



SHENZHEN EXPRESSWAY COMPANY LIMITED

E-Flash Report

2010 Annual Results

GUIDANCE

- 2010 Annual Results Presentation
- Frequently Asked Questions

2010 Annual Results Presentation

On 28 March 2011, the Company respectively held the annual results presentation and press conferences in Shenzhen and Hong Kong. Totally 42 investors and analysts and 15 reporters participated. At the conferences, Mr. Yang Hai, the Chairman of the Company, reported the operational performance in 2010 and the development plan and the key works in 2011, and together with other members of management to answer all questions raised by the investors and reporters. (Please go to <http://www.sz-expressway.com/UploadFiles/2011/03/27161221E42DB48F.pdf> to read or download the materials for the references.)



Frequently Asked Questions

Q1 The Group's projects had a good operational performance in 2010. Will it be able to maintain the growth trend in 2011?

A1 In 2010, benefited from the growth of domestic economy, further enhancement in road networks, and the Company's proactive marketing strategies, the toll highway projects of the Group showed a good operational performance and achieved annual toll revenue amounted to RMB2.15 billion, representing a YOY increase of 61.2%.

The management has set the total toll revenue target for 2011 at not less than RMB2.45 billion after the in-depth analyses of the macro operating environment and the Company's internal operating conditions. The general consideration elements include:

1. the macro-economy keeps growing;

2. the new projects, such as Qinglian Expressway, Nanguang Expressway and Yanba Expressway will keep a rapid growth;
3. Meiguan Expressway and other mature projects will keep an overall growing, but the growth will slow down;
4. there are no substantial changes or adjustment in surrounding road network or governmental traffic plans.



Q2 How is the current progress of Yilian Expressway (connects with Qinglian Expressway in north)? Will it be completed within 2011?

A2 According to our understanding, Yilian Expressway is planned to be completed in the fourth quarter of 2011. It is now on the phase of the road surface construction. It is expected that Yilian Expressway will be completed as scheduled if the important factors, such as the construction funds and weather conditions, which could influence the construction progress, are no changed. Upon the opening of Yilian Expressway, a portion of vehicles crossing the border from the east of Hunan Province to Guangdong Province will be attracted to Qinglian Expressway and the traffic volume of Qinglian Expressway will be enhanced in a certain extent.



Q3 Please introduce the progresses of the expansions of Meiguan Expressway and Shuiguan Expressway and the influence to the operational performance during the construction period.



The Company has approved the reconstruction and expansion plan for the North Section of Meiguan Expressway (Qinghu-Liguang, approximately 11km). The original four lanes will be expanded to eight lanes with asphalt road surface. The total budget of the construction works amounted to approximately RMB774 million. As at the end of the Reporting Period, approximately 90% of the land requisition, demolition and relocation works and preparation for construction were completed, and some of the construction works for passages, culverts and bridge foundation works were also commenced. The project is expected to be completed at the beginning of 2013.

The progress of the expansion of Shuiguan Expressway, which is in charged by another

partner, is going well currently. The road understructure and bridge culverts of the new lanes were completed, and the road surface construction works has commenced. It is expected to be completed in mid-2011.

During the construction period, the Company implemented rational construction scheme, such as expand new lanes first and reconstruct the old lanes after the new lanes come to use, carry on construction work on a section-by-section basis and work at night, to minimize the possible impacts on the traffic volume. From the implementation of the projects, it was found that the impact on the traffic volume is mainly happened in the last stage of the construction which road surfaces are paved. During the expansion period of Shuiguan Expressway, benefited from the implementation of rational construction scheme and the rapid growth in regional traffic demand, it recorded a growth of approximately 14.7% in 2010.

Q4 What are the trends of the Company's cost of services and finance costs in 2011?

A4 The cost of services in 2011 will keep the upward trend. The main reasons are:

1. the amount of depreciation and amortization will increase along with the growth of traffic volumes;
2. Liannan Section of Qinglian Project has turned into intangible assets to undertake amortization since the date of operation, Which increased the depreciation and amortisation expenses;
3. the enlargement of staff scale and the inflation will lead to an increase in employee expenses;
4. the road maintenance expenses will have a certain increase because of strengthening of the daily road maintenance.



Following the completion of construction projects and the steady increase in cash flows of the projects, the overall borrowing scale of the Group for 2011 is expected to fall slightly. However, as the overall borrowing scale remains at a relatively high level, coupled with further decrease in capitalized interest expenses caused by the completion of Liannan Section of Qinglian Project and the tightening financing environment, it is expected that the finance costs of the Group during the year will have slight increase.

Q5 About the implementation of the Group's capital expenditures in 2010 and the capital expenditure plan in the future.

A5 In 2010, the Group's capital expenditures comprised mainly the reconstruction of Qinglian Class 1 Highway into an expressway and the remaining construction and investments of Nanguang Expressway, totaling approximately RMB1.036 billion. Due to the delayed occurrence of the part of construction payment, the actual expenses amount is lower than the plan.



It is expected that the Group's total capital expenditures will amount to approximately RMB2.597 billion by the end of 2014. It will comprise mainly construction and investments in the reconstruction of Qinglian Class 1 Highway into an expressway, remaining construction, investments and settlements of projects such as Nanguang Expressway and the reconstruction and expansion of Meiguan Expressway. The capital expenditure plan in 2011 will amount to approximately RMB1.577 billion.

Q6 What is the future development plan of the Company?

A6 Based on the overall road network planning and the scale of toll highways, it is expected that there will be no significant changes in the industrial policies in the short term. However, returns on new projects have trended downwards as road network became denser and increasing costs. Moreover, over the past two years, the toll highway industry has faced pressures and challenges from policy changes or adjustments. Therefore, the Company focuses on improving the returns of the Company's assets as a whole, also actively studies and attempts for industries and businesses related to toll highways industry and the Company's core business capability and experience, in order to seek new opportunities for the Group's long-term development. For example, in the new strategic period, the Group will appropriately expand its investment in the existing advertising business, strengthen the expansion of road entrusted construction and entrusted management businesses, and actively study the policies, profit models and business risks for the development and use of lands along expressways. The Group will pursue new business development by fully capitalizing on its own advantages and capabilities.



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.

For further information, please contact:

SHENZHEN EXPRESSWAY COMPANY LIMITED

Ms. Catherine ZHENG / Ms. Babe LIU

Tel: (86 755) 8285 3328 / 8285 3330

Fax: (86 755) 8285 3411

Email: ir@sz-expressway.com

Rikes Hill & Knowlton Limited

Ms. Jennifer Leung / Ms. Christy LAI

Tel: (852) 2520 2201

Fax: (852) 2520 2241

Email: info@rikes.hillandknowlton.com

Everbloom Investment Consulting Co., Ltd.

Ms. Weiwei XIE / Mr. Chengwu KUANG

Tel: (86755) 8296 6116

Fax: (86755) 8296 6226

Email: sgs@everbloom.com.cn