



深圳高速公路股份有限公司

Shenzhen Expressway Company Limited

Interim Results Presentation 2008

1 September 2008





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Results Highlights

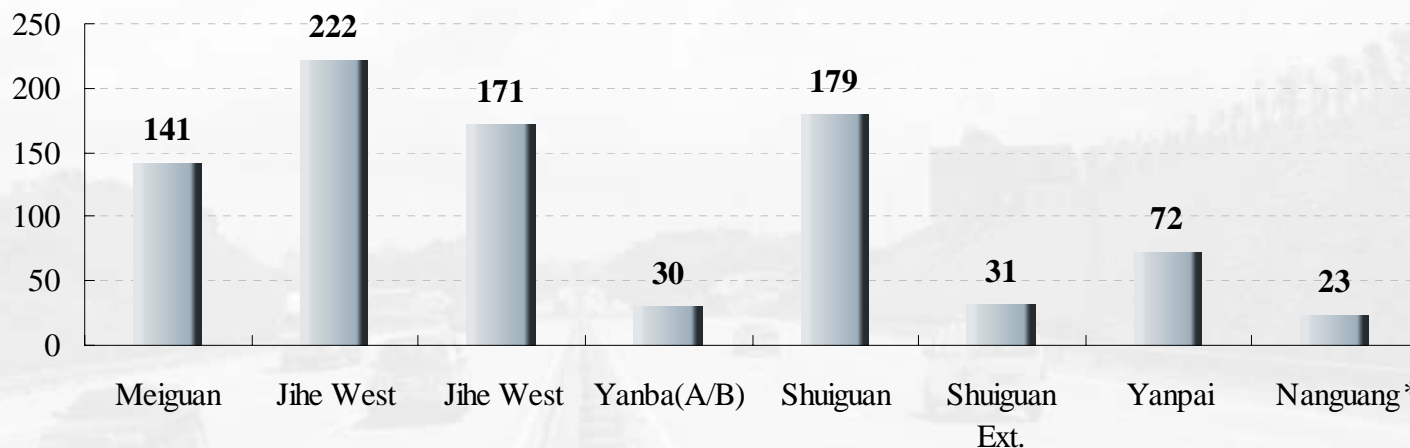
<i>(Unit: RMB' million)</i>	1H08	1H07 (restated)	Change
Revenue	1,758	1,653	6.32%
Including: Toll Revenue	460	467	-1.48%
Profit attributable to equity holders	284	290	-2.03%
Earnings per share (EPS) (RMB)	0.130	0.133	-2.03%
Return on equity (ROE)	4.16%	4.21%	a decrease of 0.05 percentage points
Net operating cash flows & returns on investment	490	567	-13.58%

Prepared in accordance with HKFRS



Toll Revenues – Shenzhen region

(Unit: RMB' million)



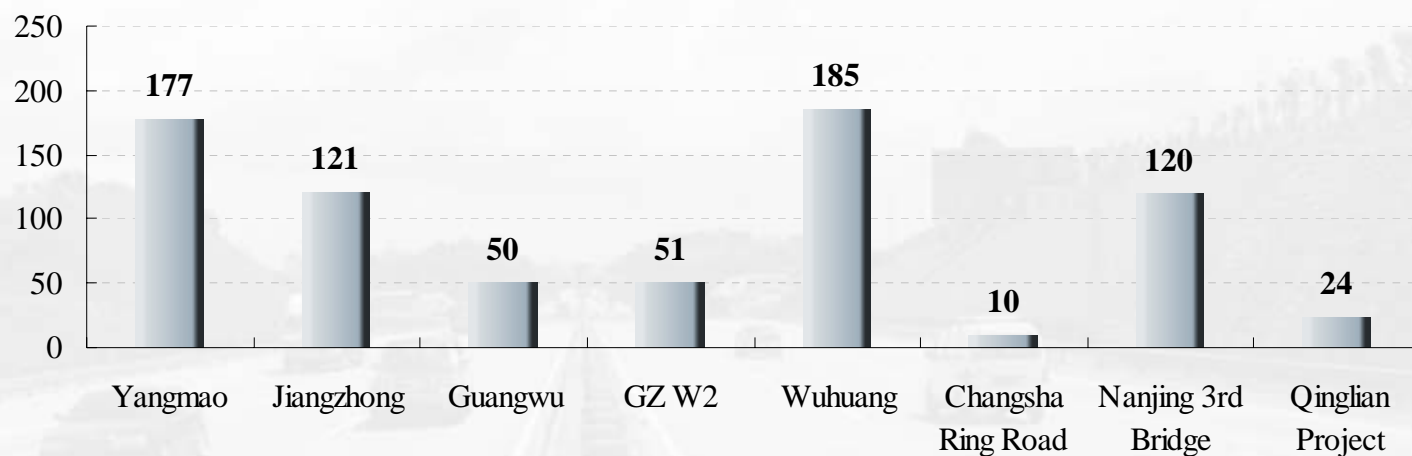
Growth rate (YOY) ▼12.87% ▲15.88% ▲7.32% ▲5.55% ▲13.78% ▲2.54% ▲20.86% N/A *

* The main trunk of Nanguang Exp. was open to traffic on 26 January 2008.



Toll Revenues – other regions

(Unit: RMB' million)



Growth rate (YOY) ▼ 3.17% ▲ 21.17% ▲ 5.92% ▲ 94.32% ▲ 0.71% ▲ 0.27% ▲ 7.21% ▼ 59.1%



Profit Breakdown

(Unit: RMB' million)

Profits before Interests, Tax & Administrative Expenses	Projects	1H08	1H07	Change
1. Profits from toll highways operated by the Group	Meiguan, Jihe West, Yanba, Yanpai, Qinglian, Nanguang	266	292	-8.7%
2. Share of profit of jointly controlled entities and associates (after deducting the adjustment to deferred income tax liabilities of RMB49,133,000 in 2007)	Jihe East, Shuiguan, Wuhuang, Changsha Ring Road, Yangmao, Jiangzhong, Guangwu, GZ W2, Shuiguan Extension, Nanjing Third Bridge	149	139	7.2 %
3. Other profits related to toll highway businesses		36	63	-44.7%
Total		451	494	1.2%

Prepared in accordance with HKFRS



Cost of Services

<i>(Unit: RMB' 000)</i>	1H08	Change
Staff costs	25,576	24.44%
Maintenance costs	42,493	28.54%
Including: provision for maintenance/resurfacing obligations		
Depreciation & amortization	88,916	-0.29%
Other costs	24,516	34.39%
Total	181,501	12.72%

The main reasons of change

- escalating inflation
- expansion of maintenance work on highways

Financial Expenses

<i>(Unit: RMB' 000)</i>	1H08	Change
Financial costs	117,293	54.58%
Average borrowing cost	5.6%	a decrease of 0.5 percentage point

The main reasons of change

- the cessation of capitalization of borrowing interest for Nanguang Exp. upon its operation



Financial Highlights

<i>(Unit: RMB' million)</i>	30 Jun. 2008	31 Dec. 2007 (restated)	Change
Total assets	16,101	14,711	9.45%
Total liabilities	8,563	7,105	20.52%
Debt-to-asset ratio (total liabilities/total assets)	53.18%	48.30%	an increase of 4.88 percentage points
Total equity	7,538	7,607	-0.89%

Prepared in accordance with HKFRS

<i>(Unit: times)</i>	Jan.-Jun. 2008	Jan.-Dec. 2007 (restated)	Change
Interest covered multiple (profit before interests and tax/interest expenses)	2.09	3.16	a decrease of 1.07 times
EBITDA interest multiple (earnings before interests, tax, depreciation and amortization/interest expenses)	2.53	3.82	a decrease of 1.29 times

Prepared in accordance with HKFRS



Solid and Safe Financial Position

(Unit: RMB million)

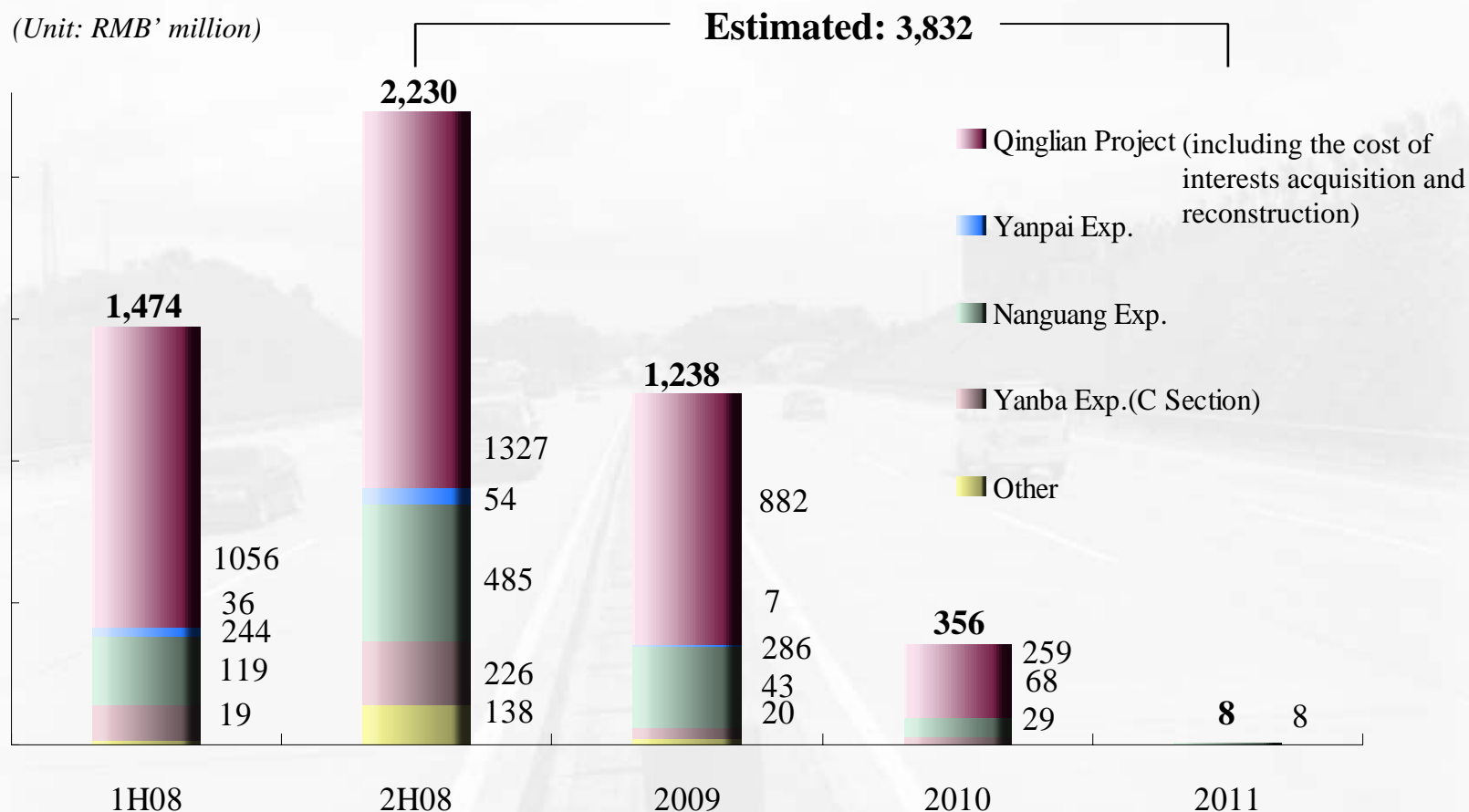
	1H08	1H07
Capital expenditure	1,474	1,790
Proportion of borrowings at fixed rates	78.1%	49.1%
Proportion of borrowings with terms over 5 years	63.0%	25.8%
Unutilized banking facilities	7,500	7,200

- Attaining the highest rating of AAA in Shenzhen credit rating for borrowing enterprises
- Attaining the highest rating of AAA in the follow-up rating for the corporate bonds of RMB800 million and Bonds with Warrants of RMB1.5 billion issued in 2007
- Continuing to enjoy the preferential rates from the People's Banks of China



Capital Expenditure Plan in the Next 3 Years

(Unit: RMB' million)





Challenges and Corresponding Measures (1)

Factors

Corresponding measures and strategies

- | Factors | Corresponding measures and strategies |
|--|---|
| ■ Slowdown in economic growth | ➤ Conducting studies and analyses in-depth on the existing operating projects for formulating targeted marketing strategies or traffic coordination measures |
| ■ Rise in fuel prices | ➤ Thoroughly evaluating the pressure brought about by such factors when conducting investment feasibility studies on new projects |
| ■ Rise in costs triggered by inflation | ➤ Adopting active cost control measures
➤ Optimizing construction plan and fully capitalizing on market-oriented methods to control the construction costs |



Challenges and Corresponding Measures (2)

Factors

Corresponding measures and strategies

- | Factors | Corresponding measures and strategies |
|--|--|
| ■ Changes in road networks or its planning | <ul style="list-style-type: none">➢ Expending publicity scopes for the highways and launching effective marketing measures➢ Continuously maintaining good communication and cooperation with government authorities for guiding reasonable distribution and connection in the regional road network➢ Timely adjusting construction proposals and making good preparation works |
| ■ Persistent tightened monetary policy | <ul style="list-style-type: none">➢ Continuously maintaining good cooperation with banks➢ Appropriately increasing foreign currency borrowings, with a view to broadening financing channels and optimizing the financing structure➢ Strengthening planning on capital expenditure and borrowings utilization |



Well-off Construction Projects

Qinglian Project

- 4-lane with a total length of approx. 216km, connects with the Yilian Exp. in the north and Guangqing Exp. in the south, a major trunk between Hunan Province and Guangdong Province
- As at the end of the Reporting Period, an aggregated investment amount (on accounting recognition basis) of approx. RMB2.78 billion had been utilized
- All reconstruction works are likely to be completed within this year as planned

Yanba Expressway (C Section)

- 6-lane with a total length of approx. 10km, connects with Yanba A and B, Shenhui Coastal Exp., and eastern Guangdong Province
- As at the end of the Reporting Period, an aggregated investment amount (on accounting recognition basis) of approx. RMB470 million had been utilized
- Project is expected to be completed within this year as scheduled



Reconstruction & Expansion

Meiguan Expressway

- As at the end of Reporting Period, the approval of the feasibility research report on the project and the work for inviting tenders for the preliminary design have been completed while the environmental impact evaluation is underway
- To be expanded to two-way 8 lanes

Expansion of Shuiguan Expressway

- As at the end of Reporting Period, the approval of the feasibility research report on the project has been completed
- A “two-way 6 lanes plus 4 ancillary lanes” proposal is intended to be adopted



Development Strategies

- Adheres to the development strategy of focusing on toll highway operation as its core business and the investment strategy of expanding toward the Pearl River Delta as well as other economically-developed regions in China and aims at bringing ever-improving returns to the shareholders and providing premier and government at reasonable costs

Investment Strategies

- Actively but prudently continues to follow the quality toll highway projects in Shenzhen and Pearl River Delta region

Financing Strategies

- Maintains solid financial position, rational capital structure, safe and abundant liquidity, and lower financing costs



Advantages

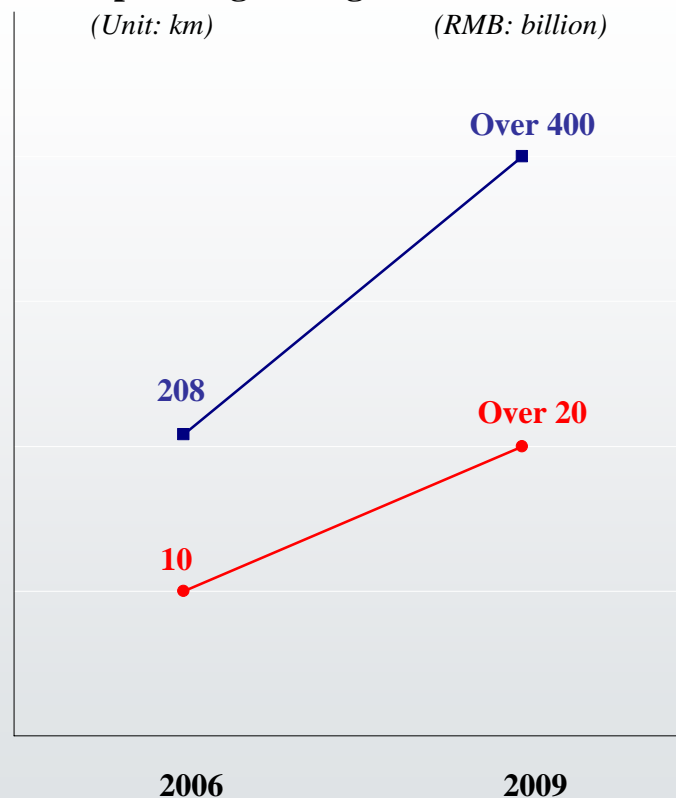
- Active and aggressive management
- United and well-motivated staff
- Practical development strategies
- Strong support from Shenzhen government
- Quality toll highways

New Profit Sources 2009-2012

- **New projects**
Nanguang Exp., Yanba Exp., Qinglian project
- **Entrusted construction management business**
Nanping (phase II), Coastal Exp. (SZ Section)
- **Entrusted operation management business**
Longda Exp., Coastal Exp. (SZ Section)

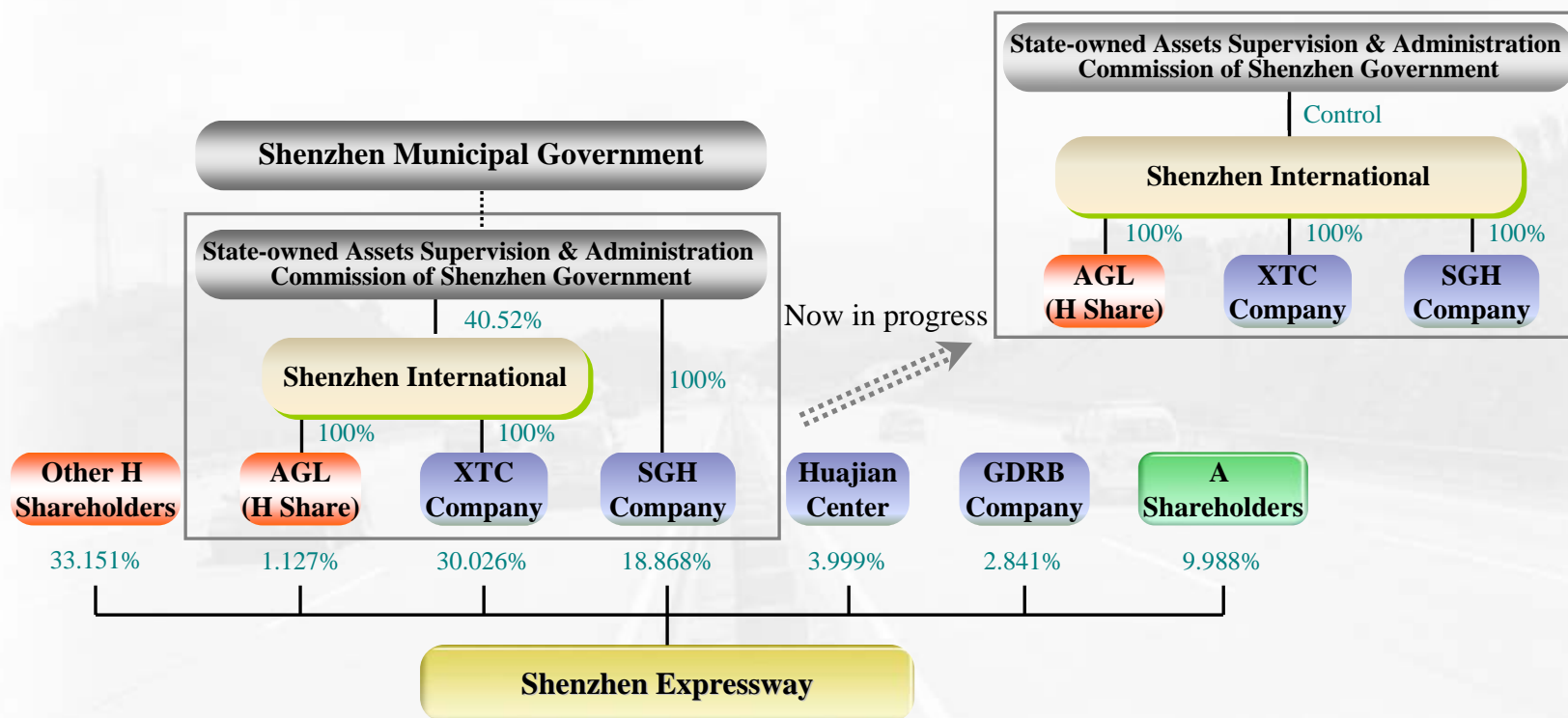
Outlook

■ Operating mileage (Unit: km) ● Total assets (RMB: billion)



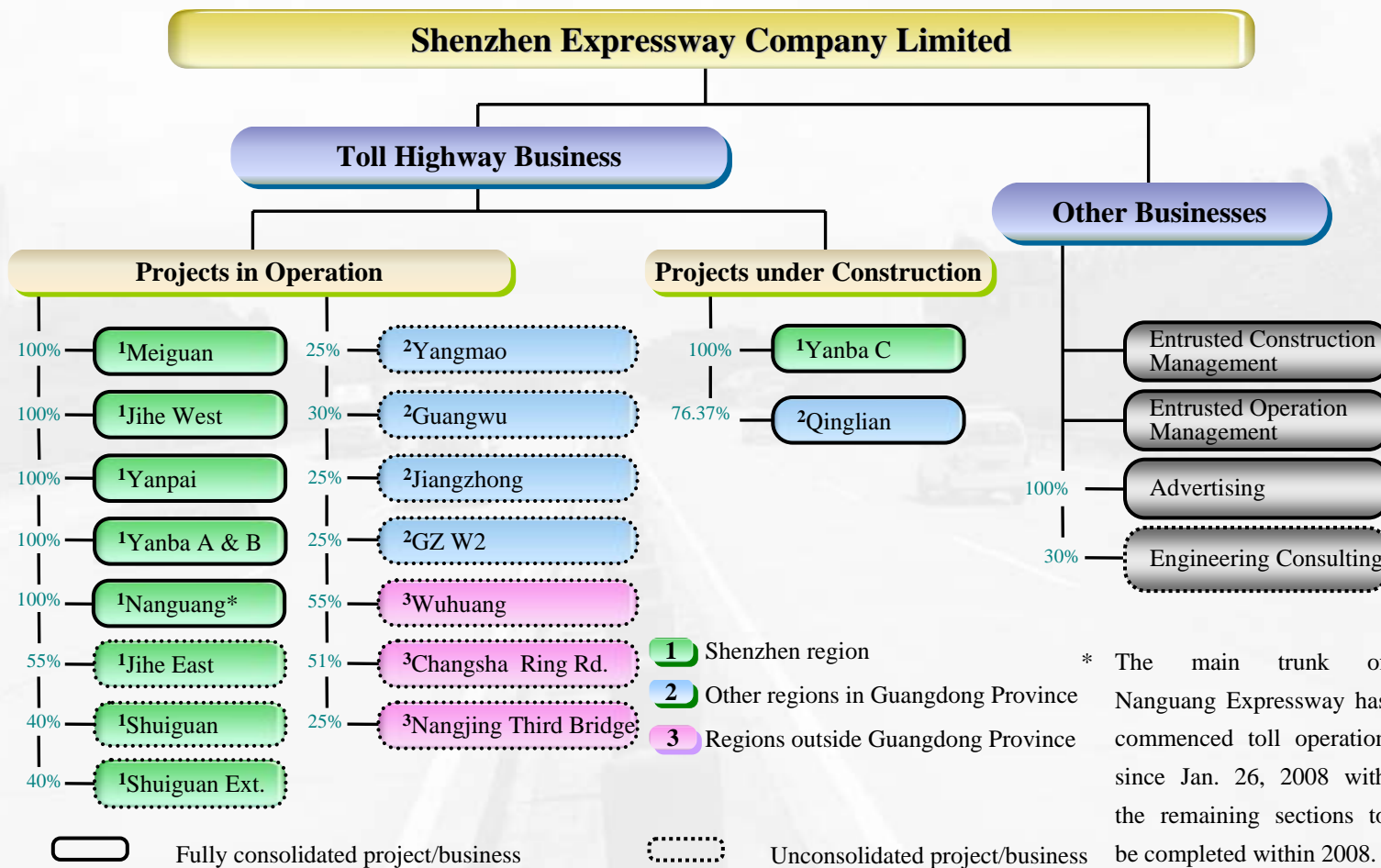


Shareholding Structure





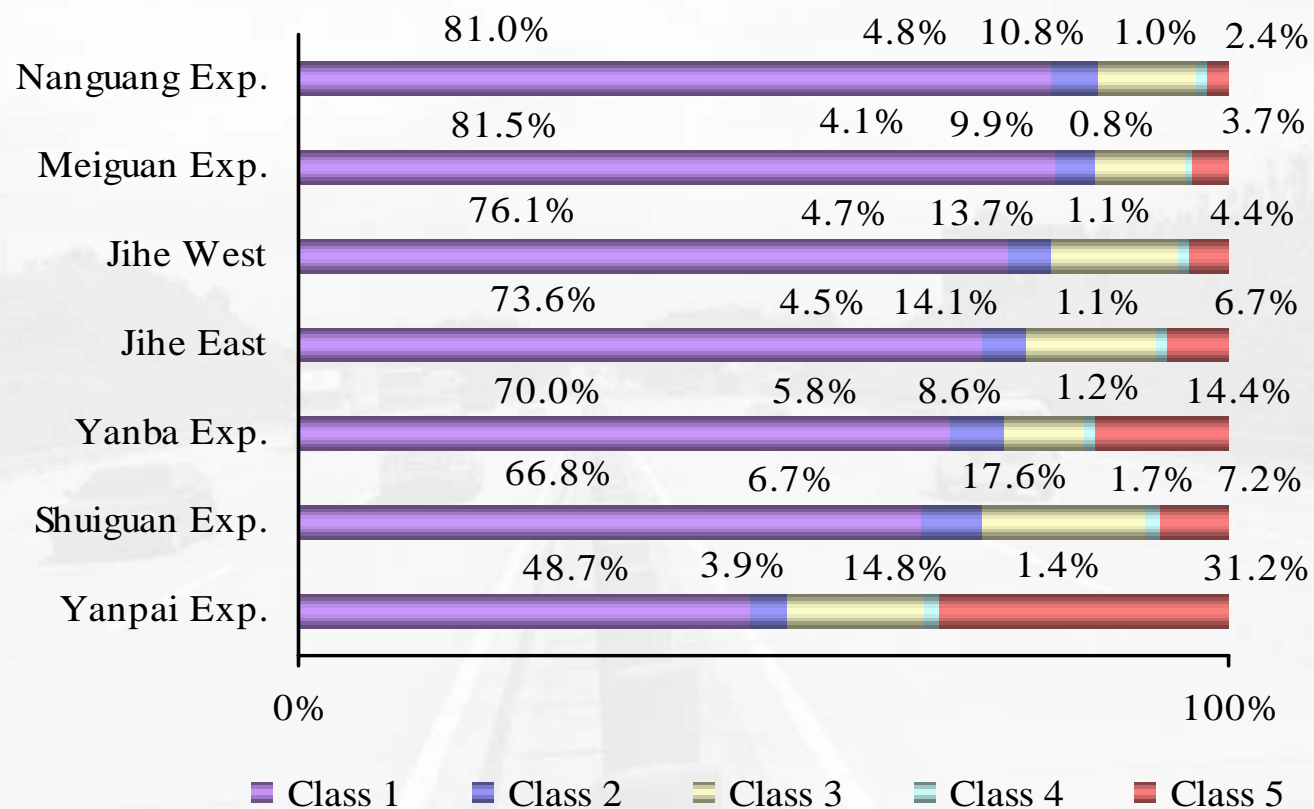
Business Structure



* The main trunk of Nanguang Expressway has commenced toll operation since Jan. 26, 2008 with the remaining sections to be completed within 2008.

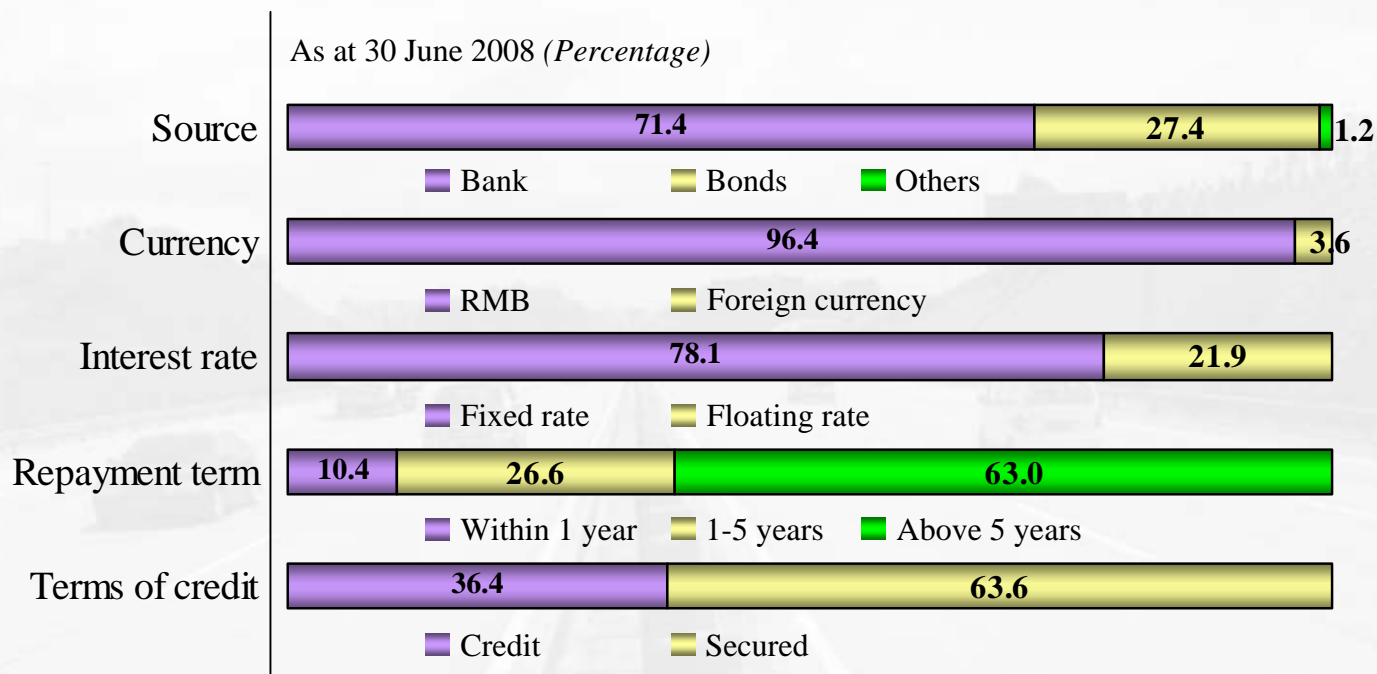


Vehicle Category of Major Toll Highways in 1H08





Borrowing Structure





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