



SHENZHEN EXPRESSWAY COMPANY LIMITED

(A joint stock limited company incorporated in the People's Republic of China with limited liability)

Stock Code: 00548(SEHK) 600548(SSE)

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2012 Interim Results Presentation



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20 August 2012



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- Financial Highlights
- Business Review
- Financial Analysis
- Outlook and Plans
- Appendix



In this report, the total of breakdown and the total may not equal in mantissa due to rounding.



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NEXT CHAPTER

FINANCIAL HIGHLIGHTS 



Financial Highlights

	1H2012 (RMB 'million)	1H2011 (RMB 'million) (Restated) ^{Note}	Change YOY
Revenue	1,561	1,383	+12.84%
Incl: Toll revenue	1,382	1,321	+4.65%
Net profit	419	353	+18.81%
<i>FYI: Net profit excluding the effect of Provisions for Maintenance/resurfacing</i>	432	438	- 1.37%
Earnings per share (EPS) (RMB)	0.192	0.162	+18.81%
Return on equity (ROE)	4.48%	4.02%	+0.46p.pt

	30 June 2012 (RMB 'million)	31 December 2011 (RMB 'million)	Change YOY
Total assets	24,257	24,609	-1.43%
Total liabilities	13,714	14,111	-2.82%
Incl: Total borrowings	10,581	10,879	-2.75%
Owner's equity	9,272	9,204	+0.73%
Net assets per share (RMB)	4.25	4.22	+0.73%

Note: As the financial statements of JEL Company have been consolidated into those of the Group since 1 July 2011, which represents the business combinations involving entities under common control, the Group made corresponding restatement to the financial statements for the previous accounting years according to the relevant requirements of the accounting standards.



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NEXT CHAPTER

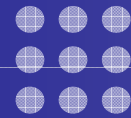
BUSINESS
REVIEW



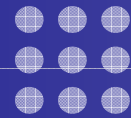
Impact Factors



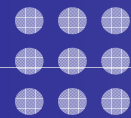
Toll highway
operational
performance



Slowdown in the growth of
macroeconomic



Change of road networks



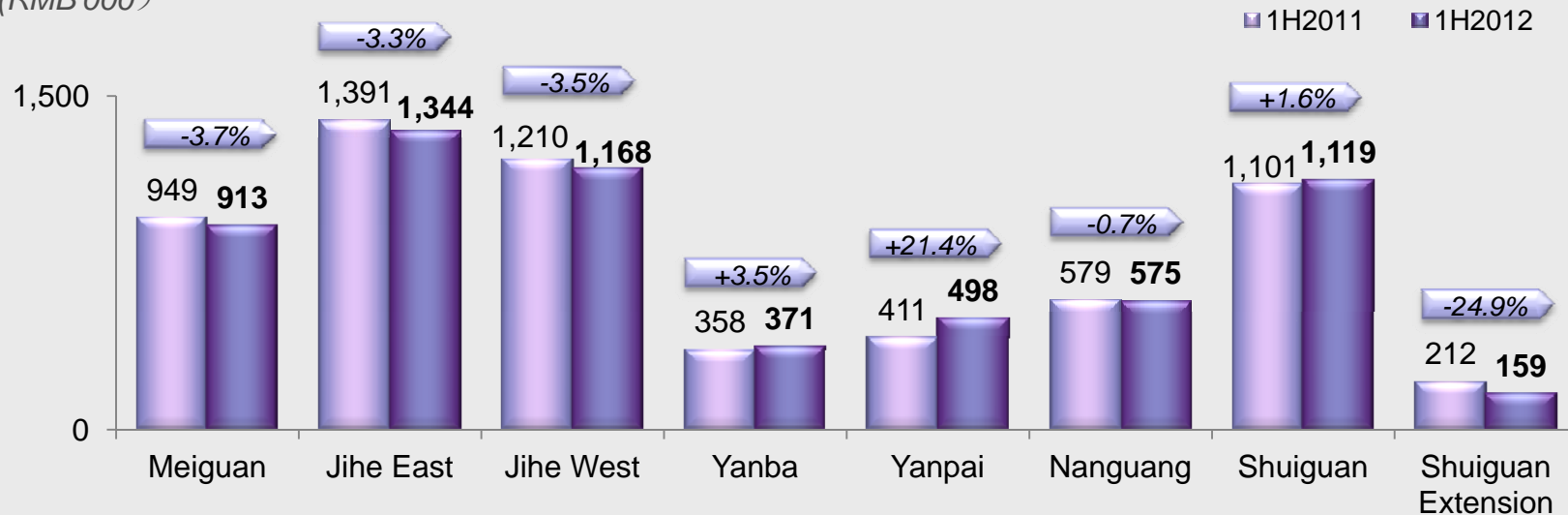
Industrial policy

Operational Performance

Shenzhen Region

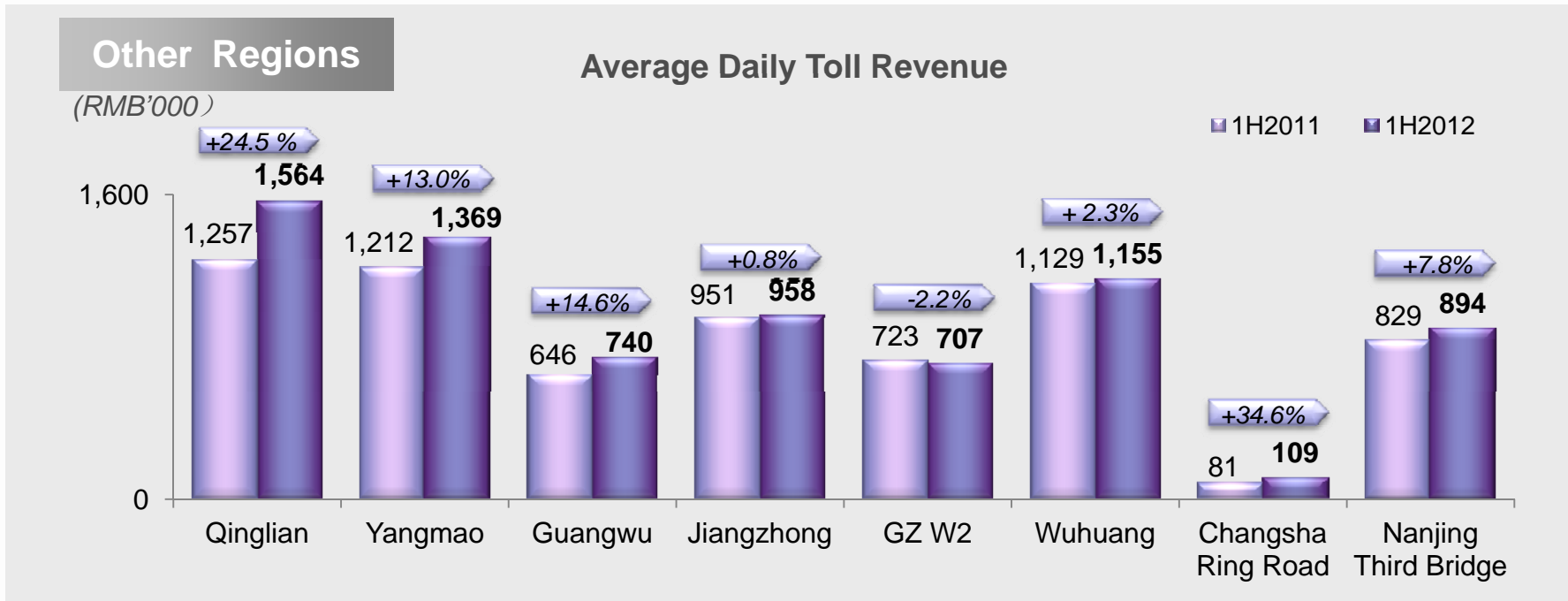
(RMB'000)

Average Daily Toll Revenue



- The growth of domestic economy continues to down, the natural growth for projects generally slowed down.
- The operational performances of projects were positively or negatively affected by the changes of road networks in the region.
- The implementation of Standardization Scheme, starting from 1 June, resulted in different degrees of negative effects on projects within Guangdong Province.

Operational Performance



- The growth of domestic economy continues to down, the natural growth for projects generally slowed down.
- The operational performances of projects were positively or negatively affected by the changes of surrounding road networks.
- The toll-by-weight policy has different degrees of positive effect on the toll revenues of Yangmao and Guangwu.
- The implementation of Standardization Scheme, starting from 1 June, resulted in different degrees of negative effects on projects within Guangdong Province.

Progress of Projects

- **Meiguan North Section:** The reconstruction and expansion works are currently in progress and scheduled to be completed in the first half of 2013.
 - **Jihe East:** The preparation works for maintenance proceeded as scheduled. The works are scheduled to be commenced in the second half of 2012 and completed within the year.
-
- **Nanping (Phase II):** Part of contracted section of Section A connecting Nanguang Expressway was completed and opened to traffic on 1 August 2012.
 - **Coastal Project:** At the end of the Reporting Period, an aggregate investment of approximately 70% of the total approved budget was completed. The project is scheduled to be completed in the second half of 2013.
 - **Guilong Project:** The design of the working drawing, approval of the budget and tendering for Road Construction Project were completed.



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NEXT CHAPTER

FINANCIAL
ANALYSIS




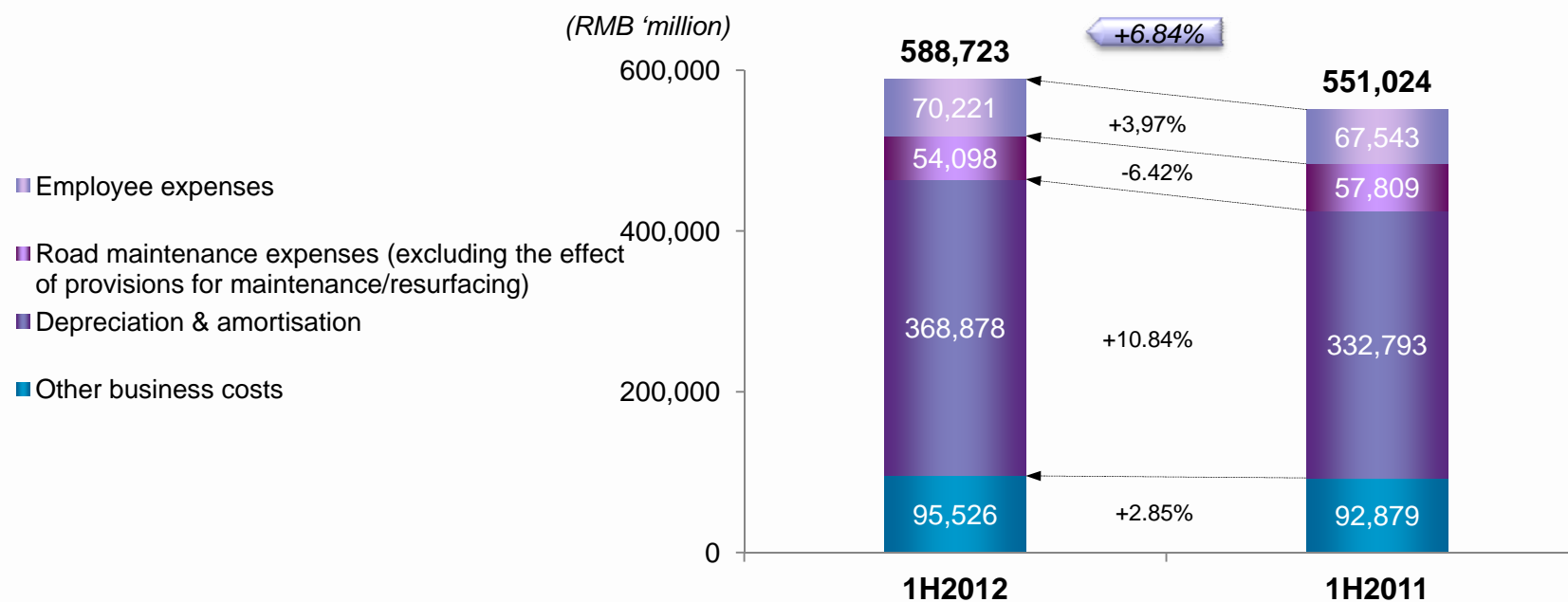
Financial Analysis - Revenue

 Toll revenue	1H2012 (RMB'000)	1H2011 (RMB'000) (Restated)	Change YOY (RMB'000)
Toll revenue	1,382,456	1,321,046	+61,410
Management services income	120,227	26,736	+93,491
Other income	57,945	35,316	+22,629


 TOLL HIGHWAY	1H2012 Toll Revenue (RMB'000)	1H2011 Toll Revenue (RMB'000)	Change YOY (RMB'000)
Qinglian	285,956	230,080	+55,876
Jihe East	244,680	251,789	-7,109
Jihe West	212,521	219,020	-6,499
Wuhuang	210,221	204,421	+5,800
Meiguan	166,211	171,740	-5,529
Nanguang	104,644	104,787	-143
Yanpai	90,697	74,322	+16,375
Yanba	67,526	64,887	+2,639
TOTAL	1,382,456	1,321,046	+61,410

Financial Analysis - Cost of Services


	1H2012 (RMB'000)	1H2011 (RMB'000) (Restated)	Change YOY (RMB'000)
Cost of services	588,723	634,409	-45,686
<i>FYI: Cost of services excluding the effect of provisions for maintenance/resurfacing</i>	588,723	551,024	+37,699
Cost of management services	45,422	10,207	+35,215
Other costs	30,479	19,627	+10,852
General and administrative expenses	25,460	32,126	-6,666



Financial Analysis - Cost of Services

	Cost of services		Profit before interests, tax and general and administrative expenses	
	1H2012 (RMB'000)	Change YOY (RMB'000)	1H2012 (RMB'000)	Change YOY (RMB'000)
TOLL HIGHWAY				
Jihe West	37,348	-2,910	168,107	-3,568
Jihe East	103,156	+2,017	133,421	-8,869
Meiguan	42,529	-3,706	118,121	-1,795
Qinglian	175,366	+31,864	100,701	+22,346
Wuhuang	106,204	+3,504	96,912	+2,442
Yanpai	35,669	+3,313	59,098	+19,411
Nanguang	50,161	+4,390	51,645	-3,966
Yanba	38,290	-773	27,440	+3,714
SUB-TOTAL	588,723	+37,699	755,445	+29,715
Provisions for maintenance/resurfacing	-	-83,385	-	+83,385
TOTAL	588,723	-45,686	755,445	+113,100


Financial Analysis - Investment Income

	Toll revenue	Cost of services of toll highway	Investment income of the Group	
	1H2012 (RMB'000)	1H2012 (RMB'000)	1H2012 (RMB'000)	Change YOY (RMB'000)
Jointly Ventures:				
Changsha Ring Road	19,758	19,477	2,194	+2,750
Associates:				
Shuiguan	203,624	70,885	25,261	-13,655
Shuiguan Extension	29,022	19,497	(1,471)	-3,382
Yangmao	249,249	89,621	20,980	+496
Guangwu	134,682	50,206	13,037	+2,536
Jiangzhong	174,423	105,579	2,846	-1,080
GZ W2	128,852	56,365	1,413	-3,008
Nanjing Third Bridge	163,630	61,837	2,828	+601
TOTAL	1,103,240	473,467	67,088 ^{Note 1}	-14,742 ^{Note 2}

Note 1: Excluding investment income from Consulting Company of RMB1,360,000 (2011 Interim: RMB1,028,000).

Note 2: Main reasons of decrease: (1) the slower growth or a decrease in toll revenue of certain invested enterprises caused by traffic volume diverted by the surrounding roads and the implementation of Standardization Scheme in Guangdong province; (2) the increase in the cost of Shuiguan caused by the increase in the amortization per unit upon the completion of the expansion since July 2011 and the corresponding increase in the expensed borrowing costs.

Financial Analysis - Financial Expenses

	1H2012 (RMB'000)	1H2011 (RMB'000) (Restated)	Change YOY (RMB'000)
ITEM			
Interest expenses	313,230	246,314	+66,916 ^{Note}
Add: Interest capitalized	(4,320)	(2,399)	-1,921
Interest income	(18,799)	(6,041)	-12,758
Exchange gain/loss and others	4,989	(21,005)	+25,994
<i>Financial expenses excluding time value of provisions for maintenance/resurfacing</i>	295,100	216,869	+78,231
Add: Time value of provisions for maintenance/resurfacing	16,987	29,964	-12,977
Financial expenses	312,087	246,833	+65,254

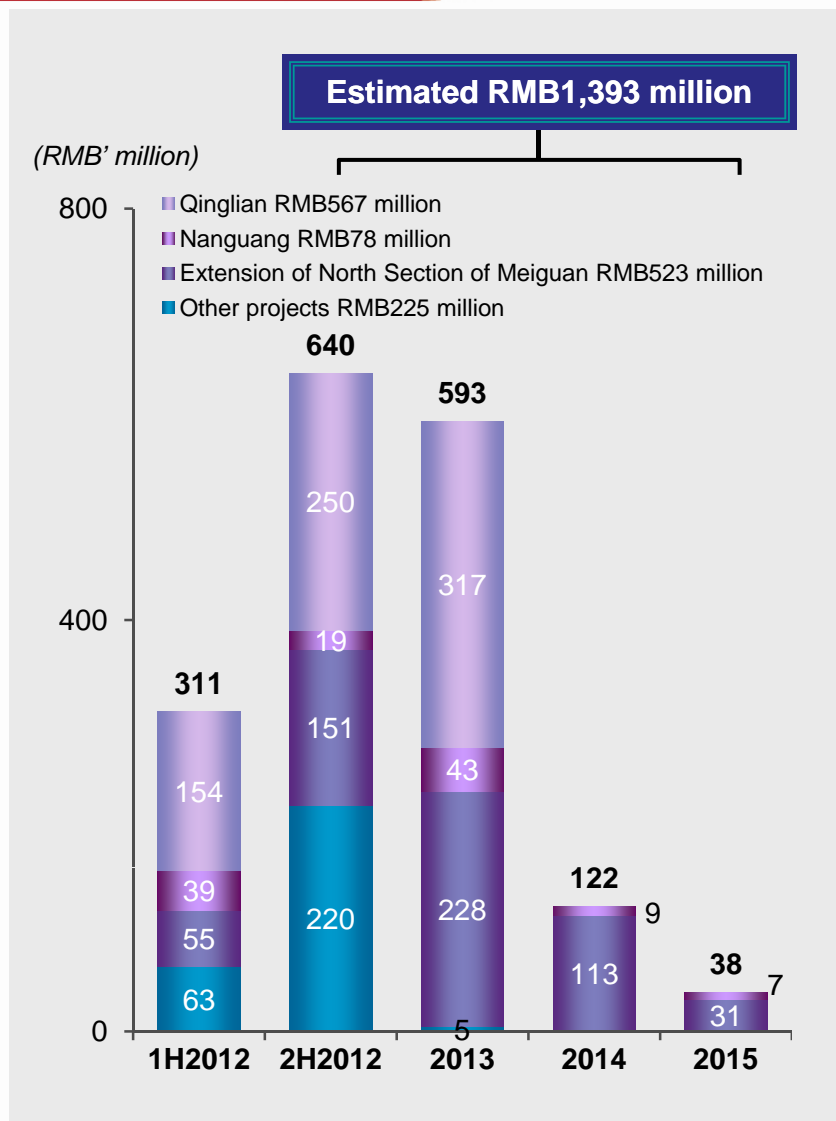
Note: As a result of the YOY increase in the average borrowings (30 June 2012: RMB 10.581 billion, 30 June 2011(restated): RMB 9.577 billion) and the capital cost of the Group, interest expenses increased YOY.

Financial Analysis - Debt Ratio & Repayment

	30 June 2012	31 December 2011
Debt-to-asset ratio (Total liabilities / Total assets)	56.54%	57.34%
Net borrowings-to-equity ratio (Total borrowings - cash and cash equivalents) / Total equity)	82.83%	82.99%
	January – June 2012	January – June 2011 (Restated)
Interest covered multiple (Profit before interests and tax / interest expenses)	2.72	2.70
EBITDA interest multiple (Earnings before interests, tax, depreciation and amortization / interest expenses)	3.89	3.94

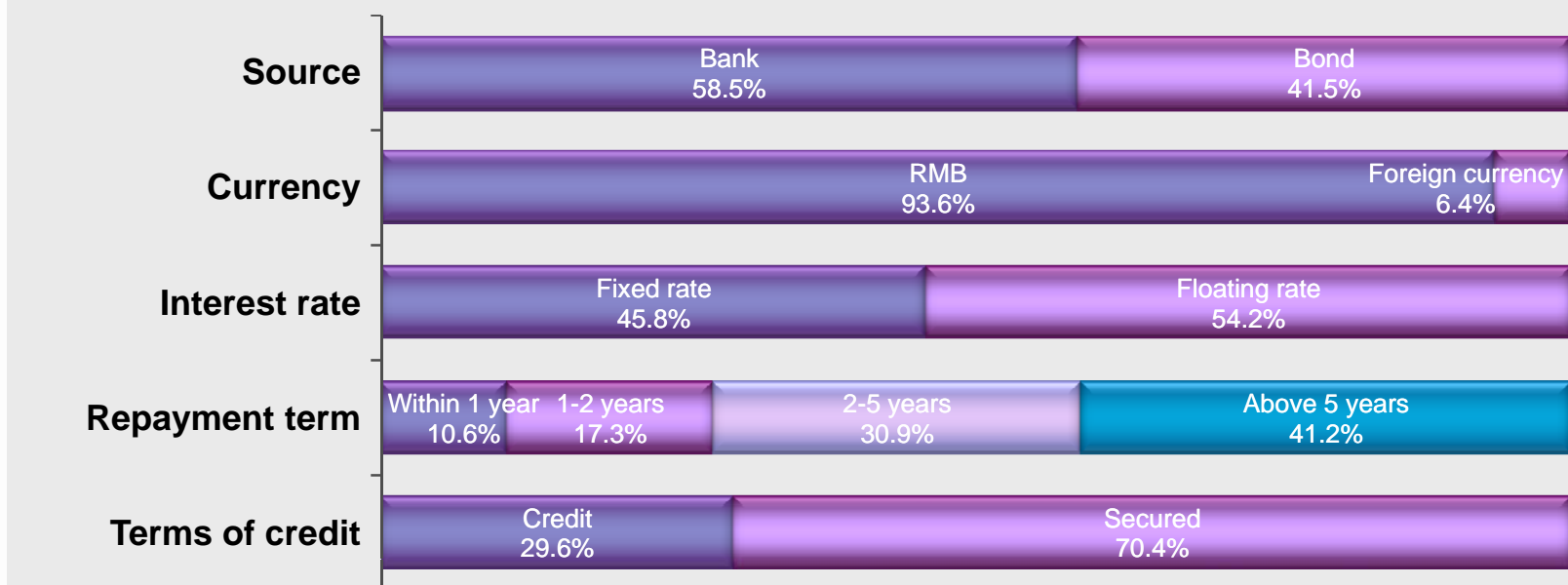
Financial Analysis - Capital Expenditure

- In 1H2012, the Group's capital expenditures comprised mainly the reconstruction of Qinglian Class 1 Highway into an expressway, the reconstruction and expansion of Meiguan and the remaining construction and investments of Nanguang, totaling approximately RMB311 million.
- In 1H2012, the Group's net cash inflow from operating activities and cash return on investments totaled RMB848 million (2011 Interim (restated): RMB845 million).
- As at 30 June 2012, unutilized banking facilities available amounted to RMB5.62 billion.



Financial Analysis - Borrowing Structure

Borrowing Structure (as at 30 June 2012)



	1H2012	2011	Change YOY
COMPOSITE BORROWING COST			
Nominal cost	5.71%	4.96%	+0.75p.pt
Effective cost	5.12%	4.34%	+0.78p.pt



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NEXT CHAPTER

OUTLOOK & PLANS 



Operating Environment

- China will continue to face the pressure of economic slowdown. However, it is expected that under the central government's macro-control, China is still able to maintain its momentum on economic growth throughout the year.
- The national policy on the industry was further tightened.
- The capital cost remains at a high level, while the external environment improved compared with that of last year.

Focal Point of Work in 2H2012

Operations and highway management

- ❑ Closely monitoring any relevant policy changes, maintaining good communication with government authorities and conducting accurate internal assessment;
- ❑ Continuing to improve service quality and ensuring road traffic efficiency and traffic capacity;
- ❑ Further modifying research on maintenance technology program and finishing high quality maintenance works of Jihe East and preventive road surface maintenance works of Yanba Expressway.

Construction management

- ❑ Ensuring the various performance targets such as safety, schedule, quality, cost and environmental protection of the projects under construction;
- ❑ Continuing to maintain close communication with government authorities, accelerating project payment settlement and achieving timely recovery of entrusted construction revenue.

Investment and development

- ❑ Continuing the studies and negotiations in respect of the toll collection method adjustment program of Meiguan Expressway;
- ❑ Putting more efforts on the research and expansion of relevant businesses and driving the progress of the projects in a prudent manner.

Financial management

- ❑ Paying close attention to the changes of monetary policies and environment, preparing financial plans and making arrangement, strengthening the forecast and routine management of cash flow, improving the timeliness and accuracy of financial plans;
- ❑ Further optimizing the debt structure and containing cost of capital reasonably on the condition of maintenance of the Group's financial safety.



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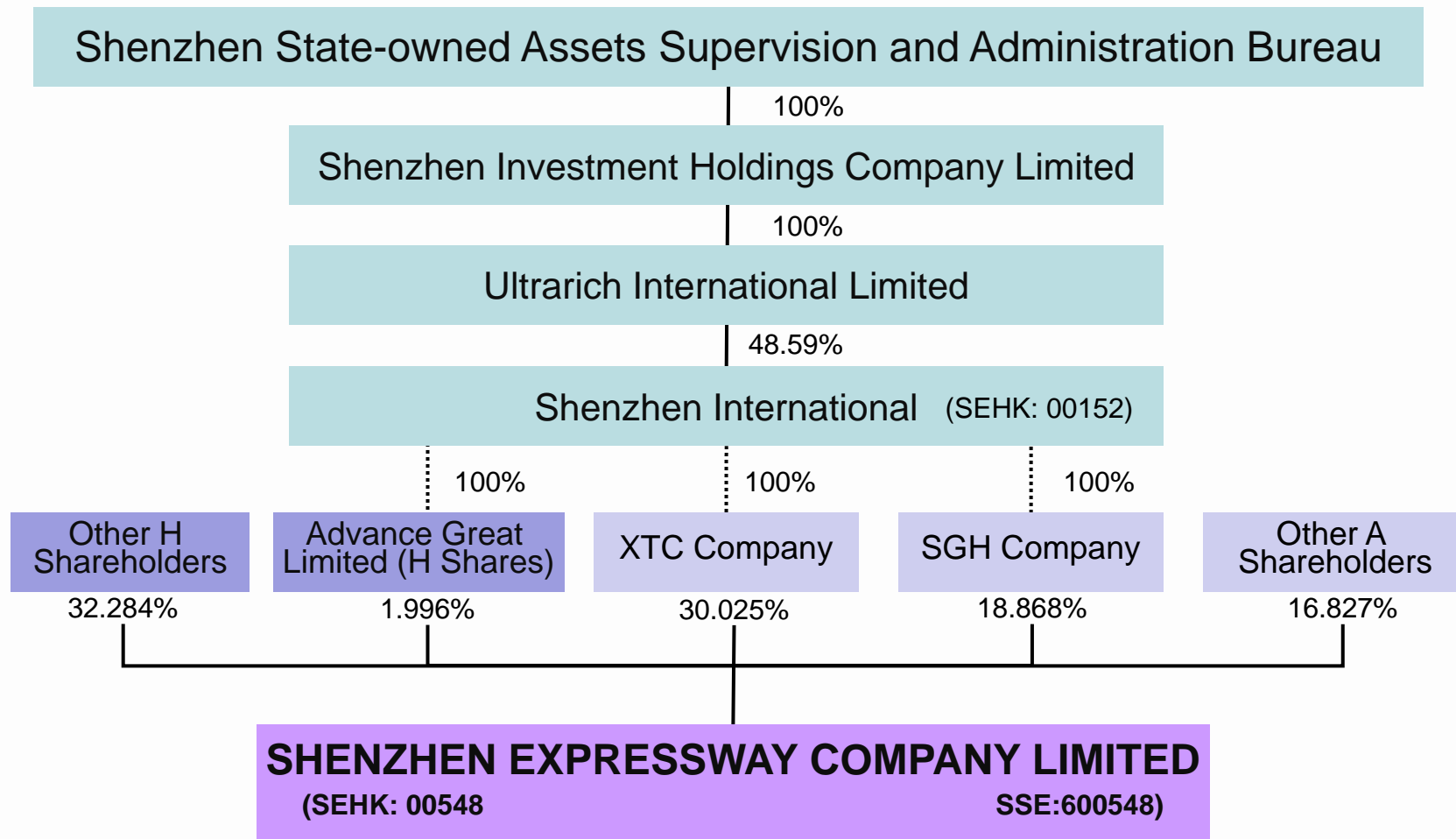
Stock Code: 00548(SEHK) 600548(SSE)

NEXT CHAPTER

APPENDIX

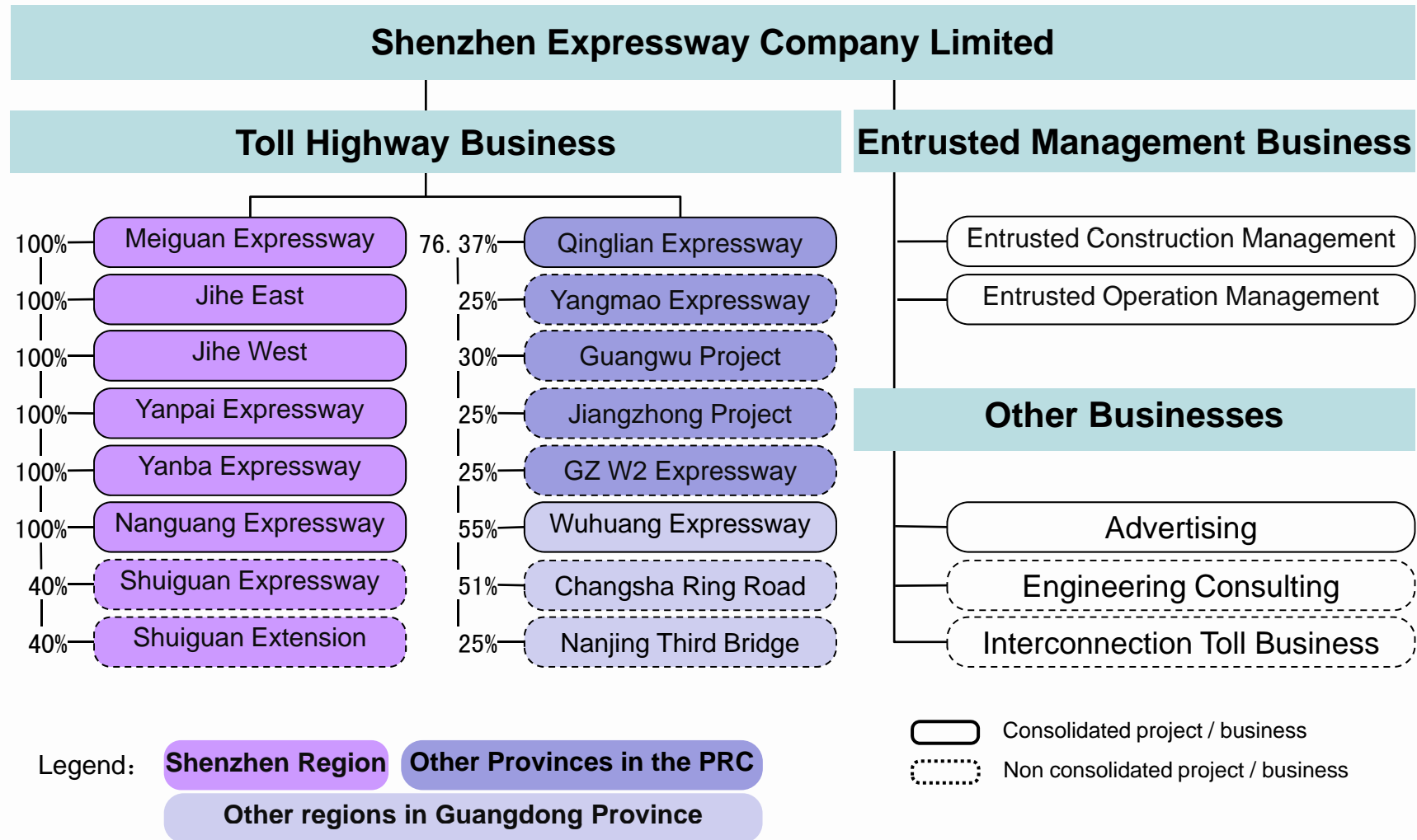


Shareholding Structure



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%.

Business Structure



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/ expansion	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	Applying for approval
Shuiguan Exp.	40%	Shenzhen	20.1	10	Under operation	2002.02-2025.12
Shuiguan Extension	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 Exp.	25%	Guangdong	42.0	6	Under operation	Applying for approval
Qinglian Prj. -Qinglian Exp. -Qinglian Class 2 Rd.	76.37%	Guangdong	- 216 - 253	- 4 - 2	- Under operation - Under maintenance	2009.07-2034.07 Toll collection suspended
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	2005.10-2030.10

Average Daily Mixed Traffic Volume

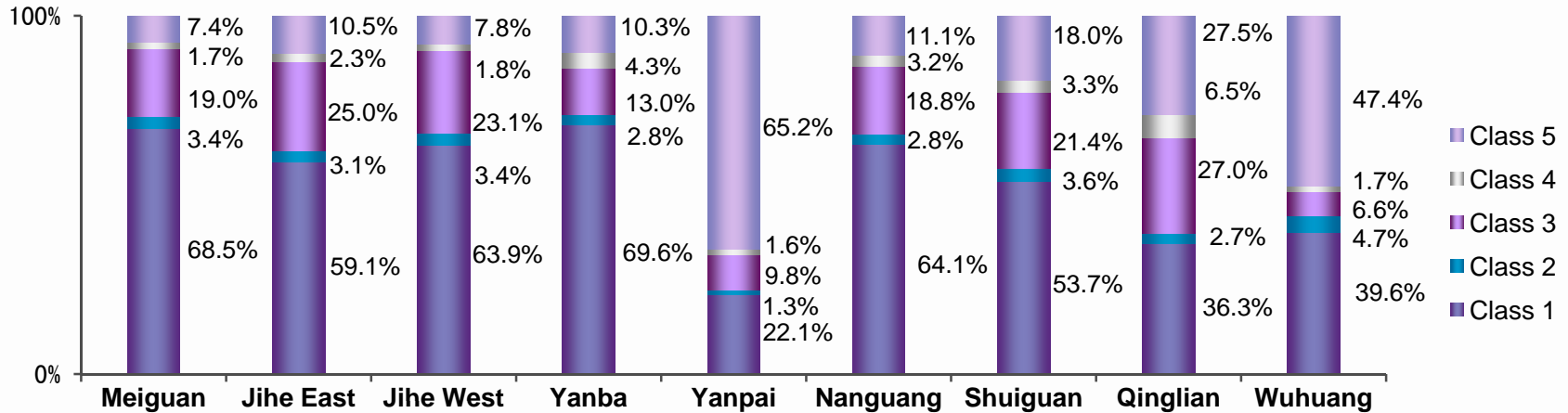
<i>(Number of vehicles)</i>	2007	2008	2009	2010	2011	1H2012
Shenzhen Region						
Meiguan Exp.	98,285	92,744	98,318	117,244	118,976	119,548
Jihe East	88,675	90,991	93,019	111,530	118,215	128,271
Jihe West	65,741	67,661	72,800	91,111	99,390	100,775
Yanba Exp.	12,492	13,879	16,509	24,313	27,610	27,137
Yanpai Exp.	26,313	31,898	33,763	39,734	38,501	38,615
Nanguang Exp.	N/A	16,336	32,212	50,612	55,995	54,830
Shuiguan Exp.	103,236	106,241	118,064	134,561	124,714	128,708
Shuiguan Extension	28,086	28,181	32,294	40,485	31,941	27,189
Other Regions in Guangdong Province						
Qinglian Exp.	N/A	N/A	16,011	18,292	21,445	24,344
Yangmao Exp.	16,205	18,119	17,795	20,066	23,477	27,800
Guangwu Prj.	9,185	9,806	11,190	17,475	23,089	26,763
Jiangzhong Prj.	39,492	45,344	50,899	68,476	90,270	91,952
GZ W2 Exp.	6,165	9,574	14,883	28,768	33,493	33,965
Other Provinces in the PRC						
Wuhuang Exp.	27,846	29,140	32,412	38,034	37,856	40,176
Changsha Ring Rd.	5,791	6,020	7,342	8,558	9,516	12,667
Nanjing Third Bridge	16,788	18,334	20,029	22,057	23,293	25,808

Average Daily Toll Revenue

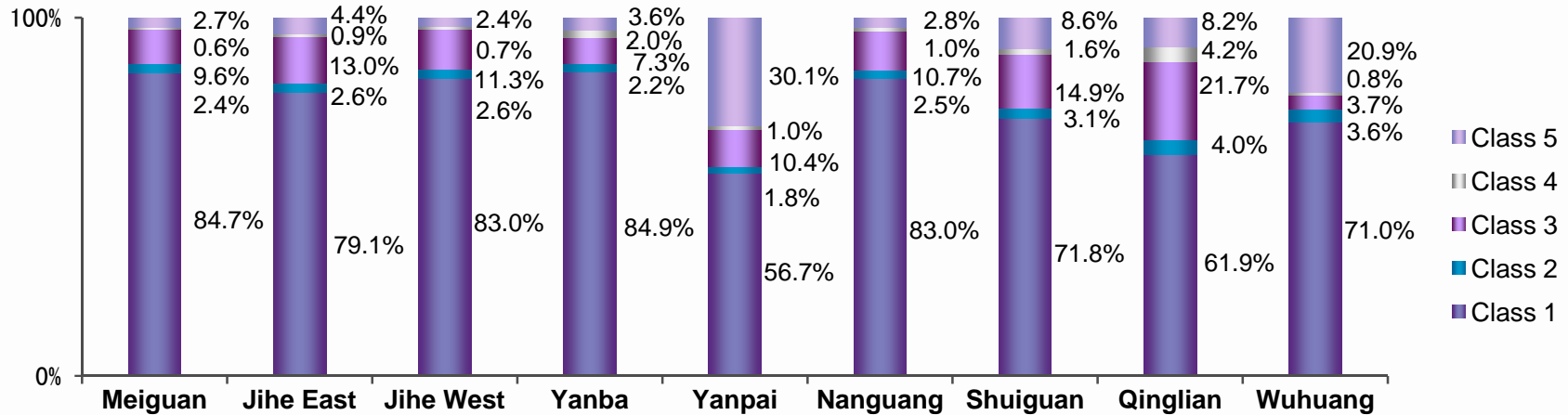
(RMB '000)	2007	2008	2009	2010	2011	1H2012
Shenzhen Region						
Meiguan Exp.	903.0	791.8	814.0	951.4	943.2	913.2
Jihe East	1,150.6	1,227.3	1,242.0	1,414.7	1,407.1	1,344.4
Jihe West	945.1	937.3	951.4	1,169.2	1,229.9	1,167.7
Yanba Exp.	172.7	195.6	213.4	335.4	369.3	371.0
Yanpai Exp.	370.1	407.0	382.6	428.6	463.8	498.3
Nanguang Exp.	N/A	176.0	302.9	523.5	589.0	575.0
Shuiguan Exp.	964.8	1,006.0	1,072.4	1,229.9	1,122.0	1,118.8
Shuiguan Extension	181.9	178.9	202.5	250.6	196.7	159.5
Other Regions in Guangdong Province						
Qinglian Exp.	N/A	N/A	829.9	1,036.8	1,280.4	1,564.0
Yangmao Exp.	913.1	902.3	967.5	1,094.9	1,209.4	1,369.5
Guangwu Prj.	266.0	265.0	305.7	471.9	644.4	740.0
Jiangzhong Prj.	581.8	651.8	707.2	870.2	972.4	958.4
GZ W2 Exp.	180.7	301.5	471.0	672.3	740.0	707.3
Other Provinces in the PRC						
Wuhuang Exp.	1,052.0	1,017.1	1,090.0	1,268.3	1,146.2	1,155.1
Changsha Ring Rd.	61.6	60.5	63.6	72.8	86.3	108.6
Nanjing Third Bridge	629.3	640.1	672.1	782.9	828.6	894.4

Vehicle Category of Major Highways in 1H2012

By Revenue



By Traffic Volume





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Company Declaration

All information presented here is publicly available and for the purpose of understanding the operation and development planning of the Company. The Company might adjust the contents without pre-notice in any forms. Besides, investors should note that the data presented in this document does not constitute an invitation to trade the Company's stock and does not guarantee the performance of the stock in the future. There might be differences between the atlas and the actual road network. The atlas is prepared for investors to understand the Company's operating projects only and can not be used as a traffic map.