

E-News
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SHENZHEN EXPRESSWAY COMPANY LIMITED

E-Newsletter

July 2010

GUIDANCE

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Opening Message

Dear Investors,

On 14 June, five ministries and departments, including Ministry of Transport, National Development and Reform Commission, Ministry of Finance, Ministry of Supervision, and State Council Office for Rectifying, jointly announced that a nationwide one-year self-check on toll roads was requested. The purpose of self-check is to make an overall review of illegal and unreasonable charges, such as overdue charges and charge by abnormally high toll. The tariff, toll concession and relevant issues have become the hot topics by the market and the media.

The Company pays highly attention to this announcement and actively keeps close communication with the governments to catch the latest policy trend, fully expressing and explaining its views and wishes. We believe that the government will to comprehensively consider the balance among the industries, the masses, and other social interests when it performs its management functions. We will continue to pay attention to the relevant information and try our best to maintain the interests of the Company and shareholders.

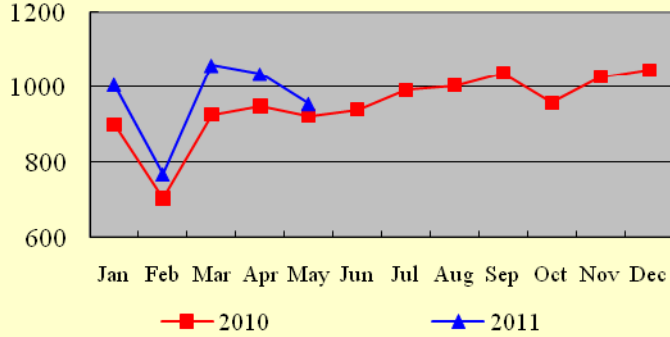
Best regards,

YANG Hai

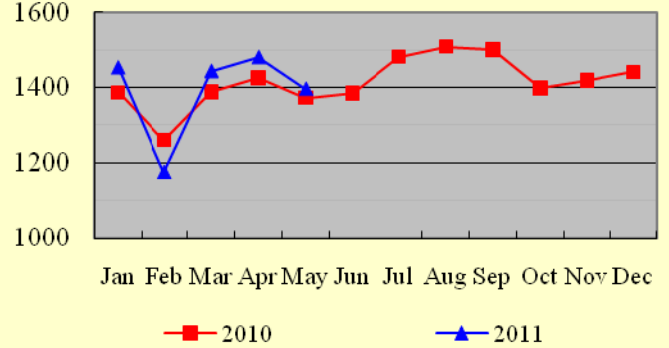
Chairman

Operations Review of Major Highways

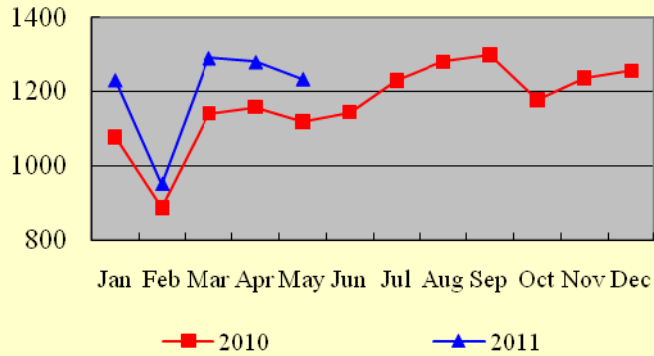
Average Daily Toll Revenue of Meiguan Expressway (RMB'000)



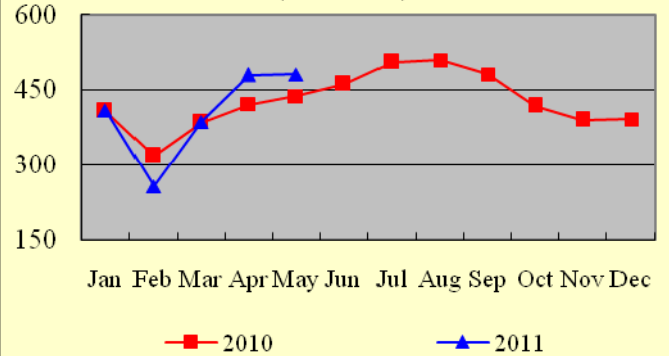
Average Daily Toll Revenue of Jihe East Expressway (RMB'000)



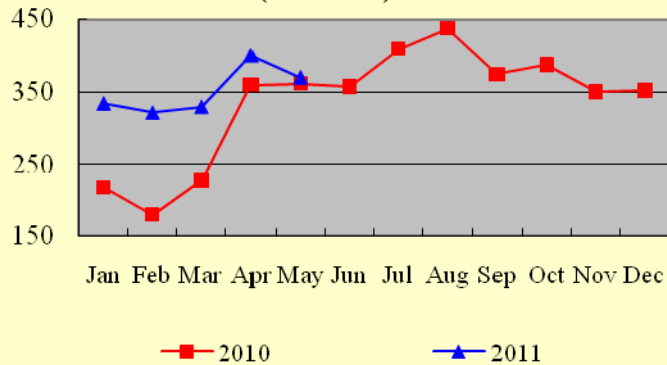
Average Daily Toll Revenue of Jihe West Expressway (RMB'000)



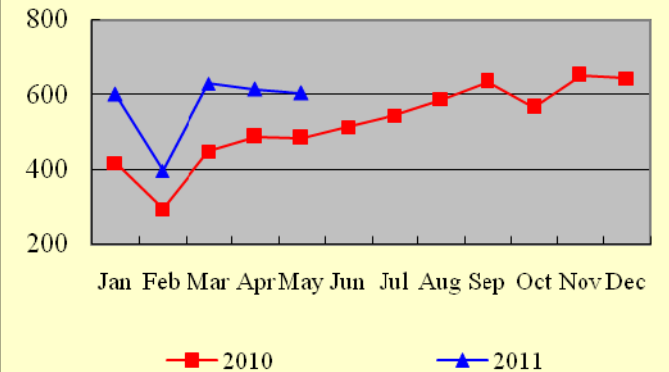
Average Daily Toll Revenue of Yanpai Expressway (RMB'000)

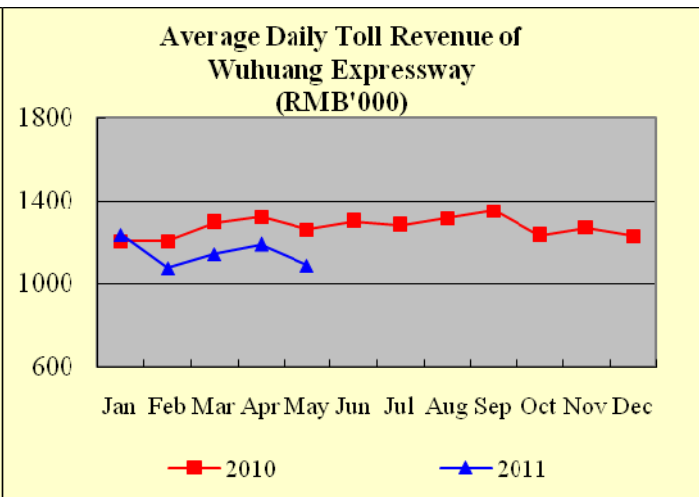
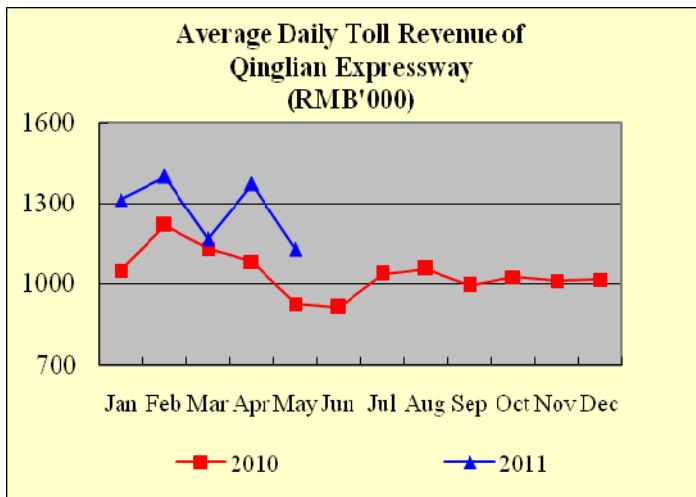


Average Daily Toll Revenue of Yanba Expressway (RMB'000)



Average Daily Toll Revenue of Nanguang Expressway (RMB'000)





- As differences in location and function, the festival factors may have positive impact or negative impact on the operational performance of the Group's highways before and after the Spring Festival holidays.
- The reconstruction of Lianzhou-Fengbu section of Qinglian Class 1 Highway ("Liannan Section") into an expressway had been completed, and an expressway toll rate has been adopted since 25 January 2011. Since then, the total toll mileage of Qinglian Expressway increased from approximately 188 km to approximately 216 km.
- Affected by various factors such as traffic control measures implemented in Wuhan City and changes in road network including opening of Mawu Expressway, Wuhuang Expressway recorded a decrease in average daily toll revenue as compared to the same period of 2010.

Company News

Investor Relations Activities

- On 28 March 2011, the Company held the 2010 Annual Results Presentation in Shenzhen and Hong Kong, respectively. Totally 42 investors and analysts and 15 reporters participated in the conferences. At the conferences, Mr. YANG Hai, the Chairman of the Company, reported the operational performances in 2010 and the operation plan and work focus in the future, and answered all questions raised by the investors and reporters together with other members of management.
Related link: <http://www.sz-expressway.com/UploadFiles/2011/04/01191339A2D36082.pdf>
- The Company held an online investor meeting for the first quarterly results from 10:00 a.m. to 11:30 a.m. on 29 April, 2011. Mr. YANG Hai, Chairman, Mr. WU Yade, President, Ms. GONG Taotao, Financial Controller, and Ms. WU Qian, Company Secretary attended the meeting and had a good communication with investors on line.
Related link: <http://ircs.p5w.net/ircs/topicInteraction/bbs.do?rid=4699> (only available in Chinese)
- On 16 and 17 May 2011, the Company participated in the 16th CLSA China Forum 2011 in Beijing. The Company met with 15 institutional investors through the form of one-on-one



Reminder

meetings and a group meeting. The investors' major concerns included the operating performance of projects, the trend of operating costs and finance costs, the development strategies and the industrial policies.

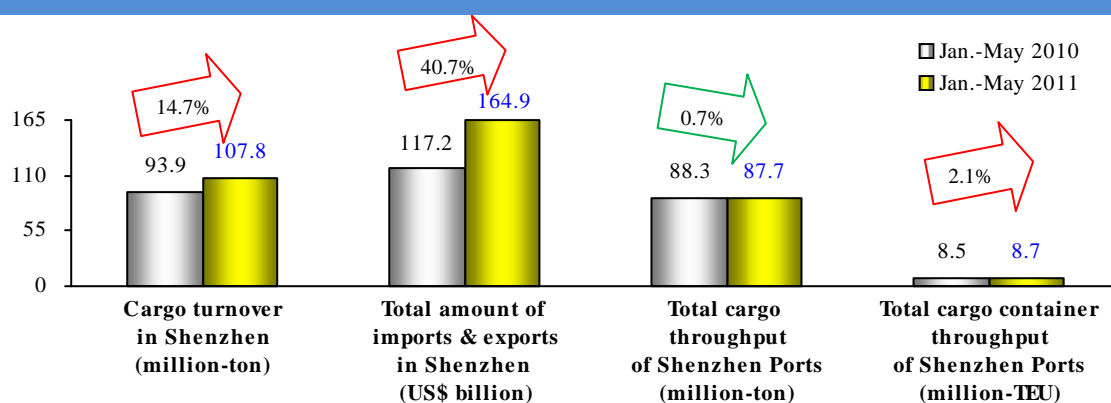
- As the date of announcement of the Company's interim results is ahead of the original plan, Shenhzen Expressway Reverse Road-show 2011, which was originally scheduled to be held in mid July, will be postponed to September. Please contact us if you are interested in our event. We will keep you posted of further information in time.

Awards & Certificates

- In March 2011, "Study on Upgrade of Class 1 Roads in Mountainous Area", which was accomplished by Guangdong Qinglian Highway Development Company Limited, CCCC First Highway Consultants Co., Ltd, and Changsha University of Science & Technology, won the first prize of Science & Technology Award of China Highway & Transportation Society 2010.
- On 22 June, 2011, the ceremony of the 4th Annual Best Board of Directors of Listed Companies Rankings in China organized by *Moneyweek* held in Shenzhen. Mr. WU Yade, Executive Director and President of the Company, received the award of "2011 The Most Valuable President of Listed Companies in China" in the ceremony.

References

Statistics on Transportation & Imports/Exports Trade in Shenzhen



Sources: *Economic Operation of Shenzhen City in January to May 2011*,

Website of Statistics Bureau of Shenzhen Municipality (深圳市統計局)

Shenzhen Development and Reform Commission (深圳市发展和改革委员会)

Frequently Asked Questions

Q1 How is the operational performance of Qinglian Expressway after the operation of Liannan section? How is the current progress of Yilian Expressway (connects with Qinglian Expressway in north)? Will it be completed within 2011?

A1 Liannan Section has started to commence expressway operation since 25 January 2011, which newly increases another 27 km toll mileage to Qinglian Expressway and marks the whole 216km Qinglian Expressway has achieved thorough connection. The operation of Liannan Section improved the operating conditions and the traffic capacity of Qinglian Expressway, facilitating a better operational performance of it. During February to May, the average daily toll revenue of Qinglian Expressway

was approximately RMB1,263,000. Its overall performance was in line with expectation. The current traffic flow of Qinglian Expressway comprises about 80% of vehicles which traffic between Yangshan-Qingyuan and its function as a cross border passage between Guangdong Province and Hunan Province has not become prominently. After the completion of Yilian Expressway, the positive effects of road network will boost the traffic volume of Qinglian Expressway. It is understood that the construction of Yilian Expressway is progressing smoothly. It is scheduled to complete within the fourth quarter of 2011.

Q2 What are the trends of the Company's cost of services and finance costs in 2011?

A2 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 amortization 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.

Q3 How is the research progress of the Outer Ring Expressway?

A3 An in-depth study on returns and risks of the project with the aim to verify its investment value is still on progress made by the Company. The Company will have the decision-making after taking due consideration of the returns of the project and the financial burden of the Company.

Q4 What is the future development plan of the Company?

A4 It is showed that the returns on new projects have trended downwards as road network became denser and costs hike. 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.

Q5 What dividend policy of the Company will be in the future?

A5 The Company has put emphasis on shareholder's return since listing and has maintained around 50% dividend payout ratio for years. The Company will maintain a stable dividend payout policy in the future.

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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