



深圳高速公路股份有限公司

Shenzhen Expressway Company Limited

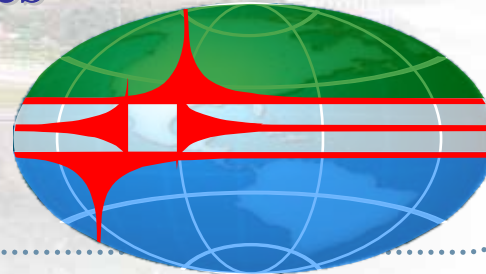
Annual Results Presentation 2009



22 March 2010

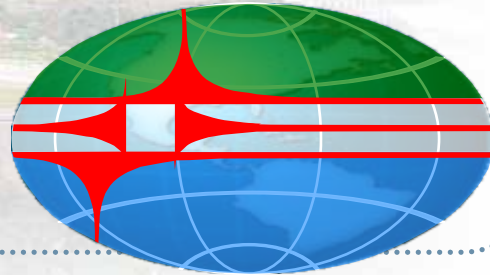
Contents

- I. Performance Summary
- II. Operation Review
- III. Financial Management
- IV. Development Strategies
- V. Appendix



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

I. Performance Summary



Results Highlights

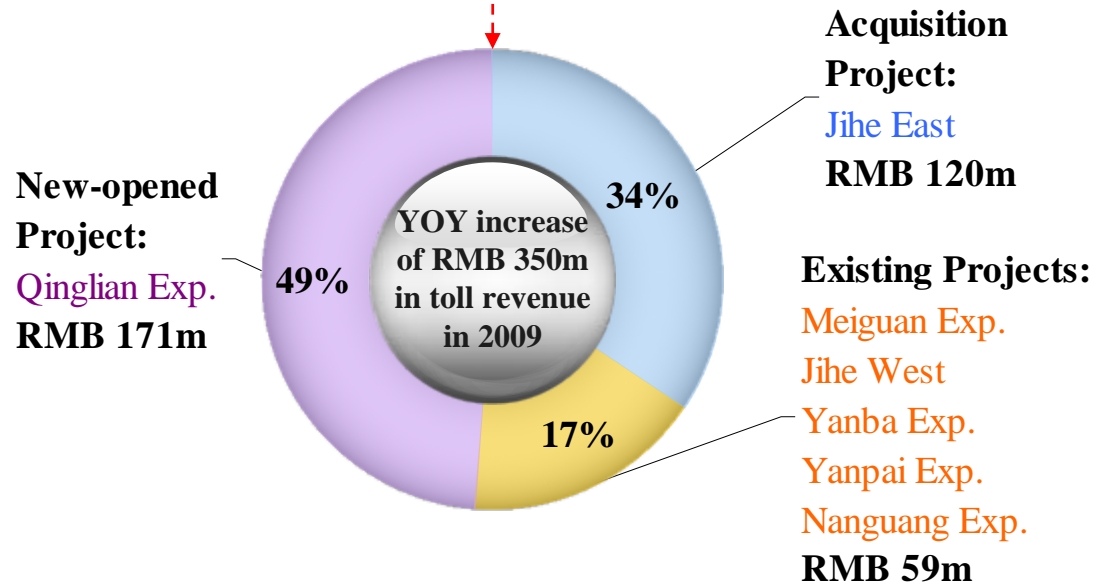
<i>(RMB' million)</i>	2009	2008	Change (%)
Revenue	2,475	4,242	↓ 41.7%
Incl.: Toll revenue	1,335	985	↑ 35.6%
Revenue from construction services under concession arrangements	1,034	3,179	↓ 67.5%
Profit attributable to equity holders of the Company	540	503	↑ 7.4%
<i>FYI: Net profit excluding the relevant figures of provisions for maintenance/resurfacing obligations and further payment of enterprise income tax in 2008</i>	604	596	↑ 1.3%
Earnings per share (EPS) (RMB)	0.248	0.231	↑ 7.4%
Return on equity (ROE) (%)	6.57%	7.14%	↓ 0.57 percentage point

Pursuant to IFRIC 12 effective from 2008, the Group is required to recognize revenue from construction services under concession arrangements, which reflects the construction/upgrade of roads with toll operating rights owned by the Group. Accordingly, the differences in scale and progress of the Group's construction/upgrade works will result in significant differences in income for each year. The accounting income reflected in this business item will not realize any cash inflow, and will not make any profit contribution to the Group in the current period.

Revenue

(RMB' million)	Toll revenue	Revenue from entrusted management services	Other income	Revenue from construction services under concession arrangements
2009	1,335	58	48	1,034
2008	985	35	44	3,179

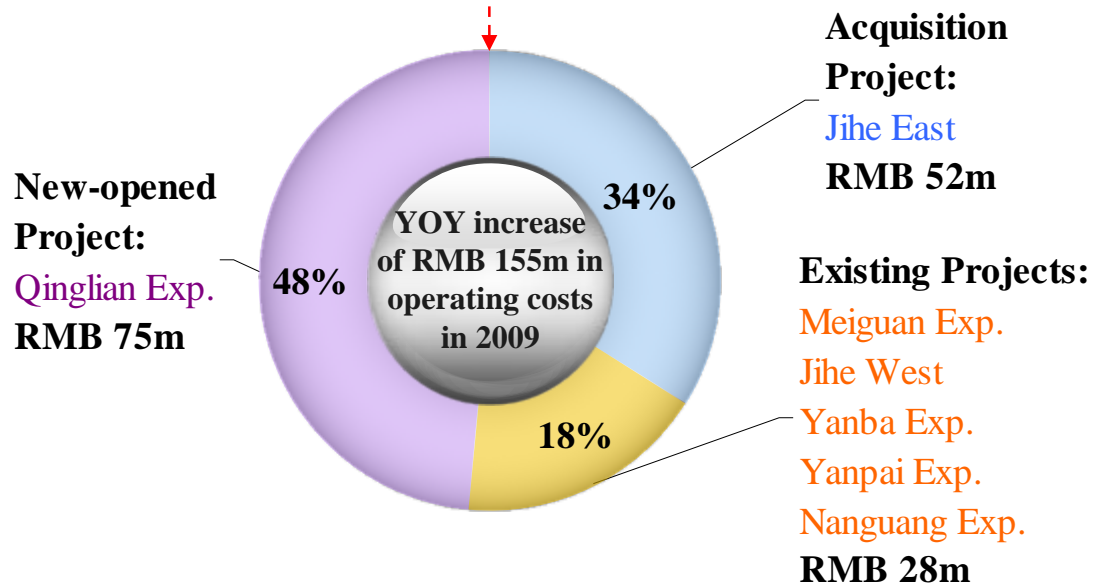
Change



Costs - cost breakdown

(RMB' million)	Operating costs	Costs from entrusted management services	Other costs	Costs from construction services under concession arrangements	Administrative expenses
2009	523	43	21	1,034	68
2008	368	14	20	3,179	54

Change	155	29	1	2,145	14
--------	-----	----	---	-------	----



Note: Excluding the relevant figures of provisions for maintenance/resurfacing obligations

Costs - analysis of operating costs

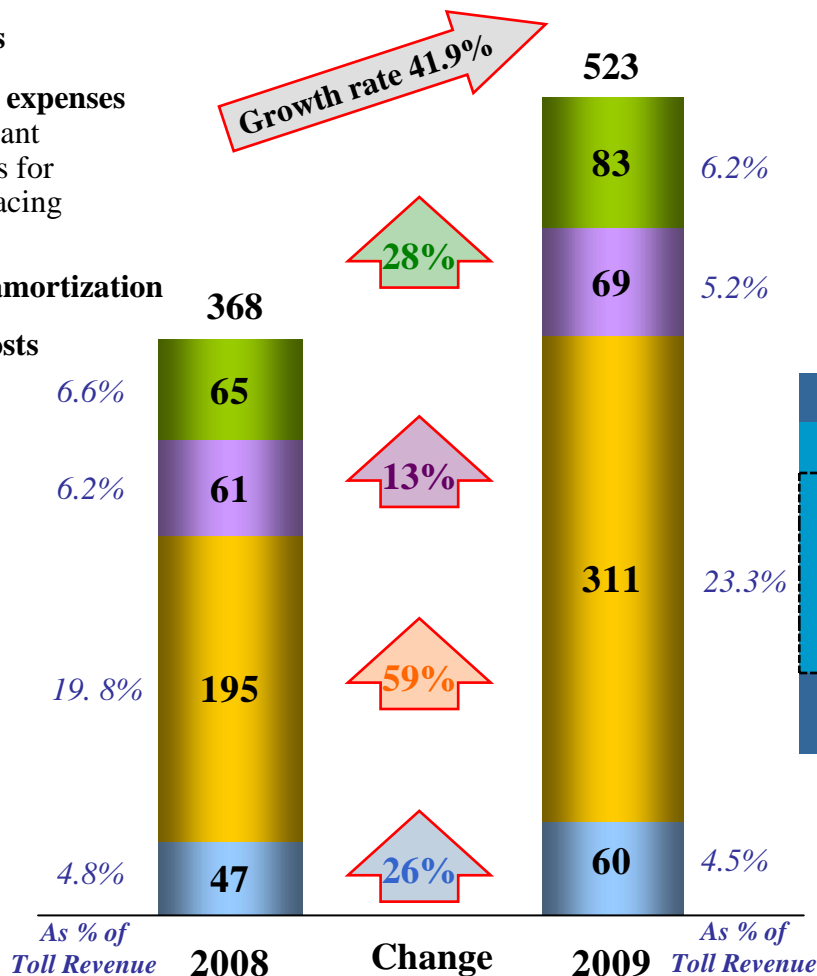
Operating Costs (RMB' million)

■ Employee expenses

■ Road maintenance expenses
(excluding the relevant figures of provisions for Maintenance/resurfacing obligations)

■ Depreciation and amortization

■ Other operating costs



Impact of making and adjusting provisions for maintenance/resurfacing obligations (RMB' million)

Item	2009	2008
Operating costs	119	43
Of which: Jihe West	51	22
Yanba Exp.	28	8
Yanpai Exp.	25	13
Nanguang Exp.	15	—
Profit/loss attributable to the Group	46	(28)

- Outlay costs remained stable.
- Operating costs increased due to the operation of new projects and the consolidation of Jihe East.

Finance Costs

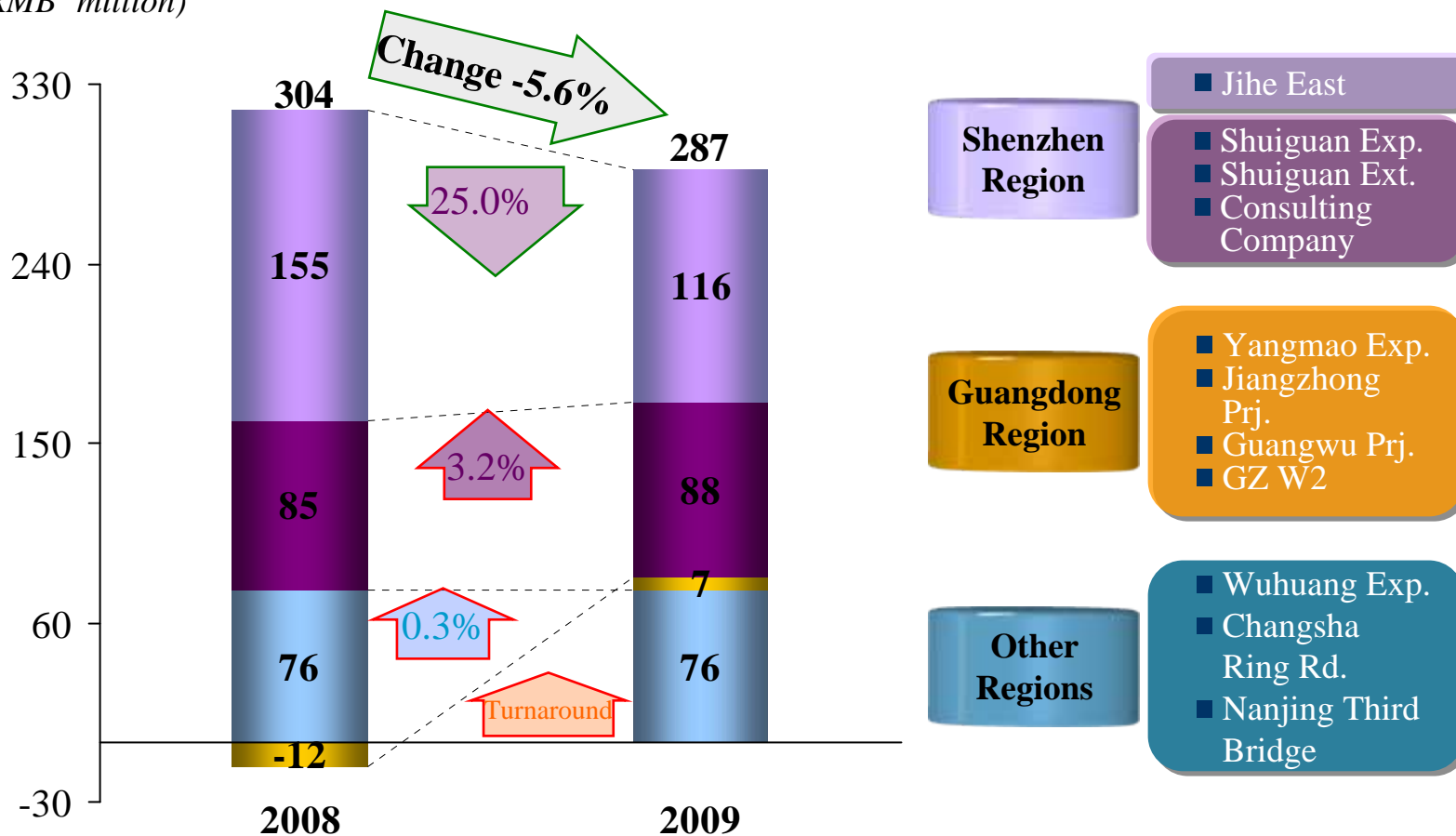
(RMB' million)			Change	
	2009	2008	(%)	(in amount)
Interest expenses	491	429	↑ 14.5%	↑ 62
Less: Interest capitalized:	(125)	(191)	↓ 34.44%	↓ 66
Exchange gain/loss and others	(3)	(7)		
<i>Excluding finance costs of time value of provisions for maintenance/resurfacing obligations</i>	363	231	↑ 57.0%	↑ 132
Add: Time value of provisions for maintenance/resurfacing obligations	28	24		
Finance costs	391	255	↑ 53.2%	↑ 136
Composite borrowing costs (account cost)	5.47%	5.70%	↓ 0.23 percentage point	
(outlay cost)	4.80%	4.90%	↓ 0.1 percentage point	

■ Finance costs increased due to:

- a rise in the expensed borrowing interests of Qinglian Project, Nanguang Expressway and Yanba (C)
- an increase of loan size

Contribution from Jointly Controlled Entities and Associates

(RMB' million)



The above data excludes the impacts of “making and adjusting provisions for maintenance/resurfacing obligations” and further payment of enterprise income tax in 2008.

Jihe East Company has been consolidated into the Group since 30 September 2009. During the Reporting Period, the period of the profit contribution from Jihe East as a jointly controlled entity was only nine months, which was less than previous year by three months.

Other Influences

Adjustments to Provisions for Maintenance/resurfacing Obligations

- Since 1 April 2009, the Group has begun to make provisions for maintenance/resurfacing obligations in accordance with the adjusted maintenance/resurfacing plan .
- Pre-tax discount rate : 6.62%
- Involved projects:
Jihe East, Jihe West, Yanba (A/B) and Yanpai Exp.
- Influences:
 - increased shareholders' equity as at the end of the Reporting Period by RMB18,206,000, and increased net profit for the year 2009 by RMB18,206,000
 - without material impact on the total assets, financial condition and profitability of the Group for the Reporting Period and the Year as a whole

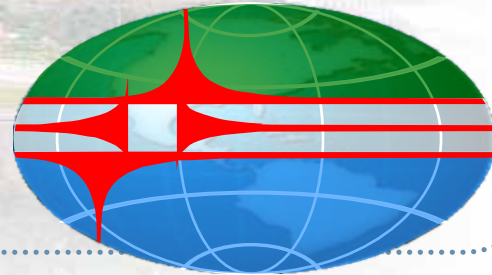
Adjustments to Unit Amortization Amount of Intangible Assets under Concession of Jihe East

- The acquisition of Jihe East Company was completed on 30 September 2009
- Since 1 October 2009, the Group has adjusted the unit amortization amount of intangible assets under concession of Jihe East based on the adjusted forecast total traffic volume for future operating period
- Influences:
 - increased shareholders' equity as at the end of the Reporting Period by RMB1,502,000, and increased net profit for the year 2009 by RMB1,502,000
 - without material impact on the total assets, financial condition and profitability of the Group for the Reporting Period and the Year as a whole

Recognition of Fair Value of Jihe East Company

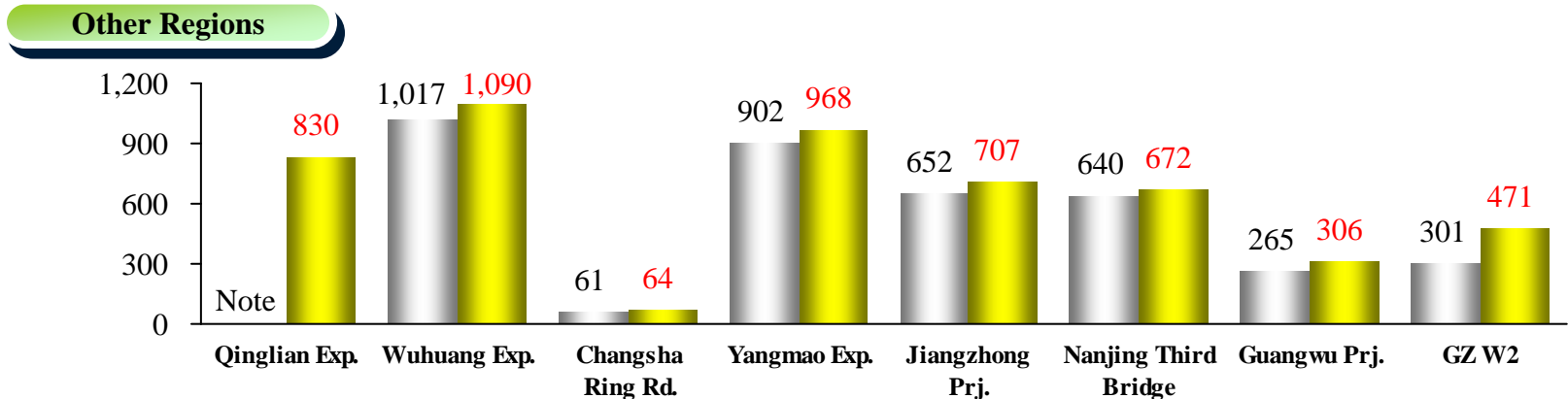
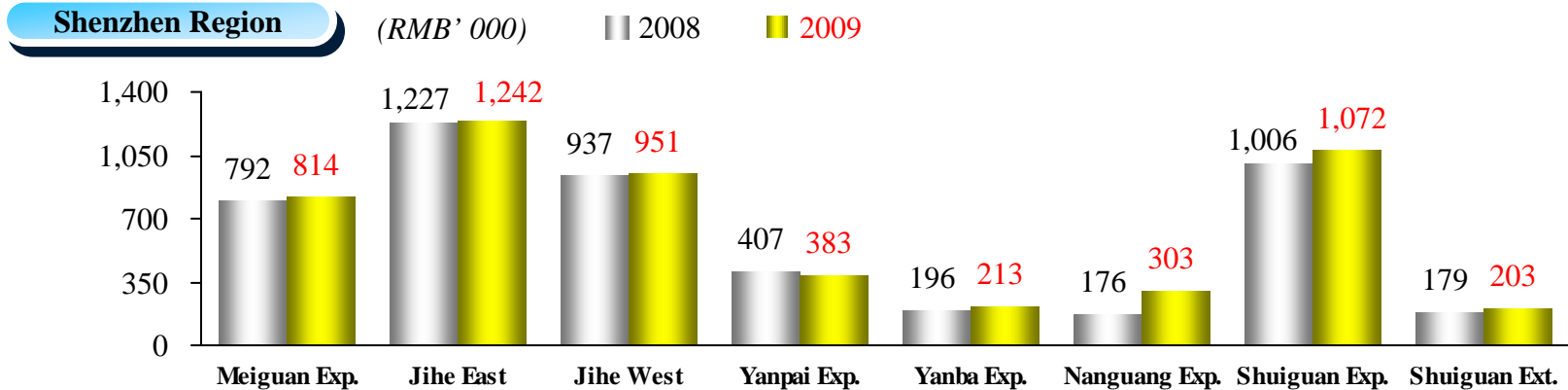
- Recognized the fair value of net assets of Jihe East Company of RMB2,396,000,000 at consolidation date:
 - the fair value attributable to the 45% interest was basically in line with the costs of the acquisition
 - the fair value of net assets of the original 55% interest increased by RMB893,000,000, which was credited to the capital reserve as asset revaluation surplus
- Influences:
 - increased shareholders' equity as at the end of the Reporting Period by RMB893,000,000, and diluted the ROE for the Year. Excluding its impact, the ROE is around 7.4%
 - To increase the annual amortization amount in the future

II. Operation Review



Steady Growth in Operating Performance

Average Daily Toll Revenue

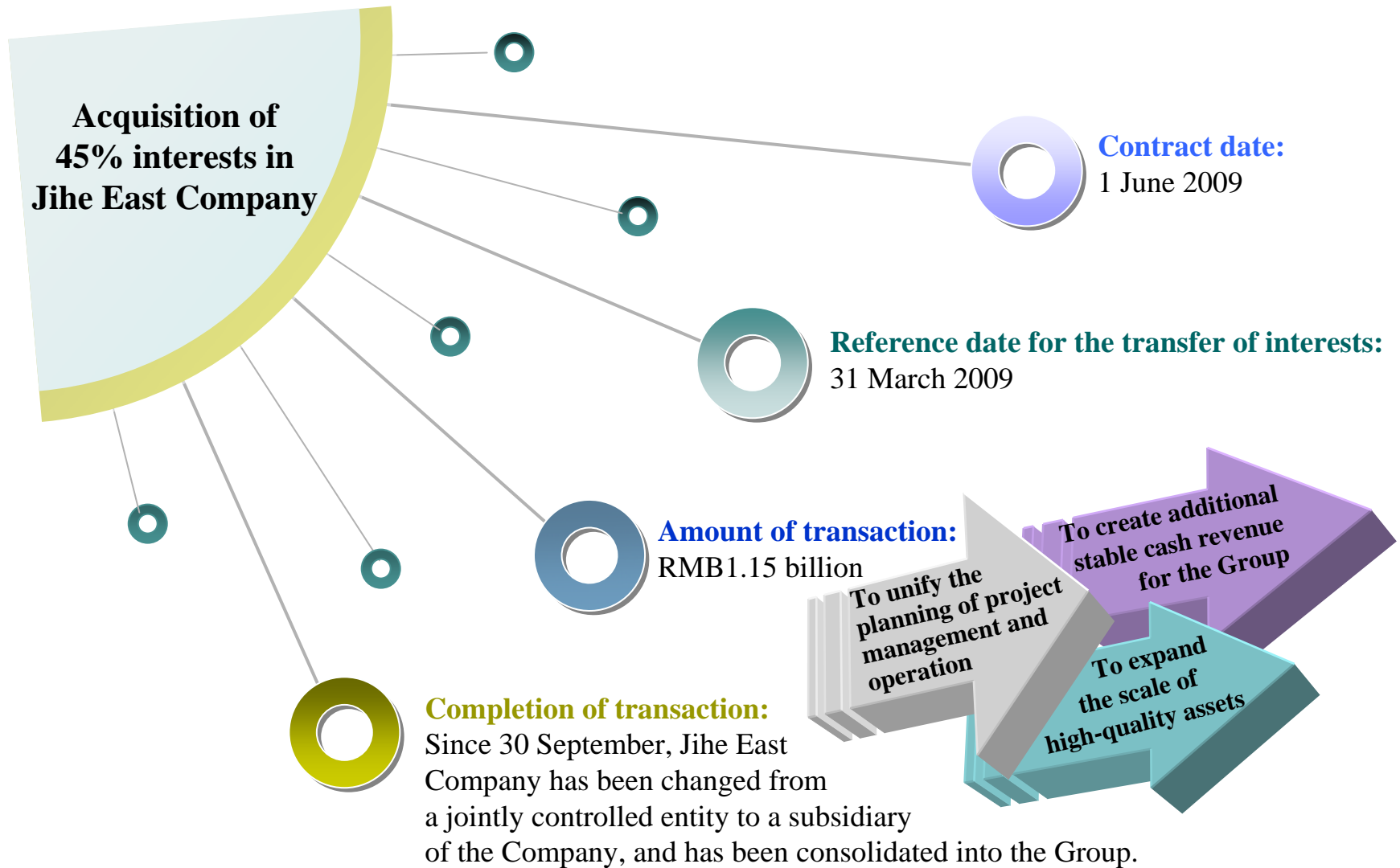


Steady growth strived by:

- Recovery of economy
As the import and export business has not markedly improved, the relevant traffic volume has not shown a clear recovery.
- Increase of car ownership
- Operation of new projects
- Proactive marketing promotion measures supplied by the Company

Note: The main route of Qinglian started to toll as expressway since 1 July 2009. The statistics of the year-on-year changes of Qinglian Expressway are not available.

Acquisition of Quality Project



Project Construction Pushed ahead as Schedule

Reconstruction of Qinglian Class 1 Highway into an Expressway

- **Main part of Qinglian project** (Fengtouling-Lianzhou section and Fengbu-Jingkou Section)
 - **1H2009** the reconstruction works of the main part completed on schedule
 - **Since 1 July 2009** operated as an expressway with the length of 188km
 - **Since 1 November 2009** conducted trial implementation of toll-by-weight on cargo vehicles

Liannan Section of Qinglian Project (Lianzhou-Fengbu section)

- **April 2009** commenced reconstruction into an expressway
- **February 2010** reconstruction of the original road surface was completed and the section resumed opening to traffic
- Overall reconstruction works were scheduled for completion at the beginning of 2011. The toll mileage of Qinglian Expressway will be increased by approximately 27km then



Latest Progress of Entrusted Management Business

	Project Profile	Calculating Method of Income
Nanping (Phase II)	<ul style="list-style-type: none"> ■ ECM Business <ul style="list-style-type: none"> ■ Estimated investment amount: appr. RMB4.1 billion ■ Completion schedule for A section: End of 2011 	<ul style="list-style-type: none"> ■ Management fee: 1.5% × construction budget ■ Sharing of the savings of construction budget
Longda Exp.	<ul style="list-style-type: none"> ■ ECM Business (Longhua Extension) <ul style="list-style-type: none"> ■ Estimated investment amount: appr. RMB190 million ■ Completion schedule for main works: 1H2011 	<ul style="list-style-type: none"> ■ Management fees: RMB5 million ■ Incentive payment on saving of construction costs
	<ul style="list-style-type: none"> ■ EOM Business Entrusted management period <ul style="list-style-type: none"> ■ 8 January 2008~31 December 2009 (executed) ■ 1 January 2010~31 December 2011 	<ul style="list-style-type: none"> ■ Calculated on an annual basis at RMB15 million or 8% of the audited net profit of Longda Company, whichever is the higher. ■ In any event shall not exceed RMB25 million.
Coastal Exp. (SZ Section)	<ul style="list-style-type: none"> ■ ECM Business <ul style="list-style-type: none"> ■ Estimated investment amount of phase I: appr. RMB8.8 billion ■ Entered into “Framework Agreement” 	<ul style="list-style-type: none"> ■ Management fee: 1.5% × construction budget ■ The other details are still under negotiation.
	<ul style="list-style-type: none"> ■ EOM Business <ul style="list-style-type: none"> ■ Entered into “Framework Agreement” ■ The operating management period will be a period of 25 years for toll collection of Coastal Exp. (SZ Section) 	<ul style="list-style-type: none"> ■ The management fees will be calculated based on the management fee standards to be approved by Shenzhen Municipal Government. The detailed terms are still under negotiation.

“ECM” is the abbreviation for entrusted construction management.

“EOM” is the abbreviation for entrusted operation management.

Project Development

Project Expansion

Shuiguan Expressway

- Expanded to eight lanes
- Estimated investment amount: appr. RMB1.1 billion
- Another shareholder of the Project Company is in charge of the expansion construction. Scheduled to be completed in the second half of 2011.

Meiguan Expressway

- The North Section (Qinghu-Liguang, appr. 11km) will be expanded to eight lanes with asphalt road surfaces.
- Construction budget: appr. RMB774 million
- The expansion will be commenced in the first half of 2010. The duration will be 30 months.
- The reconstruction arrangement of the South Section is undetermined.


Preliminary Work


Outer Ring Expressway

- The last of the planned expressway in Shenzhen Municipal
- Established Outer Ring Expressway Project Company for an in-depth study on the revenue and risks with the aim to verify its investment value.

Coastal Expressway Airport Feeder

- The approval work for construction proposal was temporarily halted.

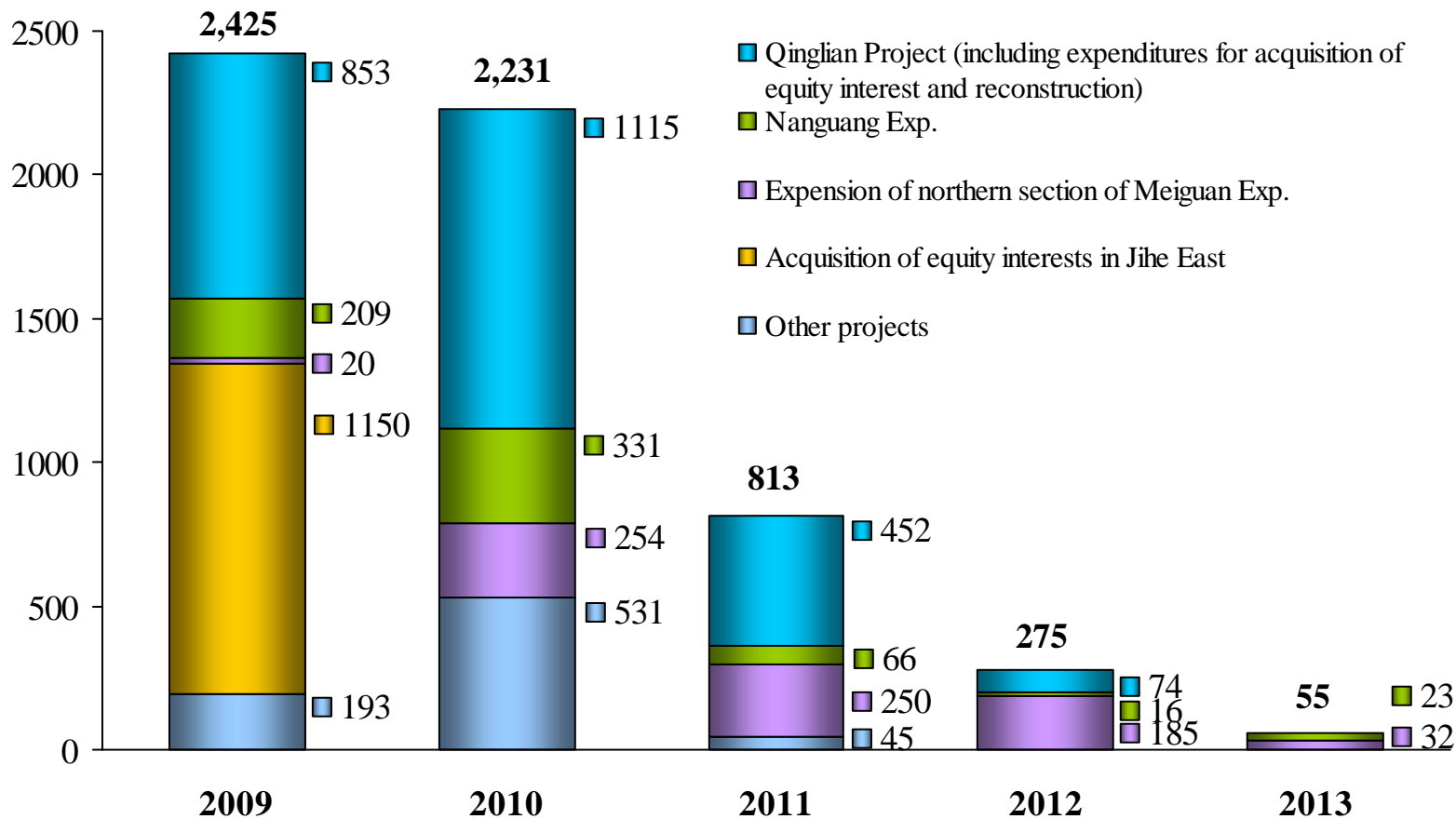
- 
- To enhance the project's capacity and level of service and to meet the needs of social development.
 - To strengthen the medium-and-long-term competitiveness of the operating toll highways.

- 
- To reserve project resources.
 - To seize the market opportunity and lay the foundation for asset optimization.

Capital Expenditure Plan

(RMB' million)

Estimated: RMB3.37 billion

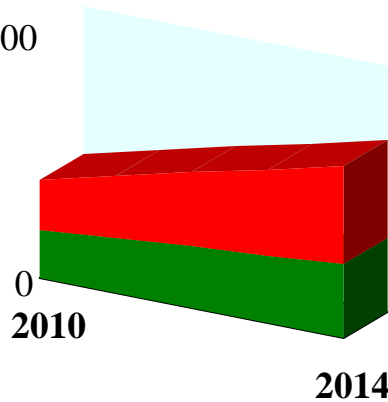


Management Objectives

Toll Revenue Target & Cost Control Target

- Toll revenue
- Operating costs & Administrative expenses

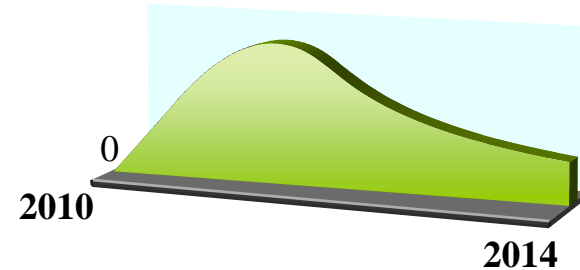
(RMB' million) 5000



Revenue Target of Entrusted Management Business

- Income sources of ECM business: Longda Exp., Nanping (Phase II), Coastal Exp.
- Income sources of EOM business: Longda Exp., Coastal Exp.

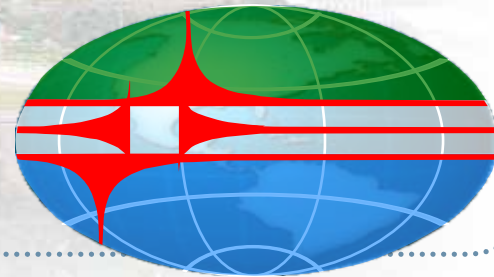
(RMB' million) 100



Principles of Project Acquisition and Investment

- Acquiring existing toll highway projects based on the principle to improve ROE and capital management
- Avoid the investment in greenfield toll highway projects outside Shenzhen region.

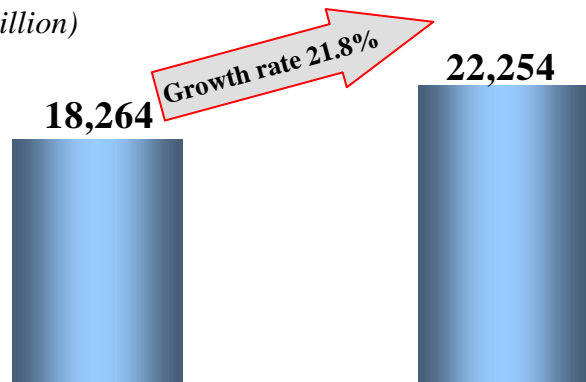
III. Financial Management



Financial Position - assets status

Total Assets

(RMB' million)

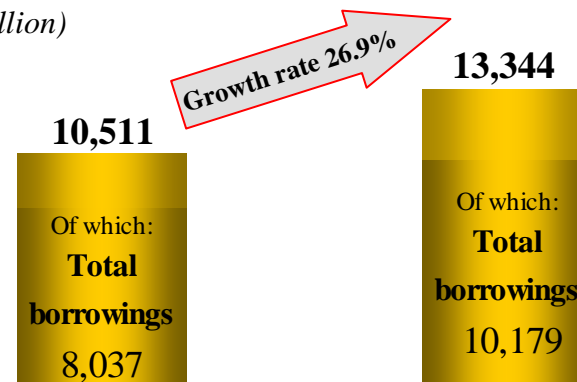


As at 31 Dec. 2008

As at 31 Dec. 2009

Total Liabilities

(RMB' million)

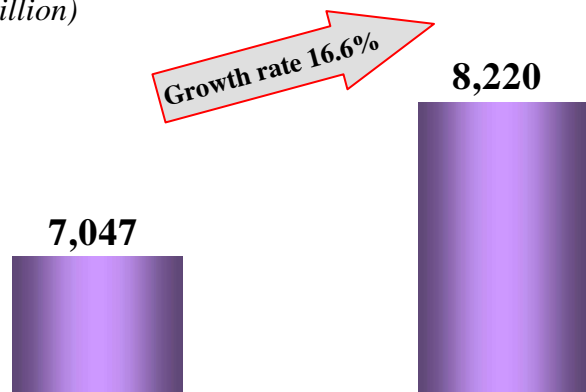


As at 31 Dec. 2008

As at 31 Dec. 2009

Equity Attributable to Equity Holders of the Company

(RMB' million)

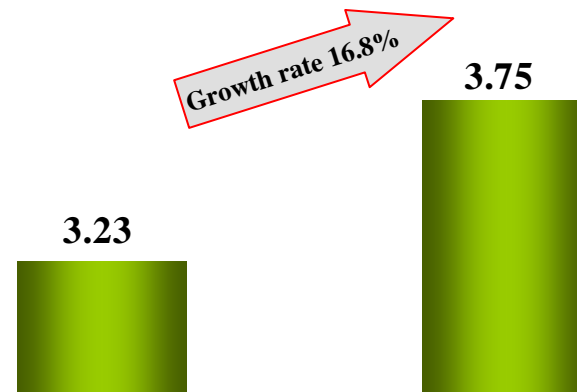


As at 31 Dec. 2008

As at 31 Dec. 2009

EPS

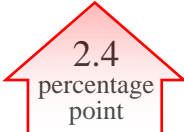
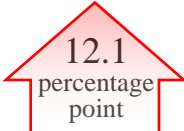
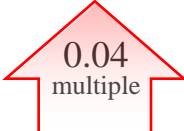
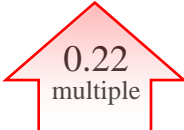
(RMB)



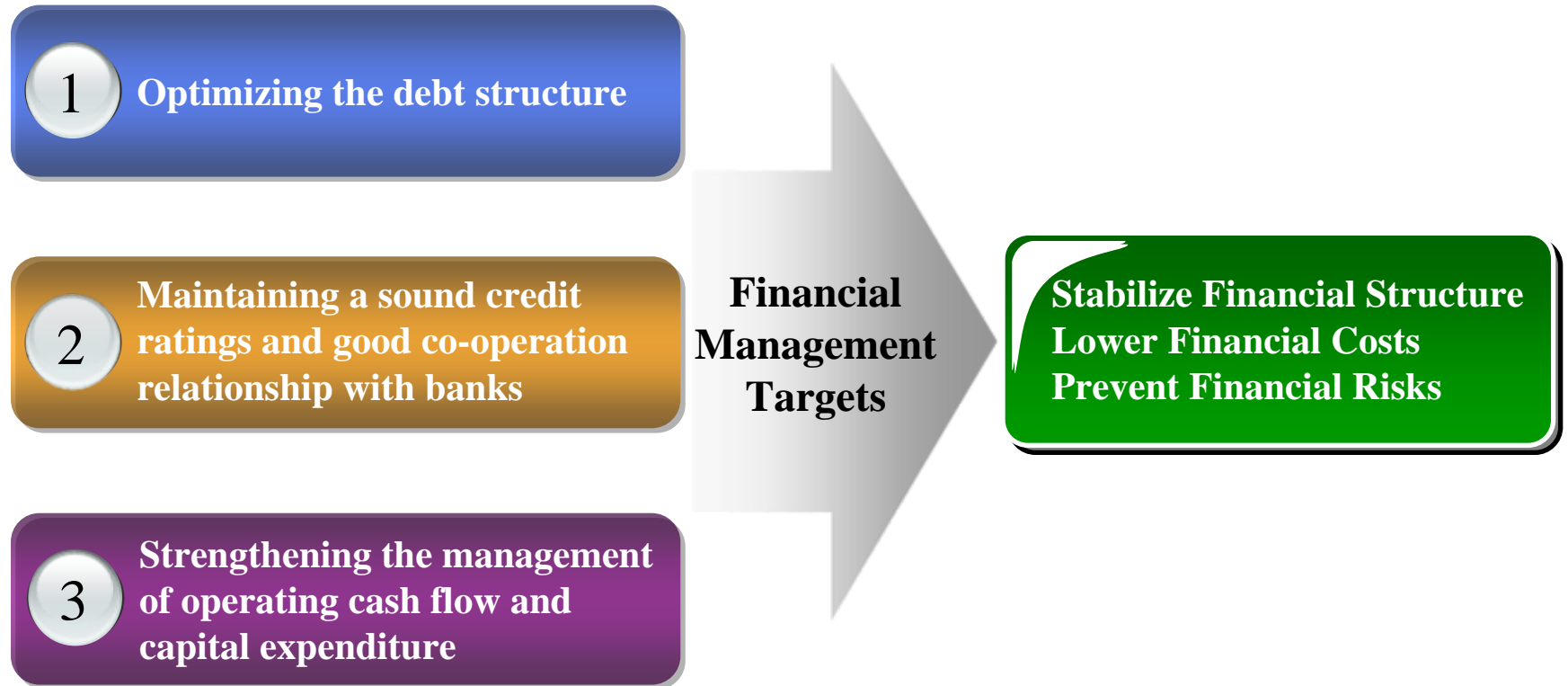
As at 31 Dec. 2008

As at 31 Dec. 2009

Financial Position – financial index

(%)	2009.12.31	2008.12.31	Change
Debt-to-asset Ratio (total liabilities / total assets)	60.0%	57.6%	 2.4 percentage point
Net borrowings-to-equity Ratio ((total borrowings – cash and cash equivalents) / total equity)	108.9%	96.8%	 12.1 percentage point
(multiple)	2009	2008	
Interest covered multiple (profit before interests and tax / interest expenses)	1.86	1.82	 0.04 multiple
EBITDA interest multiple (earnings before interests, tax, depreciation and amortization / interest expenses)	2.49	2.27	 0.22 multiple

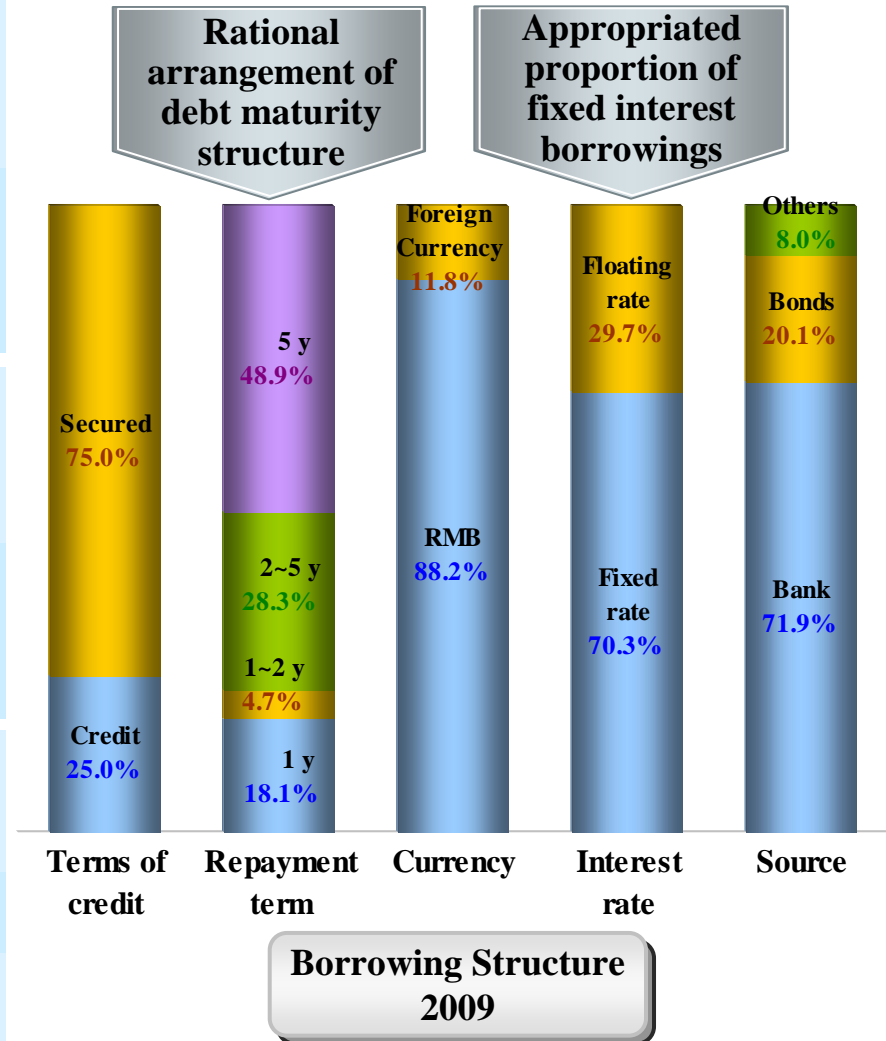
Financial Strategies



Financial Strategies

1 Optimizing the debt structure

Timely replacing original bank loan	2009	Replaced original bank loans by new ones with lower costs
	2010	Use the lower-cost funds from the Group to repay the part of the higher-cost bank loans for Qinglian Project
Utilizing low-interest rate foreign currency loans	2009	Foreign currency-denominated liabilities: equivalent to app. RMB1.2 billion
	2010	Appropriately increase the proportion of foreign currency loans
Using new financing products	2007	<ul style="list-style-type: none"> Issued corporate bonds of RMB800 million Issued convertible bonds of RMB1.5 billion with warrants
	2009	<ul style="list-style-type: none"> Adopted foreign currency loans and trust loans
	2010	<ul style="list-style-type: none"> To issue medium-term notes Lock the exchange rates and interest rates of foreign currency-denominated liabilities



Financial Strategies

2

Maintaining a sound credit ratings and good co-operation relationship with banks

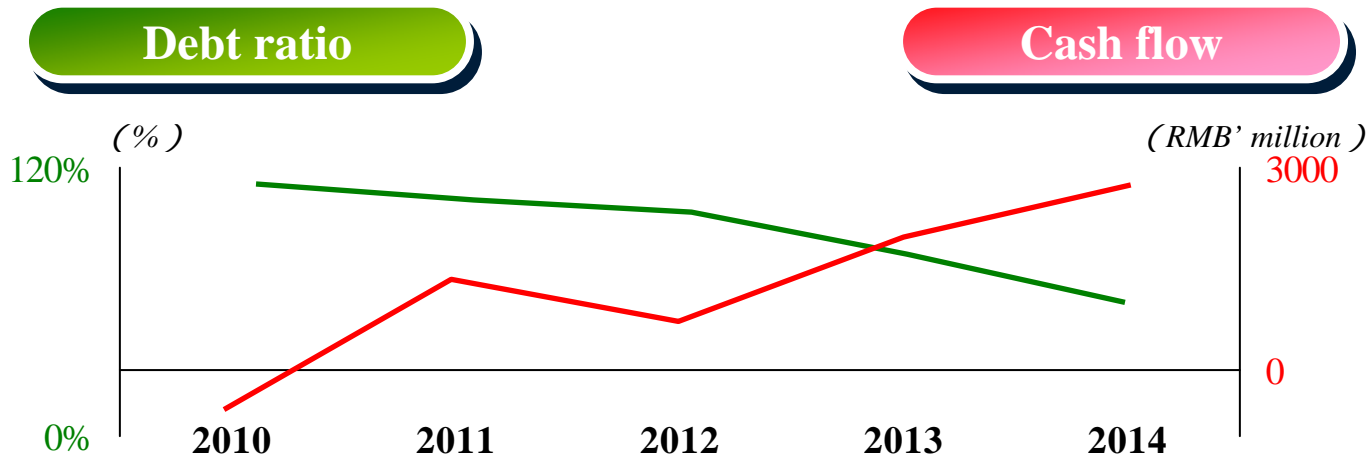
- Continuing to enjoy the best lending rate of the People's Bank of China
- Maintaining a sound credit ratings:
 - maintaining the highest rating of AAA in credit rating for various credit rating categories
- Maintaining sufficient banking facilities
 - at the end of the Reporting Period, unutilized banking facilities available amounted to RMB7.3 billion.

3

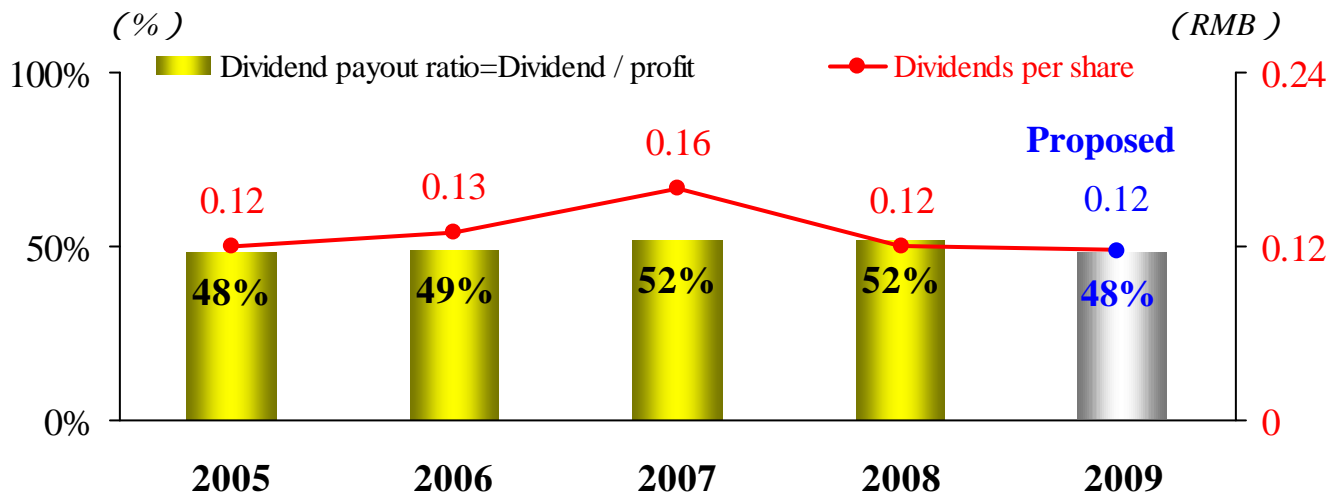
Strengthening the management of operating cash flow and capital expenditure

- Promoting the management of dividend in the invested enterprises
- Enhancing capital expenditure planning

Financial Planning

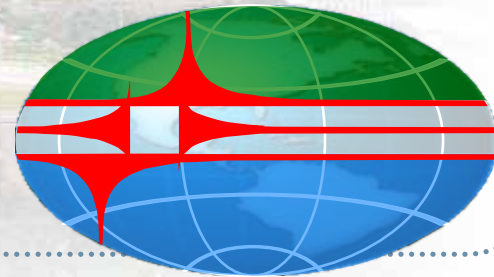


Dividend Payout Ratio



Note: The dividend payout ratio was calculated based on the financial statistics of the year of payout without taking into consideration of the effect of changes in accounting policies thereafter.

IV. Development Strategies



Advantages and Disadvantages

Advantages

- Market-oriented management concept
- Abundant construction and operation management experiences
- Experienced and efficient-collaborated management team
- Constantly enhanced corporate governance
- Sound corporate reputation

Disadvantages

- Lower ROE
- Limited contribution from other businesses relating to toll highway
- The integrated management capabilities needs to be enhanced to match the growing assets scale
- Shortage of talents

Opportunities and Challenges

- The impact of the financial tsunami on the real economy subsisted.
- The downward trend of exports improved inconsiderably and restrained the increase of lorries.
- Risks of industry policies

- A series of policies to boost the domestic demand gradually showed preliminary effects:
 - constantly improve regional road networks
 - relatively liberal credit environment
- National revitalization plans for auto industry and logistics industry
- Regional development planning
- Sustained growth of the ownership of vehicles
- Market-oriented opportunities of entrusted construction/operation businesses

External Challenges

Internal Challenges

External Opportunities

Internal Opportunities

- Finance costs rise brought by increase of expensed interests.
- High level of CAPEX and debt ratio
- Risks of management increase along with the growing assets scale

- Owning quality toll highways projects
- Gradual maturity of new projects
- Good reputation in entrusted construction management market

Our Strategies

Enhancing effectiveness level

- Optimizing assets structure
- Strengthening cost control
- equal stress on construction, operation and road assets maintenance

Enhancing the Company's management standards

- Strengthening internal control and risks management
- Optimizing the structure of human resources

Enhancing sustainable development ability

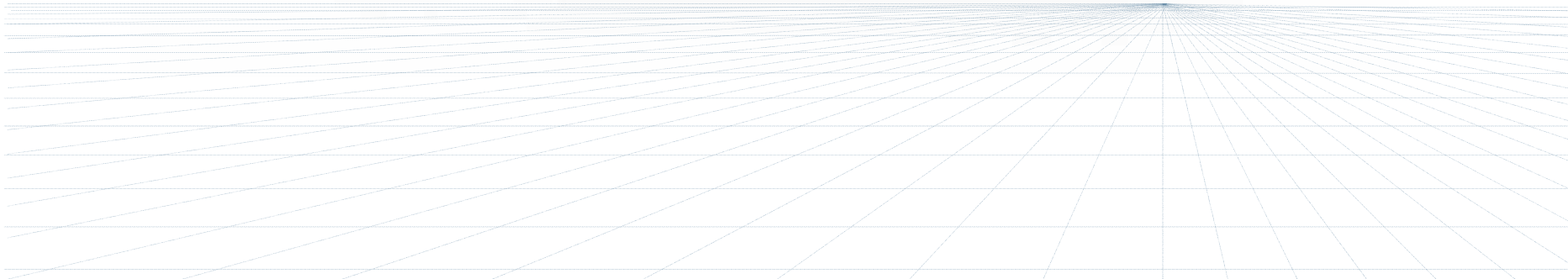
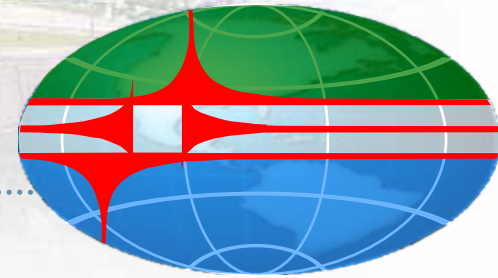
- Advertising business
- Entrusted construction management business
- Development and use of lands along expressways

Sustainable Development

2010-2014 Development Strategies
Insisting to the market-oriented principle, relying to the expressway industry, actively exploring and attempting for new industry investment, realizing synergistic growth of scale and effectiveness.

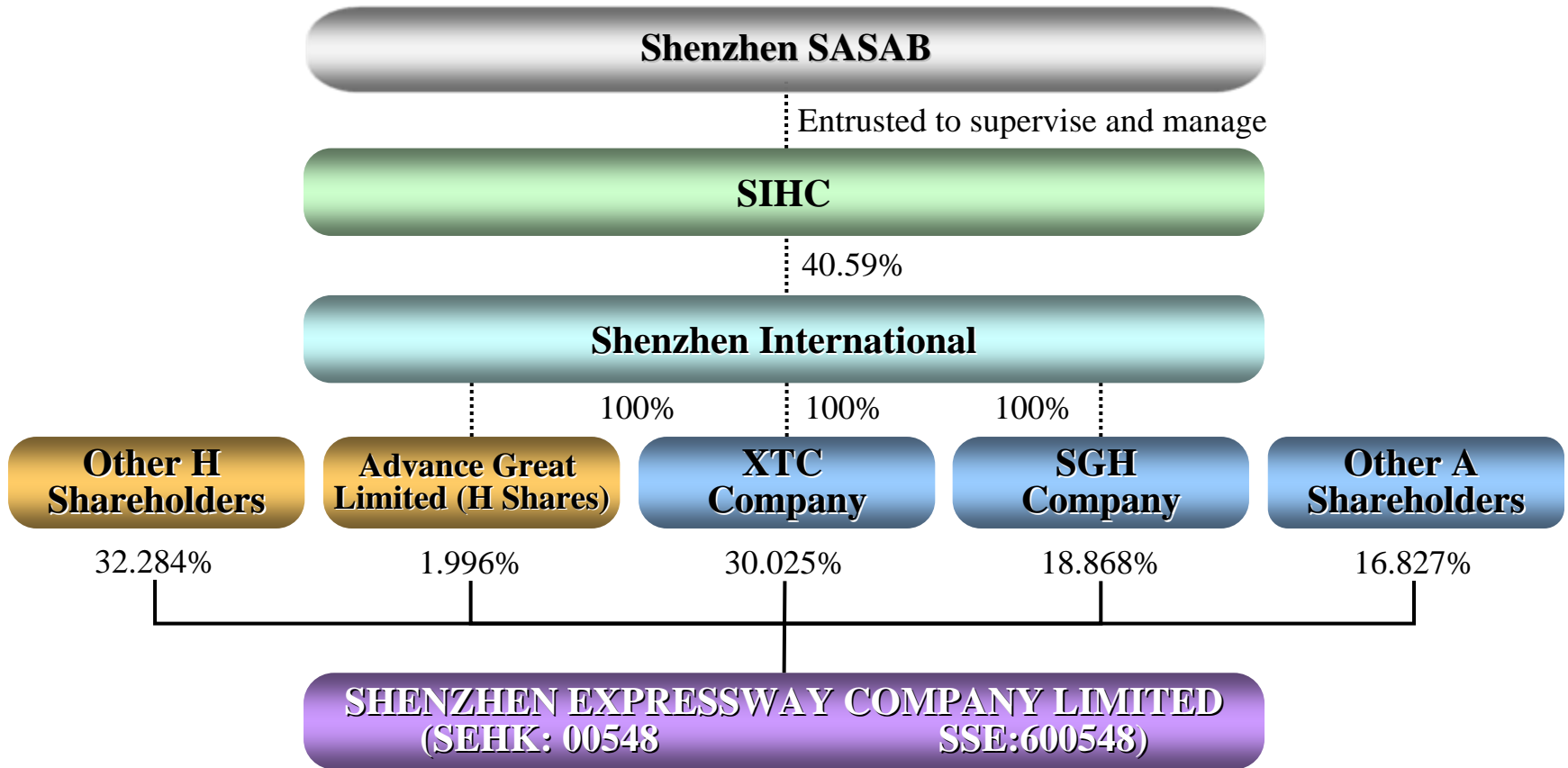
Exploring and attempting for industries and businesses related to principal business

V. Appendix



Company Information

■ Shareholding Structure



The total share capital of the Company is 2,180,770,326, of which H shares are 747,500,000, accounting for 34.28% and domestic shares are 1,433,270,326, accounting for 65.72%.

Company Information

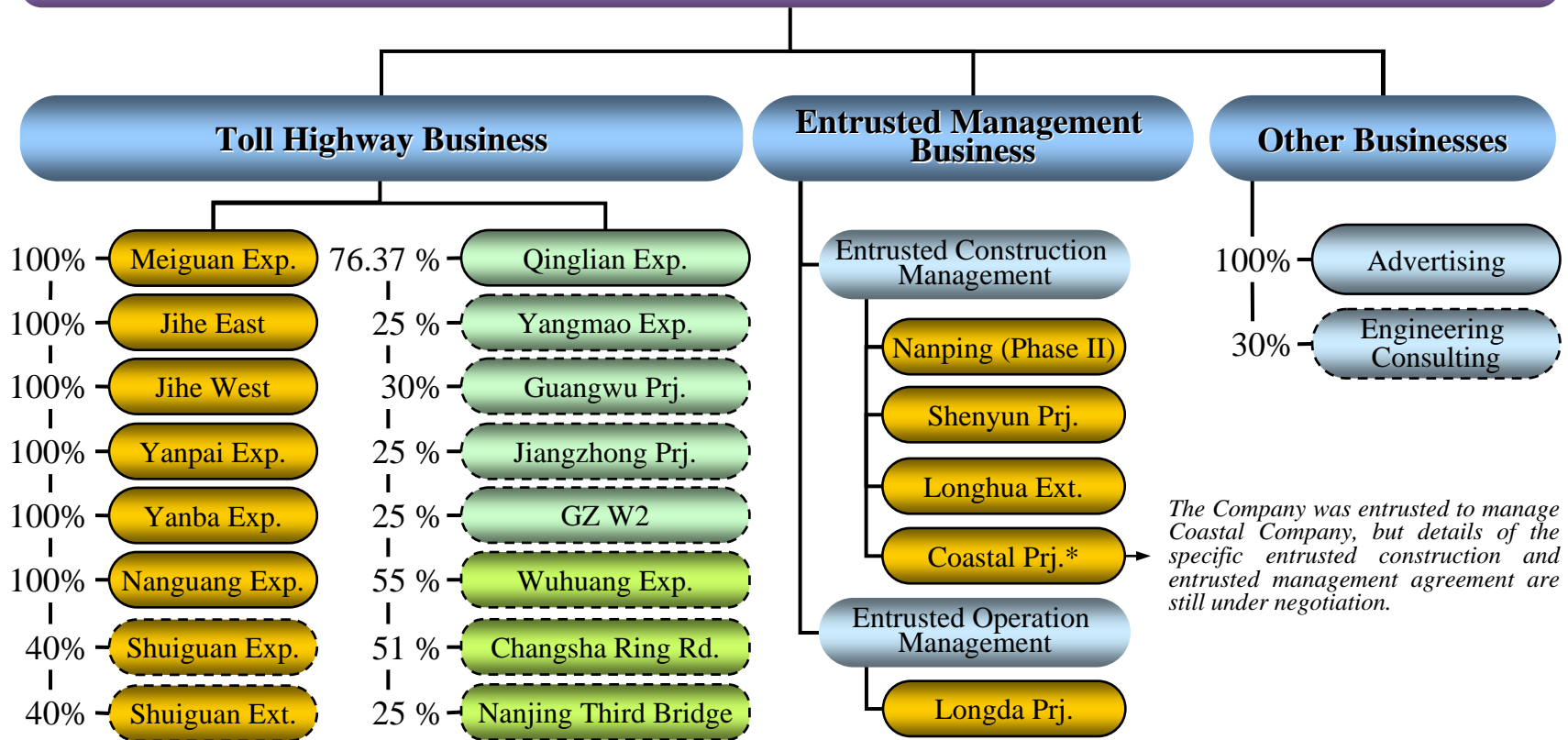
■ Coverage of Business



Company Information

■ Business Structure

SHENZHEN EXPRESSWAY COMPANY LIMITED



The Company was entrusted to manage Coastal Company, but details of the specific entrusted construction and entrusted management agreement are still under negotiation.

Legend

Shenzhen Region

Other Regions in Guangdong Province

Other Provinces in the PRC

Consolidated project/business

Un-consolidated project/business

Operation Information

■ Toll Highway Projects Summary

Toll Highway	Interest held by the Company	Location	Length (km)	No. of lanes	Status	Operation period
Meiguan Exp.	100%	Shenzhen	19.3	6/4	Under operation/extension	1995.05-2027.03
Jihe East	100%	Shenzhen	23.9	6	Under operation	1997.10-2027.03
Jihe West	100%	Shenzhen	21.7	6	Under operation	1999.05-2027.03
Yanba Exp.	100%	Shenzhen	29.1	6	Under operation	2001.04-2031.03
Shuiguan Exp.	40%	Shenzhen	20.1	6	Under operation/extension	2002.02-2025.12
Shuiguan Ext.	40%	Shenzhen	5.2	6	Under operation	2005.10-2025.12
Yanpai Exp.	100%	Shenzhen	15.2	6	Under operation	2006.05-2027.03
Nanguang Exp.	100%	Shenzhen	33.1	6	Under operation	2008.01-2033.01
Yangmao Exp.	25%	Guangdong	79.7	4	Under operation	2004.11-2027.07
Guangwu Prj.	30%	Guangdong	39.8	4	Under operation	2004.12-2027.11
Jiangzhong Prj.	25%	Guangdong	37.5	4	Under operation	2005.11-2027.08
GZ W2	25%	Guangdong	42.0	6	Under operation	Applying for approval
Qinglian Exp.	76.37%	Guangdong	188/27	4	Under operation/reconstruction	2009.07-2034.07
Wuhuang Exp.	55%	Hubei	70.3	4	Under operation	1997.09-2022.09
Changsha Ring Rd.	51%	Hunan	34.5	4	Under operation	1999.11-2029.12
Nanjing Third Bridge	25%	Jiangsu	15.6	6	Under operation	2005.10-2035.10

Note: With the same number of lanes, differences in surface material, designed speed and lane may cause differences in capacity. Generally, the capacity of a four-lane expressway is approximately 100,000 passenger car unit per day, while the capacity of a six-lane expressway is approximately 120,000 passenger car unit per day.

Operation Information

■ Average Daily Mixed Traffic Volume

<i>(Number of vehicles)</i>	2005	2006	2007	2008	2009
Shenzhen Region					
Meiguan Exp.	76,343	89,909	98,285	92,744	98,318
Jihe East	56,468	70,278	88,675	90,991	93,019
Jihe West	46,462	53,765	65,741	67,661	72,800
Yanba Exp.	11,572	14,179	12,492	13,879	16,509
Shuiguan Exp.	54,747	75,281	103,236	106,241	118,064
Shuiguan Ext.	31,739	25,477	28,086	28,181	32,294
Yanpai Exp.		15,915	26,313	31,898	33,763
Nanguang Exp.				16,336	32,212
Other Regions in Guangdong Province					
Yangmao Exp.	10,362	13,099	16,205	18,119	19,618
Guangwu Prj.	6,120	7,695	9,185	9,806	11,190
Jiangzhong Prj.	15,472	26,114	39,492	45,344	50,899
GZ W2		2,186	6,165	9,574	14,883
Qinglian Exp.					16,011
Other Provinces in the PRC					
Changsha Ring Rd.	5,393	5,439	5,791	6,020	7,342
Wuhuang Exp.	22,895	23,530	27,846	29,140	32,412
Nanjing Third Bridge	8,276	12,184	16,788	18,334	20,029

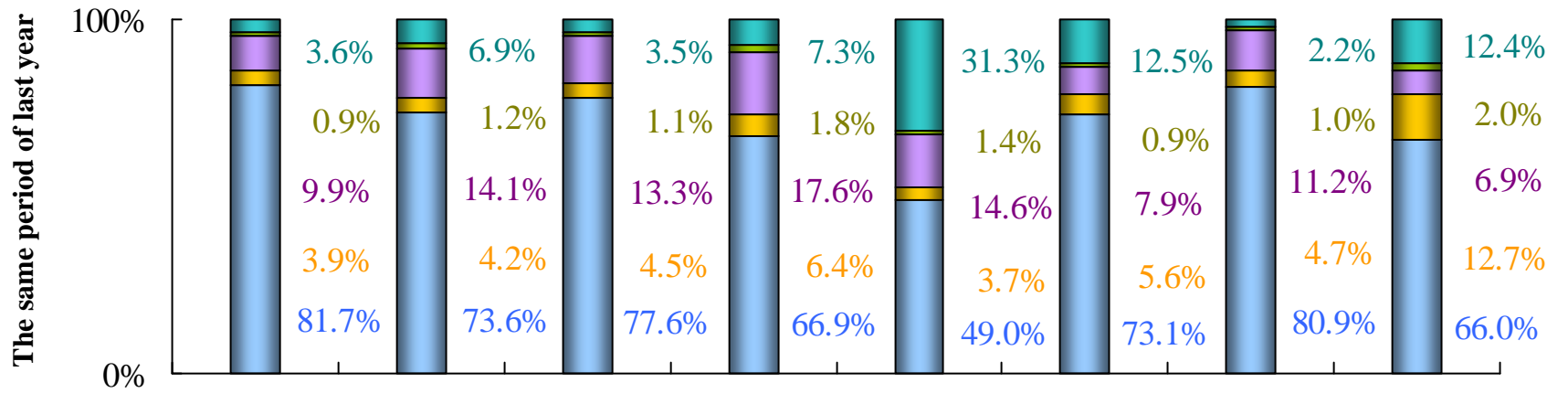
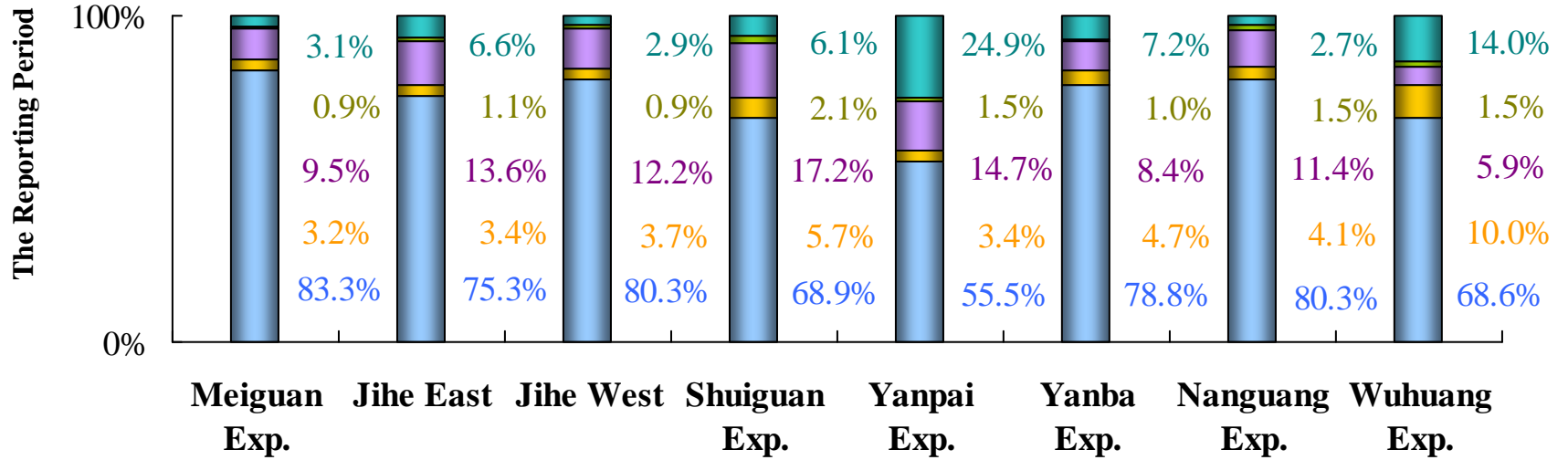
Operation Information

■ Average Daily Toll Revenue

<i>(RMB'000)</i>	2005	2006	2007	2008	2009
Shenzhen Region					
Meiguan Exp.	795.3	878.3	903.0	791.8	814.0
Jihe East	786.6	904.5	1,150.6	1,227.3	1,242.0
Jihe West	739.9	775.8	945.1	937.3	951.4
Yanba Exp.	115.1	153.0	172.7	195.6	213.4
Shuiguan Exp.	504.1	682.8	964.8	1,006.0	1,072.4
Shuiguan Ext.	229.5	162.7	181.9	178.9	202.5
Yanpai Exp.		252.0	370.1	407.0	382.6
Nanguang Exp.				176.0	302.9
Other Regions in Guangdong Province					
Yangmao Exp.	546.9	719.0	913.1	902.3	967.5
Guangwu Prj.	164.8	224.1	266.0	265.0	305.7
Jiangzhong Prj.	200.8	386.3	581.8	651.8	707.2
GZ W2		68.6	180.7	301.5	471.0
Qinglian Exp.					829.9
Other Provinces in the PRC					
Changsha Ring Rd.	58.3	54.1	61.6	60.5	63.6
Wuhuang Exp.	728.0	887.5	1,052.0	1,017.1	1,090.0
Nanjing Third Bridge	324.9	472.5	629.3	640.1	672.1

Operation Information

Vehicle Category of Major Highways

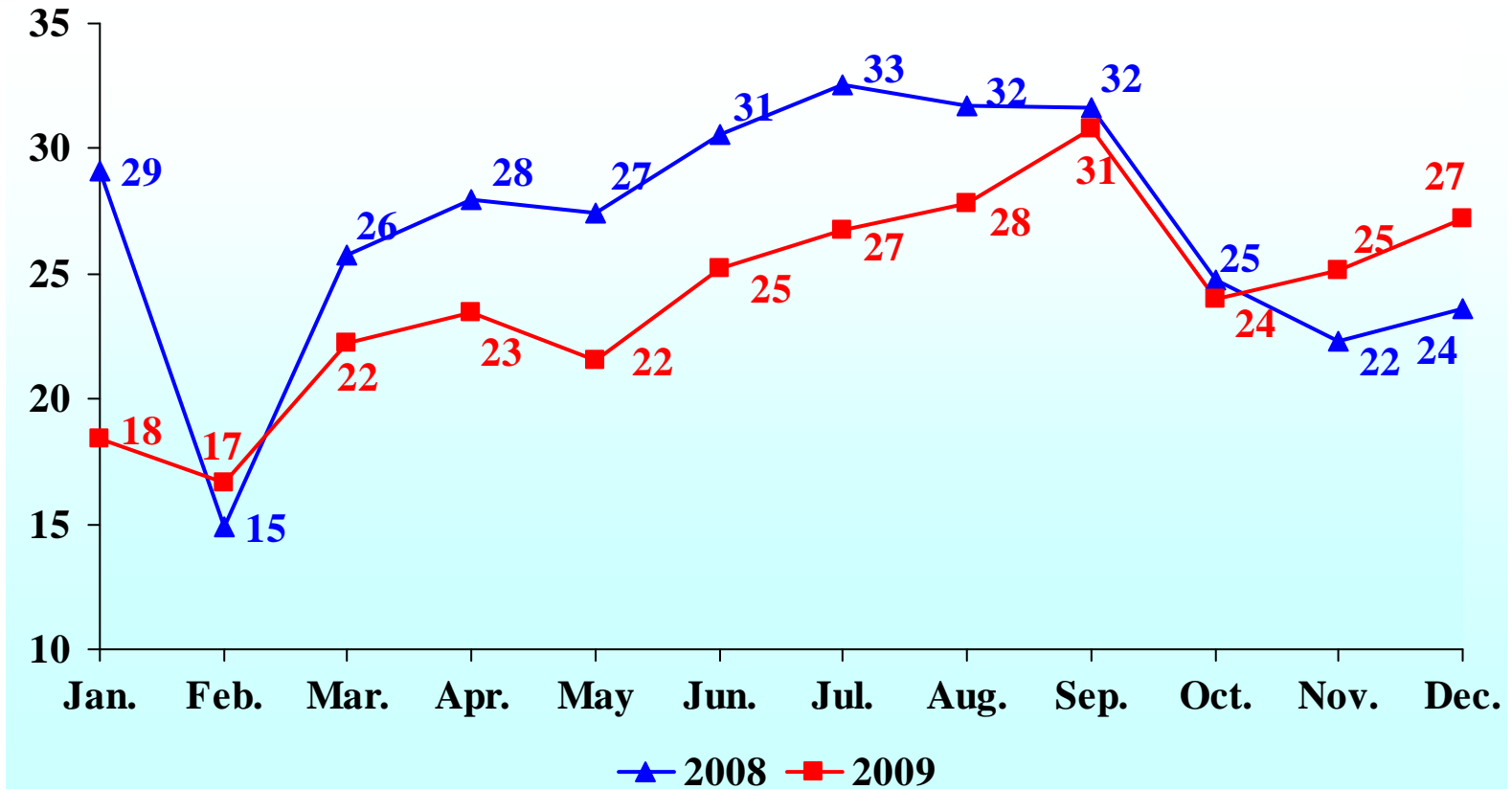


■ Class 1 ■ Class 2 ■ Class 3 ■ Class 4 ■ Class 5

Operation Information

■ The Change of Total Lorries Traffic Volume of the Group's Major Highways

(Number of vehicles in thousand)



Note: Excluding the data of Nanguang Expressway

Financial Information

■ 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 its share of interests (RMB' million)	
		Units-of-usage method 2009	Units-of-usage method 2008	Straight-line method	2009	2008
The Company and subsidiaries						
Meiguan Exp.	100%	32	31	36	-4	-5
Jihe West	100%	30	30	28	1	2
Yanba (A&B)	100%	24	22	41	-17	-19
Yanpai Exp.	100%	26	29	47	-21	-18
Nanguang Exp.	100%	21	10	97	-76	-75
Jihe East	55%/100%	73	36	73	-2	3
Jointly controlled entities and associates						
Shuiguan Exp.	40%	44	42	41	1	0
Wuhuang Exp.	55%	77	70	89	-7	-10
Changsha Ring Rd.	51%	12	12	18	-3	-3
Yangmao Exp.	25%	67	63	90	-6	-7
Jiangzhong Prj.	25%	87	80	128	-10	-12
Nanjing Third Bridge	25%	57	54	111	-13	-14
Guangwu Prj.	30%	23	20	57	-10	-11
GZ W2 Exp.	25%	38	25	111	-18	-22
Shuiguan Ext.	40%	18	17	24	-2	-3
Total					-187	-194

Assuming the book values of the intangible assets are amortized evenly over the allowed operating periods granted by the concession grantors.

The Liannan Section of Qinglian Project has not been completed in the Reporting Period and the differences due to this project were not included.

Jihe East Company has been changed from a jointly controlled entity to a subsidiary of the Company since 30 September 2009. The amortization amount of intangible assets under concession of Jihe East Company for 2009 included the amortization of premium in the fourth quarter (Units-of-usage method: RMB26,000, straight-line method: RMB33,000).

IR Contact

Hotline: 86-755-82853330 82853332

Fax: 86-755-82853411

Website: <http://www.sz-expressway.com>

E-mail: IR@sz-expressway.com

Company Declaration:

All information presented in the material is available to the public and for the purpose of understanding the operation and the development planning of the Company. The Company might adjust the contents without pre-notice. Besides, the Company wishes to remind investors that the data does not constitute an invitation to trade the Company's stock and the Company does not guarantee the performance of the stock in the future.