



**E-Flash Report**

**2012 Reverse Road-show**

**GUIDANCE**

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## Overview of Event

On 19 and 20 September 2012, the Company held the Reverse Road-show 2012. A total of 15 domestic and foreign investors participated in the event. At the meeting, Mr. Yang Hai, the Chairman, Ms. Gong Taotao, the Financial Controller, and Mr. Li Jian, the Vice-president, had a fact-to-face communication with the visitors on topics, including the industry operating environment and the development of the Company. After the meeting, the visitors had a site-visit on the construction site of Coastal Project (Shenzhen Section) and on Jiangzhong Project and Yangmao Expressway, which are located in Pearl River Delta. Through these activities, the investors have learned the construction progress of the Company's entrusted construction project, the traffic volumes of the operating projects, the surrounding road networks and the status of local economic development.





## Frequently Asked Questions

1. What are the impacts of the recent industry policies on the operation of the Company? Is there any new policy in the near future?

A: The industry policies launched recently and the impacts caused by those policies are as follows: unified toll fees standardization (“Standardization Scheme”) have been implemented to all expressway projects in Guangdong Province since 1 June. Assuming based on the actual traffic volume of the major expressways operated by Shenzhen Expressway for year 2011 and without taking into account any positive or negative impact on traffic volume of the road network resulting from the implementation of Standardization Scheme, it is estimated that the overall toll revenue of the Company for the whole year 2011 would decrease approximately 9% to 10% and therefore the profits would also be affected. As for year 2012, since the Standardization Scheme was implemented on 1 June, the period to be affected will only be seven months.

Pursuant to a further notice from relevant authorities of Guangdong province, starting from 3 August 2012, in case that the toll fees increased as a result of the implementation of the Standardization Scheme in sections invested by state-owned enterprises (including state-controlled enterprises), such toll fees had been resumed to the level before adjustment (“Subsequent Arrangement”). Based on the historical traffic volume of the major expressways operated by the Group and without taking into account any positive or negative impact on traffic volume of the road network resulting from the implementation of the Subsequent Arrangement, it is estimated that the annual toll revenue of the Group would decrease by approximately 2% to 3% as a result of the implementation of such arrangement.

In July 2012, the State Council approved a toll free implementation scheme for small passenger vehicles during major holidays (“Holiday Scheme”). Based on the historical traffic volume of the major expressways operated by the Group and without taking into account any positive or negative impact on traffic volume of the road network resulting from the implementation of the Holiday Scheme, it is estimated that the annual toll revenue of the Group would decrease by approximately 3% to 4% as a result of the implementation of such scheme.

In addition to the industry policies above mentioned, currently the Company has not yet informed any other new industry policy.



2. Please introduce the construction plan of the surrounding road networks of Qinglian Expressway. What are the impacts of these plans on the operation of Qinglian Expressway?

A: It is understood that Guangqing Expressway is expanding the lanes from 4/6 to 8. It is scheduled to complete in 2014. The expansion of Guangqing Expressway will lead the south-bound traffic from Qinglian Expressway, enhance the capacity and ability of service, thereby enhance the competition of Qinglian Expressway.

Due to 30 tones and above heavy lorries are prohibited to access the bridge of Guangqing Expressway in current stage, it has a certain impact on the traffic growth of Qinglian Expressway. Currently, the Company is not aware of any news regarding to the termination of such restricted access measures. The Company will continue to keep track of the relevant information.

Beijing, Hong Kong and Macao Expressway dual-line (Hunan section), Erguang Expressway (Yongzhou, Hunan – Lianzhou, Guangdong) and Guangle Expressway, which surround Qinglian Expressway, will be open to traffic as scheduled in the next few years. The first two projects will bring Qinglian Expressway an new growth in traffic volume. However, Guangle Expressway basically runs parallel to Beijing, Hong Kong and Macao Expressway (Guangdong section) and Qinglian Expressway, may lead to diversion of certain traffic flow, but such effects are not expected to be obvious.





3. Does the local government have plan to repurchase Meiguan Expressway? Please talk about the progress of the relevant works.

A: The local government is planning to stop charging on the south section of or the whole route of Meiguan Expressway. But currently, due to the wide coverage and the complication of the approval procedures, no detailed plan has been formulated. The Company has already hired intermediary institution to assess the project. The Company will always adhere to the principles of protecting the interests of shareholders and ensuring the Group's long-term development when dealing with such repurchase affairs.

4. How is the construction progress on Guilong Road of Guilong Project? When will its construction management profit be recognized?

A: Currently, the construction progress of Guilong Road is in line with the contract. The Company recognizes the profit on the basis of the percentage-of-completion method with some certain conditions. It is expected that part of profit will be recognized next year.

5. 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.





### **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](mailto:ir@sz-expressway.com)*

#### **WONDERFUL SKY FINANCIAL GROUP**

*Ms. Abbey ZHAO / Ms. Sarah CHAN*

*Tel: (852) 2851 1038*

*Fax: (852) 2815 1352*

*E-mail: [prd@wsfg.hk](mailto:prd@wsfg.hk)*

#### **EVERBLOOM INVESTMENT CONSULTING CO., LTD.**

*Ms. Weiwei XIE / Mr. Xiaodong WANG*

*Tel: (86 755) 8296 6116*

*Fax: (86 755) 8296 6226*

*E-mail: [sgs@everbloom.com.cn](mailto:sgs@everbloom.com.cn)*