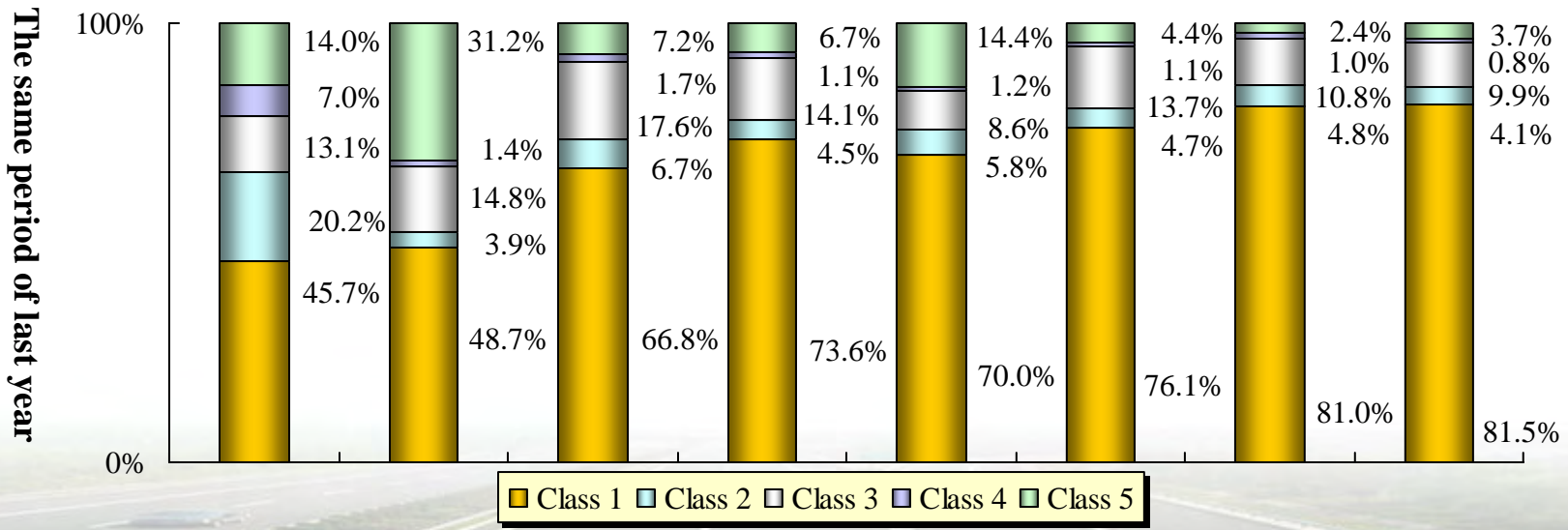
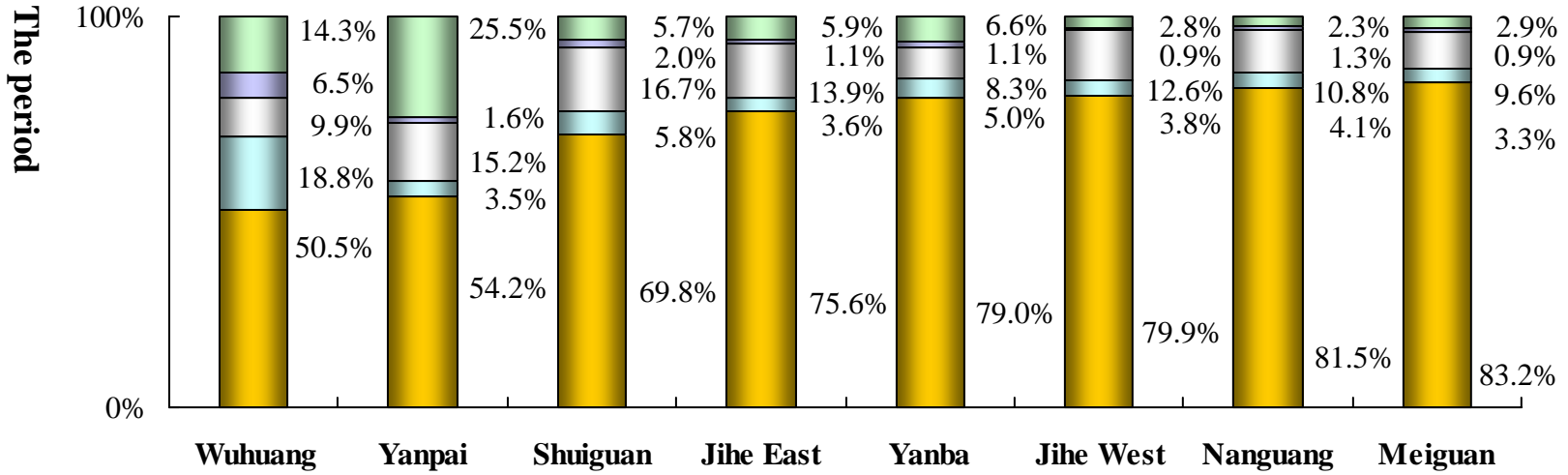


## Historical Dividend Payout Ratio





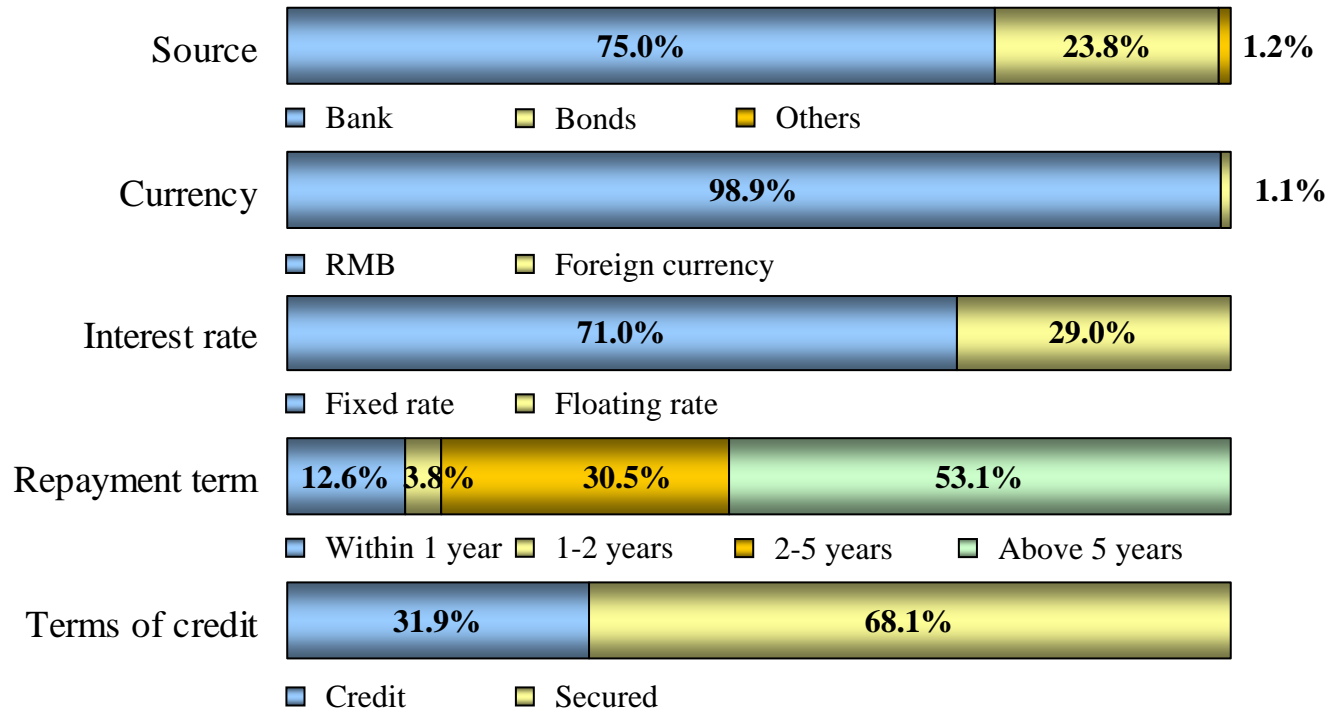
Vehicle Category of Major Toll Highways in 1H09





## Borrowing Structure

(As at 30 Jun 2009)





## Amortization Policies of Road Assets

Toll highway	Percentage of interests held	Amortization amount of operating rights (RMB' million)			Amortization difference attributable to the Company based on equity interests percentage (RMB' million)	
		Units-of-usage method		Straight-line method**	1H09	1H08
		1H09	1H08			
<b>The Company and subsidiaries*</b>						
Meiguan	100%	15	15	18	-3	-3
Jihe West	100%	14	15	14	0	0
Yanba (A/B)	100%	11	9	20	-9	-11
Yanpai	100%	11	14	23	-12	-9
Nanguang	100%	8	5	43	-35	-38
<b>Jointly controlled entities and associates</b>						
Jihe East	55%	17	18	16	1	1
Shuiguan	40%	20	20	20	0	0
Wuhuang	55%	37	34	44	-4	-6
Changsha Ring Rd.	51%	6	6	9	-2	-2
Yangmao	25%	34	34	45	-3	-3
Jiangzhong	25%	41	41	64	-6	-6
Nanjing Third Bridge	25%	27	28	55	-7	-7
Guangwu	30%	14	13	29	-4	-5
GZ W2	25%	14	11	55	-10	-11
Shuiguan Extension	40%	8	8	12	-2	-2
<b>TOTAL</b>					<b>-96</b>	<b>-102</b>

\* Qinglian Project is undergoing a period of reconstruction into an expressway and the differences of this item was not calculated.

\*\* Assuming the carrying values of the intangible assets be amortized evenly over the allowed operating periods granted by the concession grantors.



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### Company Declaration

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