



E-Flash Report

2011 Annual Results

GUIDANCE

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2011 Annual Results Presentation

The Company held the 2011 Annual Results Presentation on 29 March and 30 March in Shenzhen and Hong Kong respectively. Totally 48 investors and analysts and 19 reporters participated in the conference. At the conferences, Mr. Yang Hai, the Chairman of the Company, reviewed the operational performance in 2011 and shared the development plan and the key works in 2012 with all participators, and answered their questions with other members of management.

(Please go to <http://www.sz-expressway.com/UploadFiles/2012/03/28235446404FDC55.pdf> to read or download the materials for the references.)





Frequently Asked Questions

1. How is the progress of the adjustment of toll road policy in Guangdong Province? What is the impact on the Company?

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.



In early 2012, 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》). According to the implementation scheme, the toll fees of all the expressways in Guangdong province shall be re-approved in accordance with the unified toll rate, toll coefficient, calculating method for ramps and the rounding principle ("Adjustment Scheme"), but the detailed schedule for implementation is not cleared. Assuming the Adjustment Scheme were adopted for the whole year 2011, and based on the actual traffic volume of the major expressways operated by the Group for 2011, it is estimated that the overall toll revenue of the Group for the whole year 2011 would decrease approximately 9% to 10%. Such estimation had not taken into account any other positive or negative impact on traffic volume of the road network resulting from the adjustment of the toll fees. The aforesaid estimation is merely based on the historical information of the Group. Moreover, the extent of the impact of scheme on the Group would vary as the terms and schedule of the scheme vary. Currently, the Company had not received the notice on the implementation of the Adjustment Scheme. The Company will closely monitor the development and maintain active communication with government authorities to minimize policy risks. Meanwhile, the Company will adjust operating strategy in time and make efforts to safeguard the rights and interests of both the Company and its shareholders according to development needs and adapt to internal and external environment.



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

A: The Company puts emphasis on shareholder's returns all the time and will continue to maintain reasonable and relatively stable cash dividend policy. The management will make a balance between the interests of short-term, medium-term, and long-term of shareholders, and will make the decision based on the consideration of the factors, such as the actual financial position, the fund demand of the Company, and the credit environment.

3. How is the operational performance of Qinglian Expressway? How is the current repair progress of Guangqing Expressway locating in South of Qinglian Expressway?

A: Yifeng Expressway connecting with Qinglian Expressway in North opened to traffic at the end of September 2011. It allows Qinglian Expressway to develop its line



location advantage as the essential route linking Guangdong Province and Hunan Province and attract 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. In 2011, the average daily mixed traffic volume of Qinglian

Expressway was appr. 21,000 vehicles and its average daily toll revenue was appr. RMB1.28 million. 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. From January to February of 2012, benefited from the stimulation effect of the Spring Festival Transportation Period, the average daily mixed traffic volume was appr. 31,000 vehicles and the average daily toll revenue was appr. RMB2.03 million, respectively representing the YOY increases of 24.8% and 49.7%.

As we known, the bridge repair work of Guangqing Expressway has not been completed yet and heavy lorries were prohibited from access. The Company will continue to keep track of the relevant information.





4. What are the trends of the Company's cost of services and finance costs in 2012?

A: In 2012, the Group's target of operating costs and management expenses is around RMB800 million, basically equaling the level of the year 2011 (above figures excluding depreciation and amortization and/or the provisions for maintenance/resurfacing obligations). It is expected that the Group's finance costs in 2012 will be increased to a certain extent because of the increase in average borrowing scale and borrowing cost.

5. How is the Group's current debt level? What is the capital expenditure plan in the future?

A: At the end of 2011, the debt-to-asset ratio of the Group was 57.34% and is still in a high level. By the premise of guarantee of financial security, the Company holds a prudent attitude to new toll road investment.

It is expected that the Group's total capital expenditures will amount to approximately RMB1.689 billion by the end of 2015. 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 2012 will amount to approximately RMB1.148 billion.





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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