



E-Newsletter

开卷语

Opening Message

GUIDANCE

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Dear Investors,

The Company announced the Third Quarterly Results of 2012 on 29 October 2012. The Group recorded net profit of RMB160 million. From January to September 2012, the Group recorded net profit of RMB579 million (unaudited). The results were basically in line with the management's expectation.

Recently, the new approved industry policies were adopted to the toll highways operated and invested by the Group. It has had varying degrees of impact on each project and the Group's results. Looking ahead to the fourth quarter, the pressure caused by the toll highway industry policy will continue to exist, and the macroeconomic environment is still complex. The Management points out that the Group will continue to closely monitor and analyze the trends of traffic volumes and toll revenues, carry out various marketing methods, strengthen cost controls and capital management, and strive to improve the Group's operating results so as to achieve better returns for shareholders.

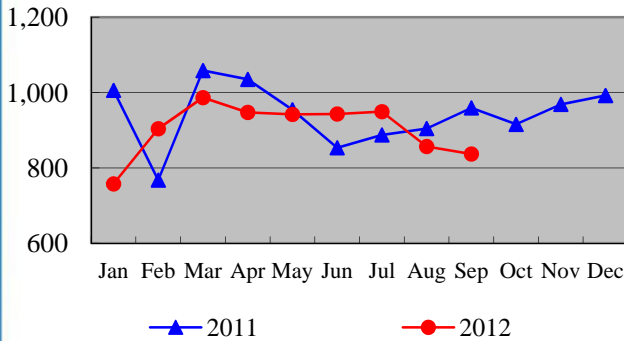
Best regards,

Yang Hai
Chairman

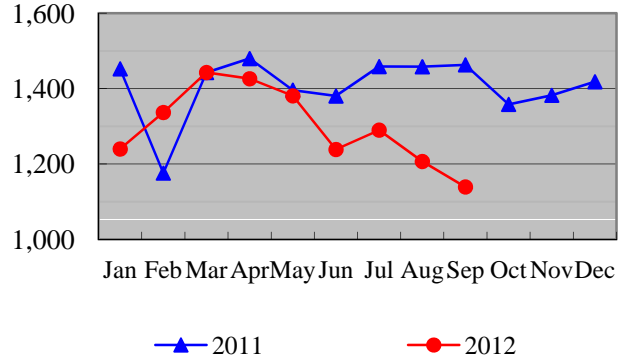


Operations Review of Major Projects

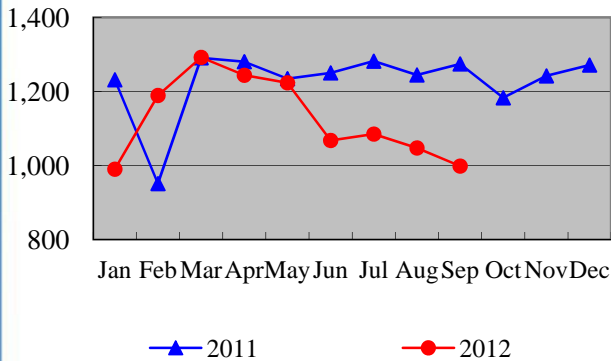
Average Daily Toll Revenue of Meiguan Expressway (RMB'000)



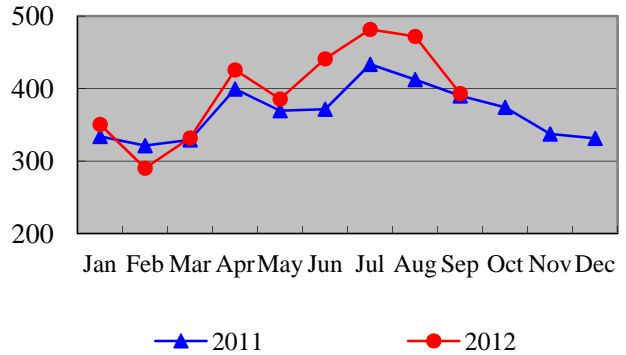
Average Daily Toll Revenue of Jihe East Expressway (RMB'000)



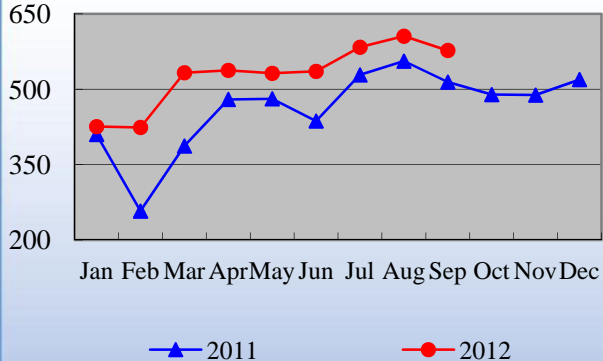
Average Daily Toll Revenue of Jihe West Expressway (RMB'000)



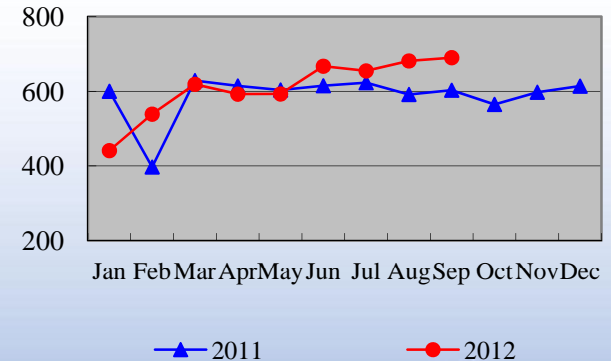
Average Daily Toll Revenue of Yanba Expressway (RMB'000)



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

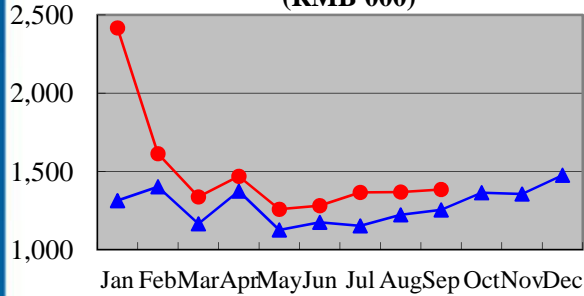


Average Daily Toll Revenue of Nanguang Expressway (RMB'000)

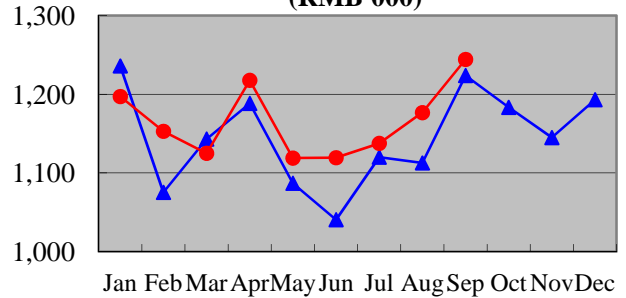




Average Daily Toll Revenue of
Qinglian Expressway
(RMB'000)



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



▲ 2011

● 2012

▲ 2011

● 2012

(For Other projects' operational performances of the Group, please go to "Operational Statistics" of the Company's web-site.)

- A unified toll fees standardization ("Standardization Scheme") have been implemented to all expressway projects according to the unified toll rate, toll coefficient, calculating method for ramps and rounding principle in Guangdong Province since 1 June 2012. Subsequent adjustment was also adopted in cases that the toll fees had been increased as a result of the implementation of the Standardization Scheme. For details, please refer to the announcements of the Company dated 31 May 2012 and 17 August 2012. The implementation of the abovementioned policies had certain negative impact on the operational performance of Jihe Expressway, Meiguan Expressway, Shuiguan Extension, Yanpai Expressway, Jiangzhong Project, Guangwu Project and GZ W2 Expressway, while the impact on other projects in Guangdong Province was relatively limited.
- During 30 September and 7 October 2012, a toll free implementation scheme for small passenger vehicles during major holidays approved by the State Council ("Holiday Scheme") was adopted to all the expressway projects operated or invested by the Group. It is preliminarily estimated on a full accounting year basis that the annual toll revenue of the Group would decrease by approximately 3~5% when Holiday Scheme is fully implemented. Such policy had a direct impact on the toll revenue of the projects for one day as far as September was concerned.
- The transportation network in Shenzhen region has been under continuous improvement in recent years as well as the tolls on certain local roads were halted, which led certain changes to traffic distribution and composition in the region's road network and thus had 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 promoted the operational performance of Yanpai Expressway while Meiguan Expressway, Shuiguan Expressway, Shuiguan Extension and Nanguang Expressway were adversely affected.
- Based on past records, differing in location and function, the operational performance of the Group's highways is affected by the Spring Festival holiday favorably or adversely. For example, during the holiday period, the traffic volume and toll revenue of the interprovincial channel highways such as Qinglian Expressway, are usually at higher levels, while the operational statistics of the highways in the urban peripheral area such as the sections in Shenzhen region usually indicate a trend of lower levels. As the time of Spring Festival holiday differs for each year (2012 Spring Festival: 23 January; 2011 Spring Festival: 3 February), investors are recommended to consolidate the operational statistics for both January and February of each year for comparison in order to see the trend of the year-on-year change in operational performance of the projects.
- Both the full operation of Qinglian Expressway and the opening to traffic of Yifeng Expressway (Fengtouling, Guangdong – Yizhang, Hunan) connecting the north end of Qinglian Expressway have positive impacts on the operational performance of Qinglian Expressway. However, heavy lorries are still prohibited from access Guangqing Expressway which locates in the south of Qinglian Expressway, limiting the growth of freight traffic flow on Qinglian Expressway to certain extent.



Company News

- On 4 July 2012, the Company participated in HK/China Mini Conference (Theme: Infrastructure & Machinery) which was organized by CITI in Hong Kong. The management of the Company communicated with 11 foreign institutional investors via one-on-one meetings and group meetings.
- On 20 August 2012, the Company held the 2012 Interim Results Presentation in Shenzhen and Hong Kong respectively. 60 investors and analysts and 26 reporters participated in the conferences. At the conferences, Mr. Wu Yade, the President of the Company, reviewed the operational performance of the Company of the first half of 2012 and discussed the working plan of the second half of the year with all participators, and answered their questions with other members of management.

Related link: <http://www.sz-expressway.com/UploadFiles/2012/08/270953181FF22FE4.pdf>

- On 19 and 20 September 2012, the Company held the Reverse Road-show 2012. A total of 15 investors participated in the event. Through communications with the Company's senior management, as well as site visit on Coastal Project, Jiangzhong Project, Yangmao Expressway and their surrounding road networks, the investors were able to gain a deeper understanding of the Company's current management and the projects' operational statuses. The investors also discussed and shared their opinions and expectations with the management on the Company's future development.
- In response to the call of the China Securities Regulatory Commission, the Company has carried out investor protection activities since September 2012. For details of shareholder return and investor protection, please refer to the attachment "*Investor Protection Brochure*" (Chinese version only). Investors also can access "Investor Relations" section of the Company's web-site to understand the relevant regulations, information and to communicate with the Company.

Related link: <http://www.sz-expressway.com/fazhi.aspx?NodeID=271&tip=0> (Chinese version only)



1-3Q2012 Results

- Highlights:

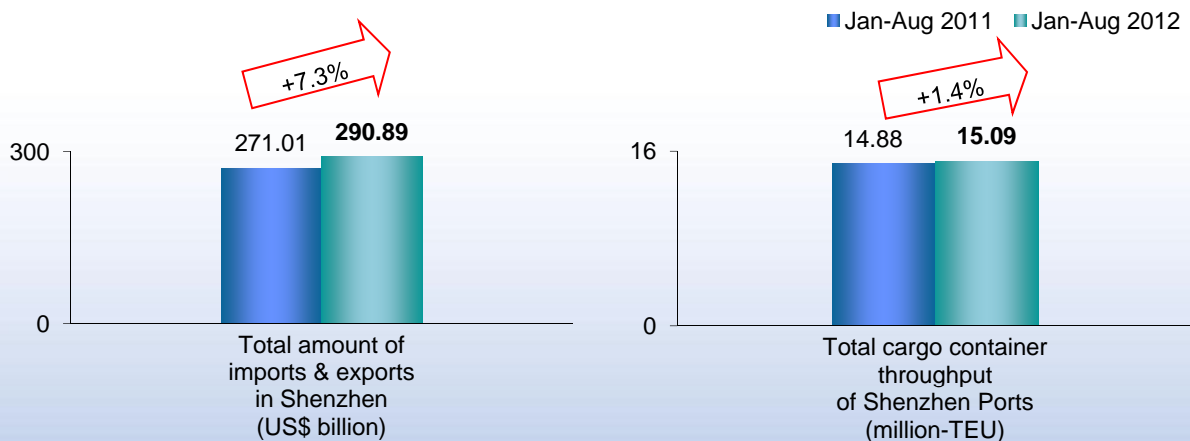
- Net profit amounted to RMB579 million (same period of 2011: RMB707 million)
- Toll revenue amounted to RMB2,065 million (same period of 2011: RMB2,017 million)
- Cost of services amounted to RMB1,018 million (same period of 2011: RMB770 million)
- Financial expenses amounted to RMB468 million (same period of 2011: RMB385 million)

Cost of services offset as a result of the changes in accounting estimates in relation to the maintenance provisions of the Group for the third quarter of 2011. Excluding the effect of maintenance provisions, the Group's net profit from January to September 2012 increased by 9.91% YOY.

For the details, please download the following materials:

- Third Quarterly Report of 2012
(<http://www.sz-expressway.com/UploadFiles/2012/10/29183410E774A651.pdf>)
- Presentation of 2012 Third Quarterly Results
(<http://www.sz-expressway.com/UploadFiles/2012/10/29201800D4D4BC1F.pdf>)
- The Company held an online investor meeting for the third quarterly results and investor protection from 10:00 a.m. to 11:30 a.m. on 30 October 2012. 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. Please access <http://ircs.p5w.net/ircs/topicInteraction/bbs.do?rid=7880> (Chinese version only) for details.

References



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



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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