



## E-Newsletter

开卷语

# Opening Message

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Dear Investors,

On 30 December 2011, Shenzhen Expressway celebrated 15<sup>th</sup> anniversary. You all witnessed the growth of the Company in the past 15 years. Thank you for your long-standing concern and support to the Company!

It was complicated and volatile in the past 2011. A lot of industries and the companies will be confronted with more severe test in the new year, not excepting Shenzhen Expressway. Facing the challenges, the management of the Company will keep carrying forward the spirit of integrity and diligence to do all the management work well. Besides, according to the established development strategy of the Company, the management will explore and seek to the way of future development with a pragmatic attitude base on fully developing own advantages and make great efforts to create more value for the corporate and the shareholders.

On the occasion of the arrival of the Spring Festival, I, on the behalf of all our colleagues, wish you a very Healthy and Lucky Year!

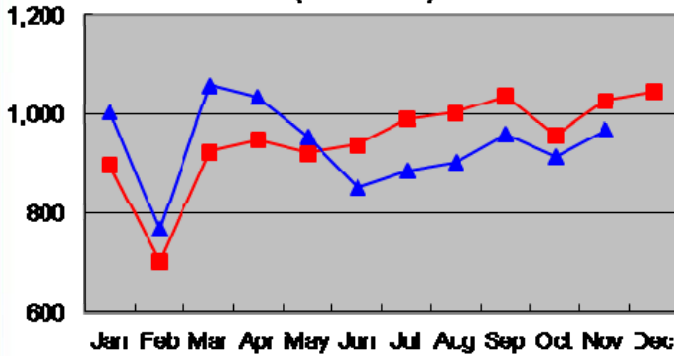
Best regards,

**Yang Hai**  
Chairman



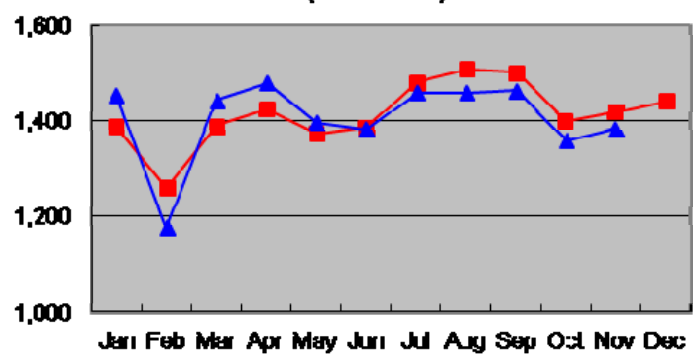
## Operations Review of Major Projects

### Average Daily Toll Revenue of Melguan (RMB'000)



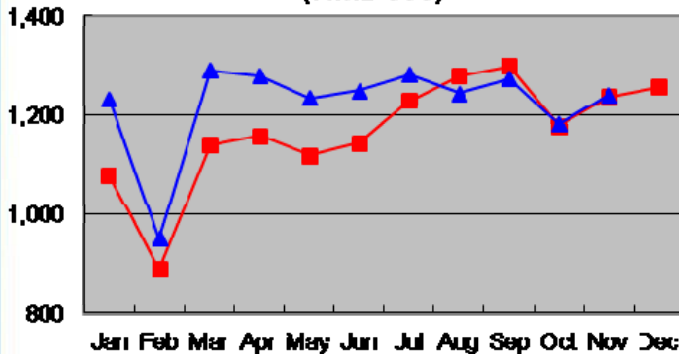
■ 2010 ▲ 2011

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



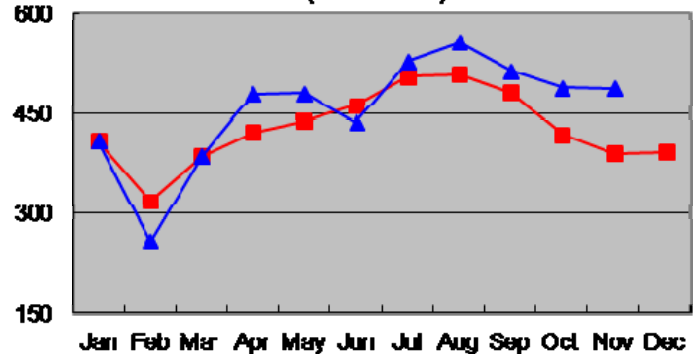
■ 2010 ▲ 2011

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



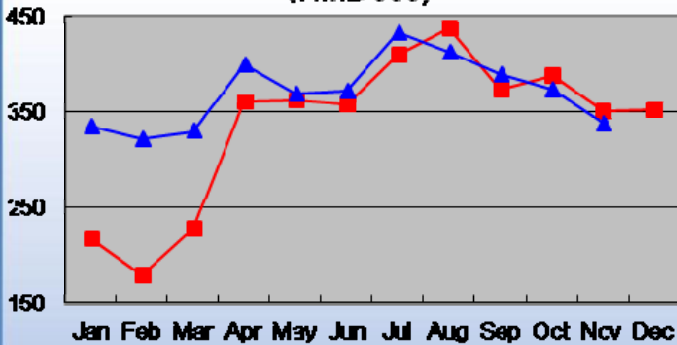
■ 2010 ▲ 2011

### Average Daily Toll Revenue of Yanpal (RMB'000)



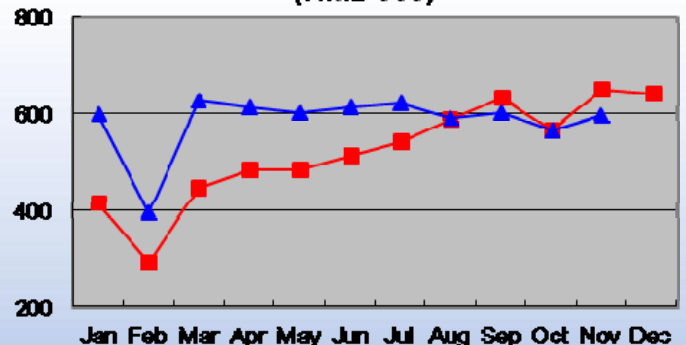
■ 2010 ▲ 2011

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



■ 2010 ▲ 2011

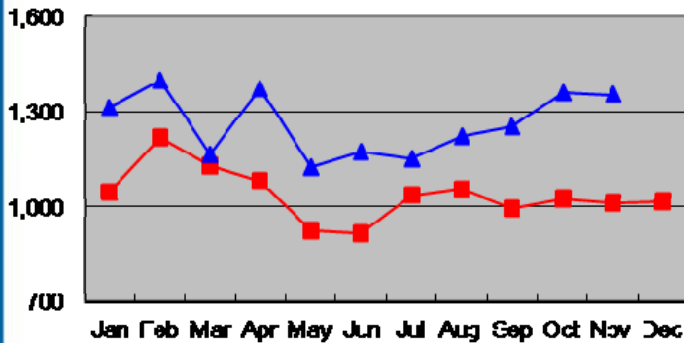
### Average Daily Toll Revenue of Nanguang (RMB'000)



■ 2010 ▲ 2011



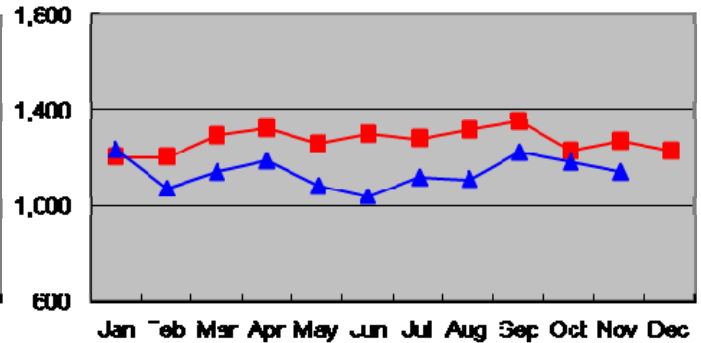
### Average Daily Toll Revenue of Qinglian (RMB'000)



—■— 2010

—▲— 2011

### Average Daily Toll Revenue of Wuhuang (RMB'000)



—■— 2010

—▲— 2011

- As the reconstruction or construction of certain municipal roads, freeways and interchanges connecting highways and roads were completed consecutively and the second phase of Shenzhen Metro commenced operation, the transportation network in Shenzhen region has been improved continuously. Moreover, certain tolls on local roads in Shenzhen were cancelled in the first half of 2011. Such factors led to certain changes in traffic distribution and composition in the road network of the region and thus, there are positive or negative impacts on the operational performance of the projects operated or invested by the Group in Shenzhen region. Among these, changes in road network facilitated the operational performance of Yanpai Expressway while there were certain negative impacts on Meiguan Expressway, Shuiguan Expressway, Shuiguan Extension, Jihe East and Nanguang Expressway.
- From June to July of 2011, due to the road surface maintenance and traffic improvement work, phase closure of lanes and certain traffic restriction were implemented in the South Section of Meiguan Expressway. As a result, Meiguan Expressway and the connecting Jihe East recorded decreases in toll revenue. Such work has been completed in early August 2011.
- After the implementation of toll-by-weight system in Northern Guangdong in the end of 2009, in September and October 2011, Guangdong Province further implemented the same in Western Guangdong and Eastern Guangdong respectively. The projects which invested and operated by the Group involved in such system include Yangmao Expressway, Guangwu Project and Yanba Expressway. Based on the current operational statistics, the implementation of such system has positive impacts on toll revenue of Yangmao Expressway and Guangwu Project, while has little impact on operational performance of Yanba Expressway.
- An expressway toll rate has been adopted on the Liannan Section (Lianzhou-Fengbu) of Qinglian Class 1 Highway since 25 January 2011 after its reconstruction into an expressway. The total toll mileage of Qinglian Expressway increased from approximately 188 km to approximately 216 km. Yifeng Expressway (Fengtouling, Guangdong – Yizhang, Hunan) connecting the north end of Qinglian Expressway opened to traffic on 25 September 2011, which improved the connection of Qinglian Expressway with peripheral road network. The above-mentioned factors have positive impacts on the operational performance of Qinglian Expressway.
- 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 certain decrease in average daily toll revenue as compared to the same period of 2010.





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## Company News

- On 27 and 28 September 2011, the Company held the Reverse Road-show 2011. A total of 33 domestic and foreign institutional investors and individual investors participated in the event. Through communications with the Company's senior management, as well as site visit on Qinglian Expressway and its surrounding road networks, the investors were able to gain a deeper understanding of the Company's current management and operational status, and to discuss and share their opinions and expectations with the management on the Company's future development.  
*Related link: <http://www.sz-expressway.com/UploadFiles/2011/09/302231401B3FA524.pdf>*

- The Company held an online investor meeting for the Third Quarterly Results of 2011 from 10:00 a.m. to 11:30 a.m. on 28 October 2011. Mr. Yang Hai, Chairman, Ms. Gong Taotao, Financial Controller, and Mr. Li Jian, Vice President, attended the meeting and had a good communication with investors on line.  
*Related link: <http://ircs.p5w.net/ircs/topicInteraction/bbs.do?rid=5704> (only available in Chinese)*

- On 3 November 2011, Mr. Yang Hai, Chairman, as a leader of the team, participated in Merrill Lynch New China Conference 2011 in Beijing. The management of the Company met with 15 foreign institutional investors. The investors' major concerns included the industrial policies, the development strategies and the operating situation of the Company.

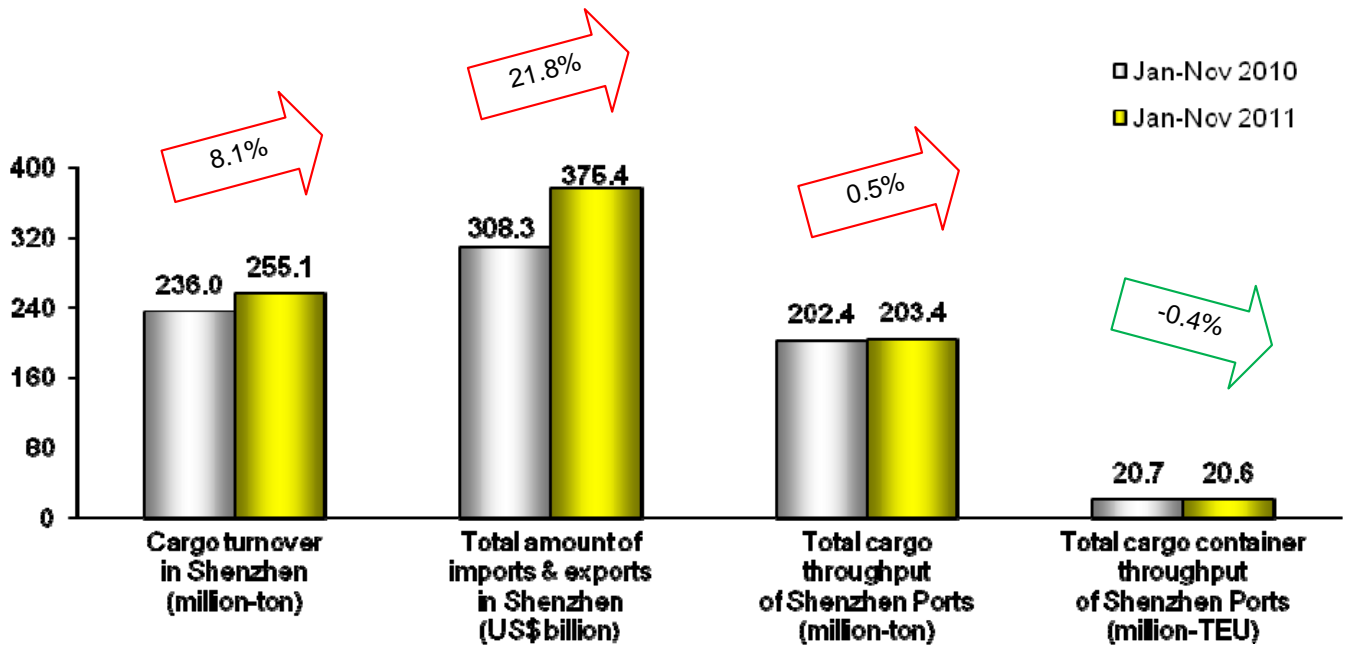
- On 7 December 2011, the Company participated in J.P. Morgan's Infrastructure Corporate Access Day in Hong Kong. The Company met with 11 foreign institutional investors. The investors' major concerns included the industrial policies, the operating situation and financial position of the Company.

- On 1 November 2011, the Hong Kong Management Association ("HKMA") announced the awards of the 2011 HKMA Best Annual Reports Competition. Shenzhen Expressway won the Bronze Prize in General Category in two consecutive years and the Company is the only H share company to appear in the overall and top three winners' list this year. Mr. Wu Yade, Executive Director and President, represent the Company to receive the award.





## References



Sources: Statistics in Shenzhen for The Month of November 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

1. What's the impacts to the operational performance of Qinglian Expressway after the Yifeng Expressway which is connecting the north end of Qinglian Expressway opening to traffic? When will Qinglian Expressway reach the break-even point?
- A: Yifeng Expressway opened to traffic on 25 September 2011. It is expected that the opening of Yifeng Expressway will allow Qinglian Expressway to fully develop its line location advantage as the essential route linking Guangdong Province and Hunan Province and attract quite a number of traffic volumes, which come from east area of Hunan to Guangdong, to go to Qinglian Expressway. Thereby contributes to the growth of traffic volume of Qinglian Expressway. The average daily toll revenue of Qinglian Expressway for the period from January to September 2011 was appr. RMB1,240,000 and its average daily toll revenue in October and November 2011 was appr. RMB1,360,000. With the road users' familiarity with its traffic routes and the smooth of the connecting road networks, it is expected that the traffic volume of Qinglian Expressway will further increase.

The preliminary measurement shows that it is expected to reach the break-even point when the average daily toll revenue of Qinglian Expressway is around RMB1,800,000-1,900,000.



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2. How is the progress of the reconstruction and expansion of the North Section of Meiguan Expressway? Has the government settled the working program of moving northward the toll station in the south?

A: The most of preliminary works of the reconstruction and expansion of the North Section, such as land requisition, have been basically completed. The bidding for road surfaces construction is completed. The overall project is proceeding as planned. It is expected that the project will be completed in early 2013.

Given the development of the economy and traffic of the peripheral regions, the government is planning to move northward the toll station on the main route of Meiguan Expressway in the south, and to pay the toll fees collectively by the government for the vehicles using the section to the south of the new toll station. Currently, the Company is still negotiating with the relevant authorities on the proposal of moving the station and the overall operation arrangement of the project. The specific proposal has not been determined.

3. What is the Company's future dividend payout policy?

A: The Company puts emphasis on shareholder's returns. Combining with the needs of the Company's long-term development and considering the factors including financial status and external credit environment, the management will determine the dividend payout policy which benefits both of the shareholders and the Company.

4. Does the Company have any new investment plan of toll road project?

A: For toll highway projects investment and acquisition, the overall strategy of the Company is to actively study and reserve the quality project resources. The Company will take due consideration of the returns of the projects and the burden bearing capability of the Company's financial resources for investment decision-making. The current principles include: avoiding investment in green-field toll projects outside Shenzhen region and acquiring existing toll highway projects based on the principles to improve ROE and to help the capital operation.

In addition to the reconstruction and expansion plans announced, currently the Company has no any new investment or acquisition plans.

5. What is the impact on the Company's operation caused by the Notice on Implementation of Special Clean-Up Work for Toll Highways jointly issued by the five ministries and commissions?

A: The operation of the Group's toll highway projects has been appropriately approved by competent authorities, and relevant disclosures have been continuously made to the investors in the initial listing and subsequent information disclosure documents according to the regulations. However, if the government authorities decide to make adjustments on the concession period or toll rate of the projects as required by the above notice, the operation and management of the Group will be affected to a certain extent.

It is reported that Guangdong Provincial Government approved *Guangdong Implementation Scheme of Special Clean-Up Work for Toll Highways* (《广东省收费公路专项清理工作实施方案》) recently. The Company has not yet received the above mentioned official documents. The Company is actively following up and will assess the impacts on the Company in accordance with the contents of the official documents and will promptly communicate with investors once get the further information.

From industry management's perspective, the introduction of relevant policies will reinforce the standardized management of toll highway industry, and is beneficial to the long-term health development of the industry. The Company will keep an eye on the direction of the policies and make adjustments to the operation strategies on time according to the Company's development need and internal and external environment, and do our best to protect the interests of the Company and the shareholders.



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# 深圳高速公路股份有限公司

Shenzhen Expressway Company Limited

## E-news

No. 2012-01

### **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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