



SHENZHEN EXPRESSWAY COMPANY LIMITED

Stock code: 00548(SEHK) 600548(SSE)

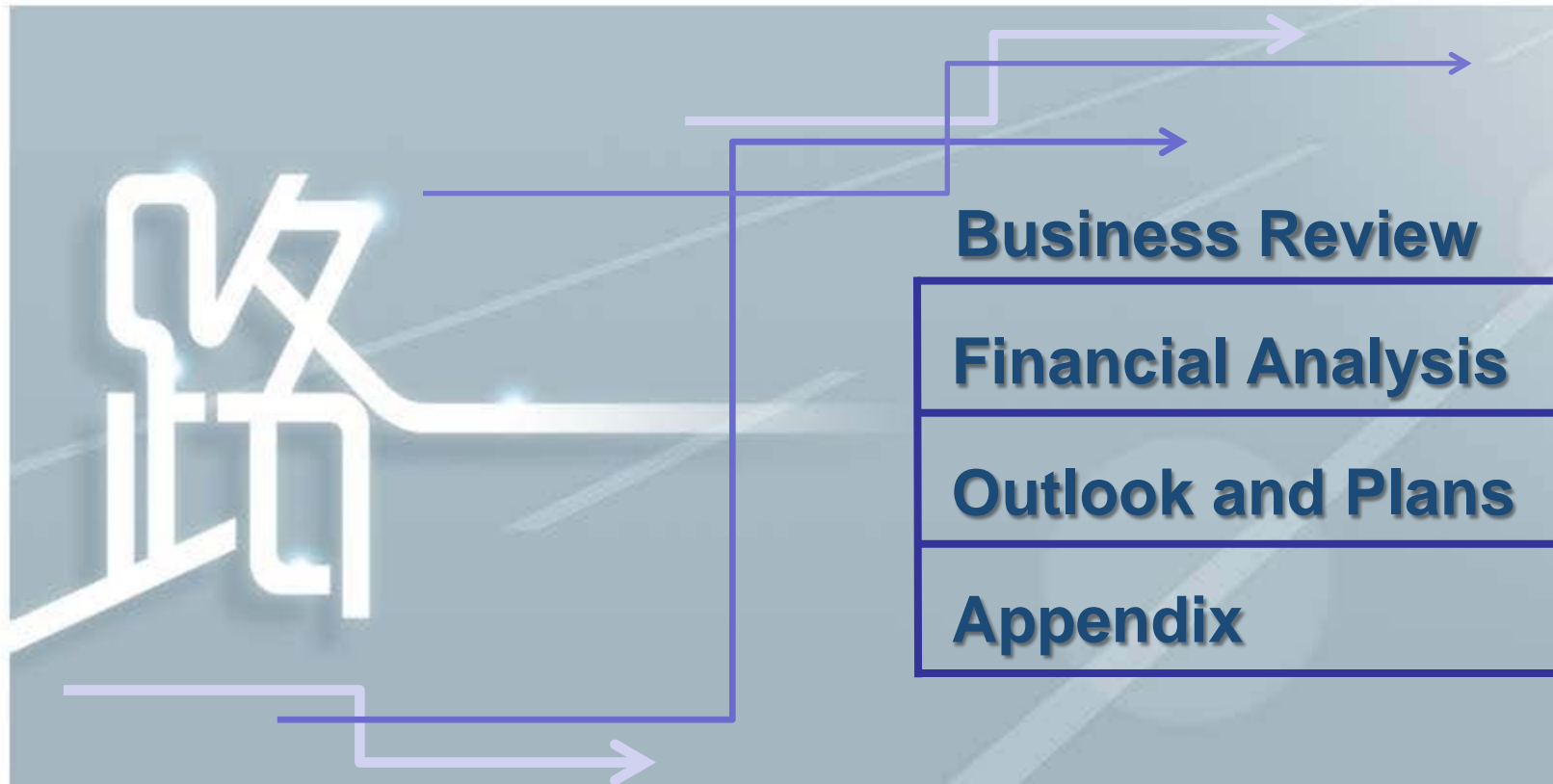
2012

Annual Results Presentation



25 March 2013

Contents

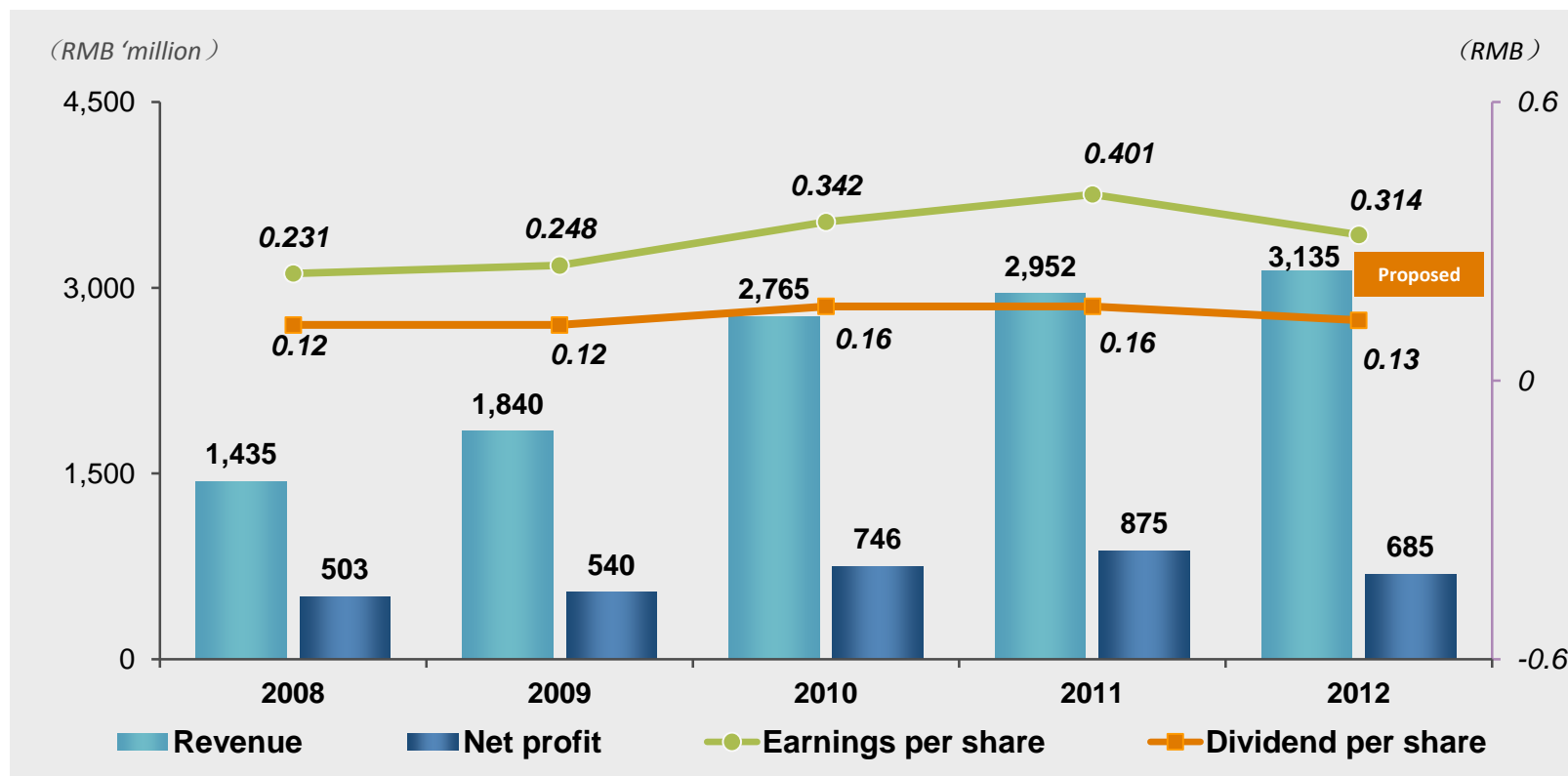


In this report, the total of breakdown and the total may not equal in mantissa due to rounding.

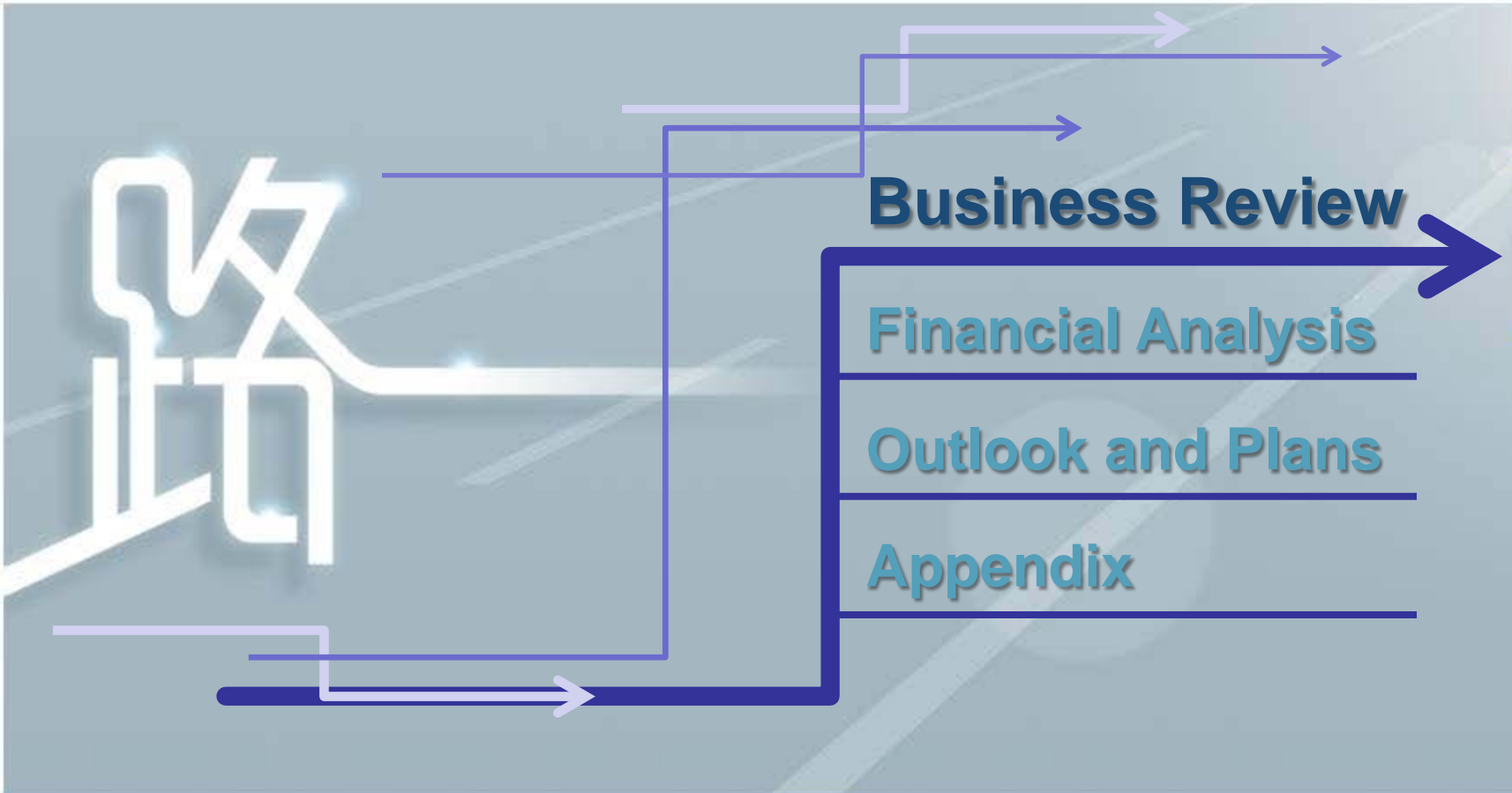
Financial Highlights

	2012 (RMB 'million)	2011 (RMB 'million)	Change YOY
	As at 31 December		
Revenue	3,135	2,952	+6.20%
Incl: Toll revenue	2,726	2,716	+0.40%
Net profit attributable to owners of the Company	685	875	-21.78%
<i>FYI: Net profit excluding the effect of Provisions for Maintenance/Resurfacing</i>	<i>710</i>	<i>720</i>	-1.31%
Earnings per share (EPS) (RMB)	0.314	0.401	-21.78%
Return on equity (ROE)	7.33%	9.84%	-2.51p.pt
	31 Dec. 2012 (RMB 'million)	31 Dec. 2011 (RMB 'million)	Change YOY
Total assets	24,209	24,609	-1.62%
Total liabilities	13,336	14,111	-5.49%
Incl: Total borrowings	10,564	10,879	-2.90%
Total equity attributable to owners of the Company	9,536	9,204	+3.61%
Net assets per share (RMB)	4.37	4.22	+3.61%

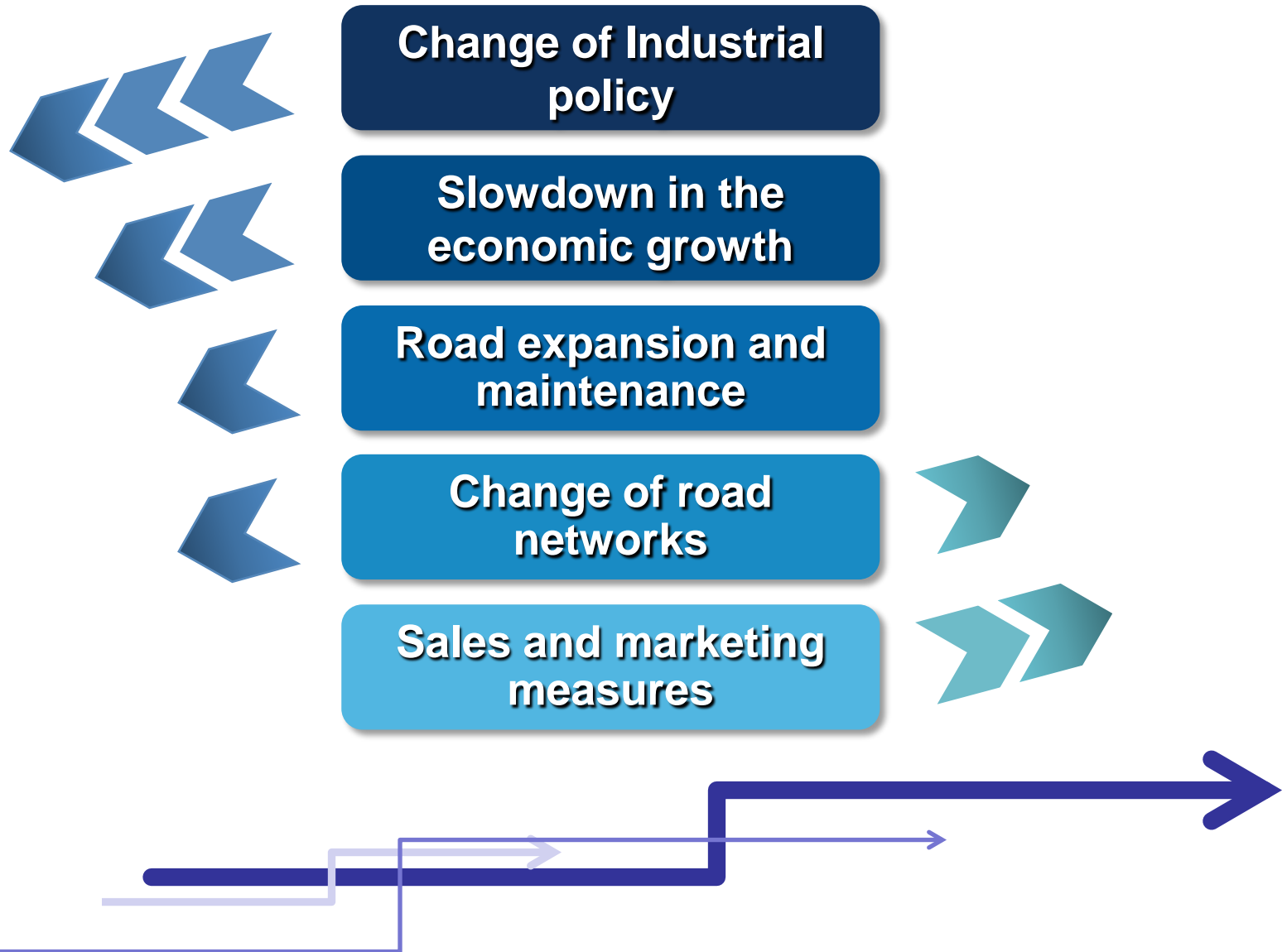
Financial Highlights



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 financial years before 2011 according to the relevant requirements of the accounting standards.



Impact Factors

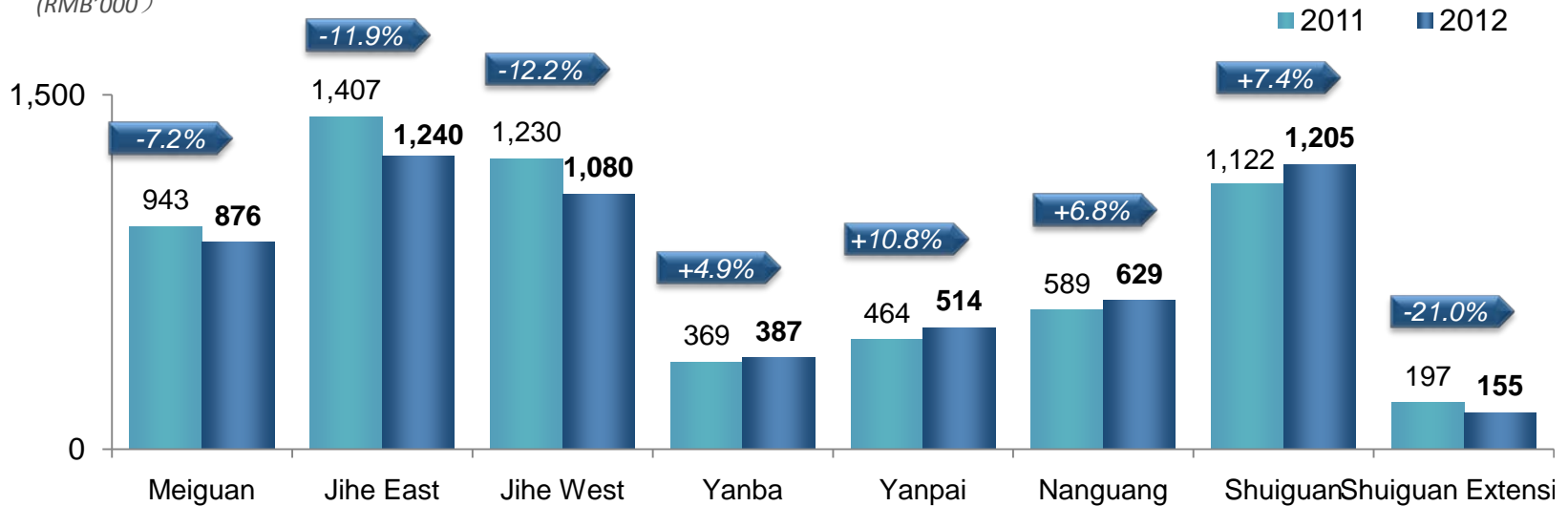


Operational Performance

Shenzhen Region

Average Daily Toll Revenue

(RMB'000)

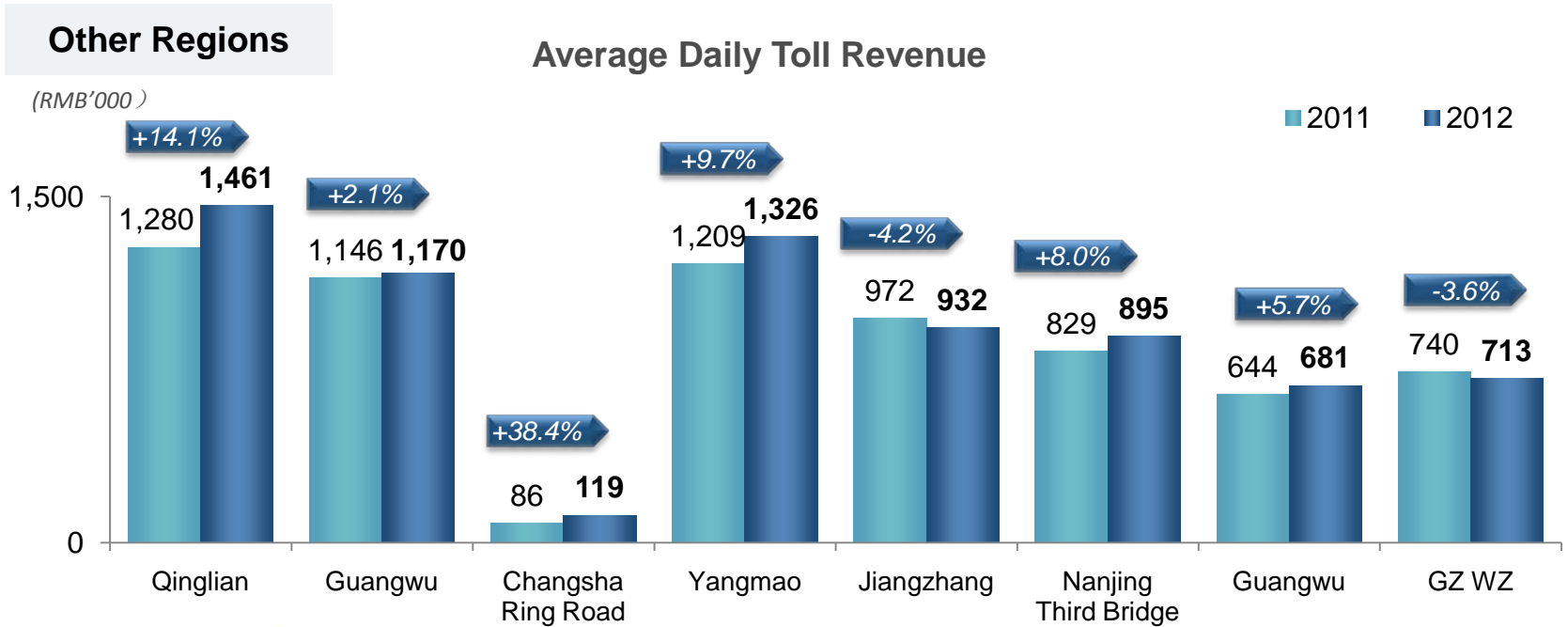


Standardisation Scheme:

Starting from 1 June 2012, the toll fees of the expressways in Guangdong province had been standardised based on the unified toll rate, toll coefficient, calculating method for ramps and rounding principles. Subsequent adjustment was made for the increase of the toll fees as a result of the implementation of the above mentioned policy.

- ➡ The implementation of Standardization Scheme and Toll Free Scheme resulted in different degrees of negative impacts on the projects.
- ➡ The operational performances of projects were affected by the changes of road networks in the region.
- ➡ Proactive marketing measures neutralize some negative impacts.

Operational Performance

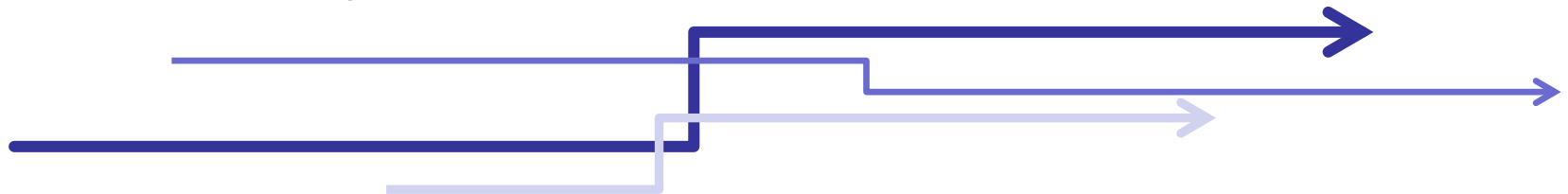


Toll Free Scheme on Holidays: the State Council approved in the middle of 2012 that the toll fees for passenger cars with seven seats or less were waived during the periods of four national holidays.

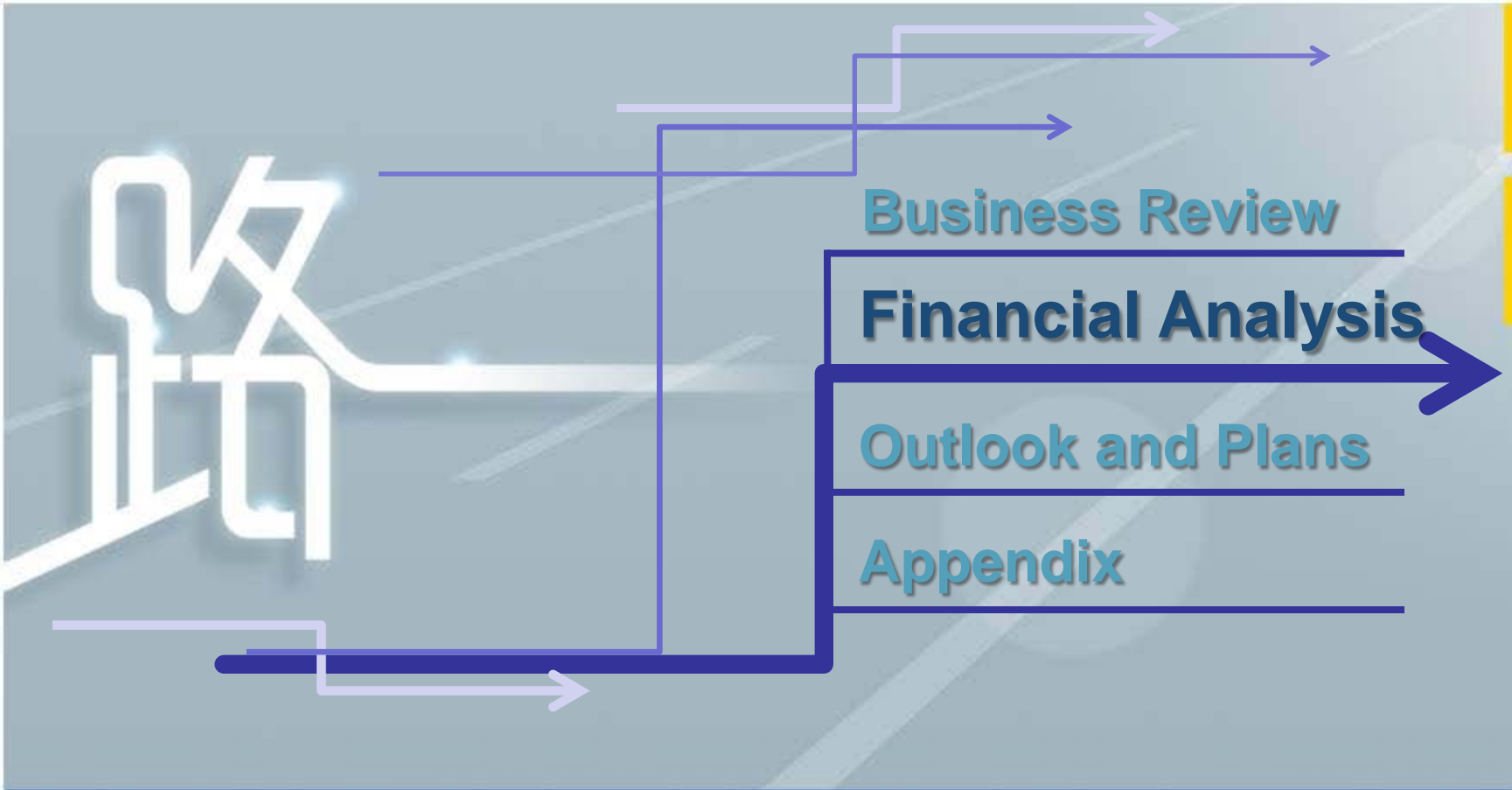
- ➡ The implementation of Standardization Scheme and Toll Free Scheme resulted in different degrees of negative impacts on the projects. The toll-by-weight policy drove the growth of toll revenues from Yangmao Expressway and Guangwu Project.
- ➡ Yifeng Expressway's opened to traffic improved operational performance of Qinglian Expressway, but the restrictions on the surrounding road networks are limit its traffic volume's rapid growth in the short run.

Business Development

- ➔ **Jihe East :** The main maintenance works for Jihe East have been completed in January 2013, which helps effectively avoid the deterioration of road conditions and enhance the road utilisation and traffic capacity.
- ➔ **Meiguan :** The reconstruction and expansion works of North Section are currently in progress, which is scheduled to be completed at the end of 2013. This will enhance its traffic capacity to a large extent, and help improve its operating performance.
- ➔ **Outer Ring:** The Company continued to carry out preliminary study and held relevant negotiation.



- ➔ **Coastal Project:** The construction of road understructure, bridges and culverts has been basically completed and the main part of the project is scheduled to be completed in the second half of 2013.
- ➔ **Nanping (Phase II):** Part of the contracted section of Section A connecting Nanguang Expressway was completed and opened to traffic on 1 August 2012.
- ➔ **Guilong Project:** Major works for road construction have been started and proceeded steadily as scheduled. In respect of the fund recovery, it has received an aggregate amount of RMB256 million for land requisition, demolition and relocation as well as road construction fund. .



Financial Analysis - Revenue

	2012 <i>(RMB 'million)</i>	2011 <i>(RMB 'million)</i>	Change YOY <i>(RMB 'million)</i>
REVENUE	3,135	2,952	+183
Toll revenue	2,726	2,716	+11
Entrusted Management services revenue	294	149	+145
Other revenue	114	87	+27
	2012 Toll Revenue <i>(RMB '000)</i>	2011 Toll Revenue <i>(RMB '000)</i>	Change YOY <i>(RMB '000)</i>
TOLL HIGHWAY			
Qinglian	537,170	471,288	+65,882
Wuhuang	459,692	418,371	+41,321
Jihe East	453,795	513,638	-59,843
Jihe West	395,217	448,914	-53,697
Meiguan	320,454	344,277	-23,823
Nanguang	230,123	214,981	+15,142
Yanpai	188,123	169,299	+18,824
Yanba	141,779	134,795	+6,984
TOTAL	2,726,353	2,715,562	+10,791

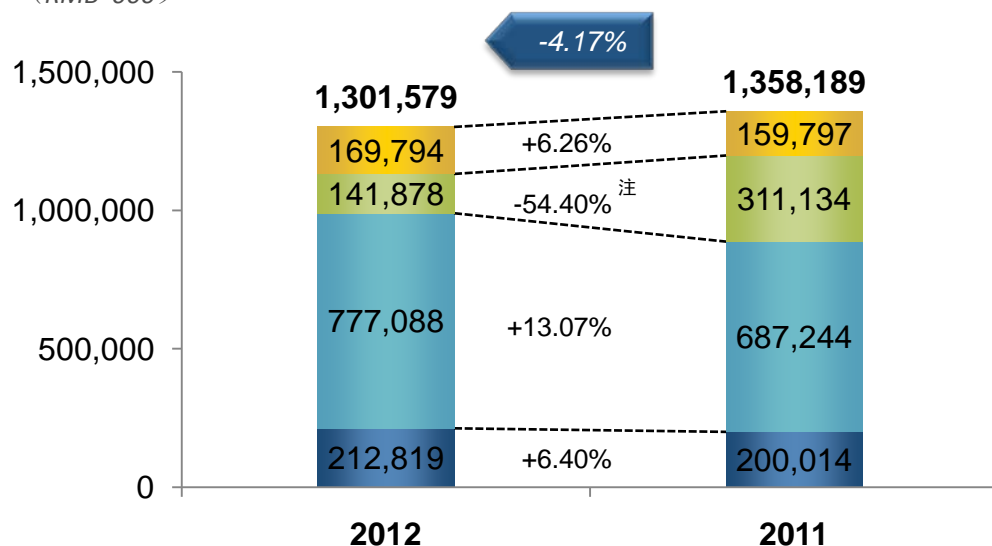
Note: For the Reporting Period, the implementation of Standardisation Scheme and Toll Free Scheme on Holidays resulted in a decrease by approximately RMB236 million of toll revenues of the Group.

Financial Analysis – Cost & Expenses

	2012 (RMB 'million)	2011 (RMB 'million)	Change YOY (RMB 'million)
Cost of services	1,511	1,183	+328
Cost for traffic services	1,302	1,100	+201
<i>FYI: Cost of services excluding the effect of Provisions for Maintenance/Resurfacing</i>	1,302	1,358	-57
Cost of entrusted management services	152	35	+117
Cost of other business	57	47	+10
General and administrative expenses	80	88	-8

Details of the cost for highway services excluding the effect of Provisions for Maintenance/Resurfacing :

(RMB '000)



- Employee expenses
- Road maintenance expenses (excluding the effect of Provisions for Maintenance/Resurfacing)
- Depreciation & amortisation
- Other business costs

Note: Main reasons of decrease on Road Maintenance Expenses in 2012: (1) Maintenance works for such highways as the South Section of Meiguan Expressway in 2011 resulted in an expense of approximately RMB130million; (2) Maintenance works for the road surface of Jihe East were carried out with the Provisions for Maintenance/Resurfacing funds in 2012, so that the daily maintenance costs declined.

Financial Analysis – Toll Highway Profit

	Cost of traffic services		Profit before interests, tax and general and administrative expenses	
	2012 (RMB '000)	Change YOY (RMB '000)	2012 (RMB '000)	Change YOY (RMB '000)
TOLL HIGHWAY				
Jihe West	90,301	-3,767	291,588	-51,626
Wuhuang	224,681	+19,829	221,070	+21,169
Jihe East	225,622	-7,048	219,584	-45,047
Meiguan	101,644	-115,810^{note1}	208,050	+92,276^{note1}
Qinglian	365,440	+19,249	154,116	+44,130
Nanguang	117,137	+17,410	105,953	-2,182
Yanpai	81,102	+8,526	103,808	+12,525
Yanba	95,652	+5,001	41,754	+1,802
SUB-TOTAL	1,301,579	-56,610	1,345,923	+73,047
Provisions for Maintenance/Resurfacing	-	+258,096^{note2}	-	-258,096^{note2}
TOTAL	1,301,579	+201,486	1,345,923	-185,050

Note 1: In 2011, the maintenance works for the road surface of the South Section of Meiguan Expressway, resulted in the non-recurring expenses amounting to approximately RMB115million, which increased the costs and lowered the profit by the period.

Note 2: The Group has made adjustments to the Provisions for Maintenance/Resurfacing of major highways based on the review results of the plan since 1 July 2011, which lowered the cost of services in 2011, and brought certain positive impact on the operating results for the year.

Financial Analysis - Investment Income

	2012 Toll revenue (RMB '000)	2012 Cost of services (RMB '000)	Investment income of the Group (RMB '000)	
			2012	Change YOY
Jointly Ventures:				
Changsha Ring Road	43,715	36,817	2,944	+5,182
Associate:				
Shuiguan	440,858	155,117	57,758	-5,759 ^{note2}
Shuiguan Extension	56,903	43,854	-5,091	-3,809
Yangmao	486,957	209,230	39,496	+4,985
Guangwu	249,366	103,910	20,720	+3,949
Jiangzhong	340,952	232,426	695	-2,970
GZ W2	261,086	123,167	3,023	-3,505
Nanjing Third Bridge	327,382	136,901	6,084	+2,676
TOTAL			125,629 ^{Note1}	+749

Note1: The data is excluding investment income from Consulting Company of RMB 3,021,000 (2011: RMB2,822,000) and other investment incomes of RMB450,000.

Note2: The increase in the cost and the decline in investment income 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

	2012 (RMB '000)	2011 (RMB '000)	Change YOY (RMB '000)
ITEM	As at 31 December		
Interest expenses	619,767	550,380	+69,387
Less: Interest capitalized	9,330	2,962	+6,368
Interest income	34,557	16,349	+18,208
Exchange gain/loss and others	(12,151)	34,328	-46,479
<i>Financial expenses excluding time value of Provisions for Maintenance/Resurfacing</i>	588,031	496,741	+91,290
Add: Time value of Provisions for Maintenance/Resurfacing	34,387	50,918	-16,531
Financial expenses	622,418	547,659	+74,759

Note: During the reporting period, with the increase in the Group's average borrowing scale, the increase in interest rate in accordance with the provisions under the contracts and the decrease in exchange gains, the financial costs increased.

Financial Analysis - Debt Ratio & Repayment

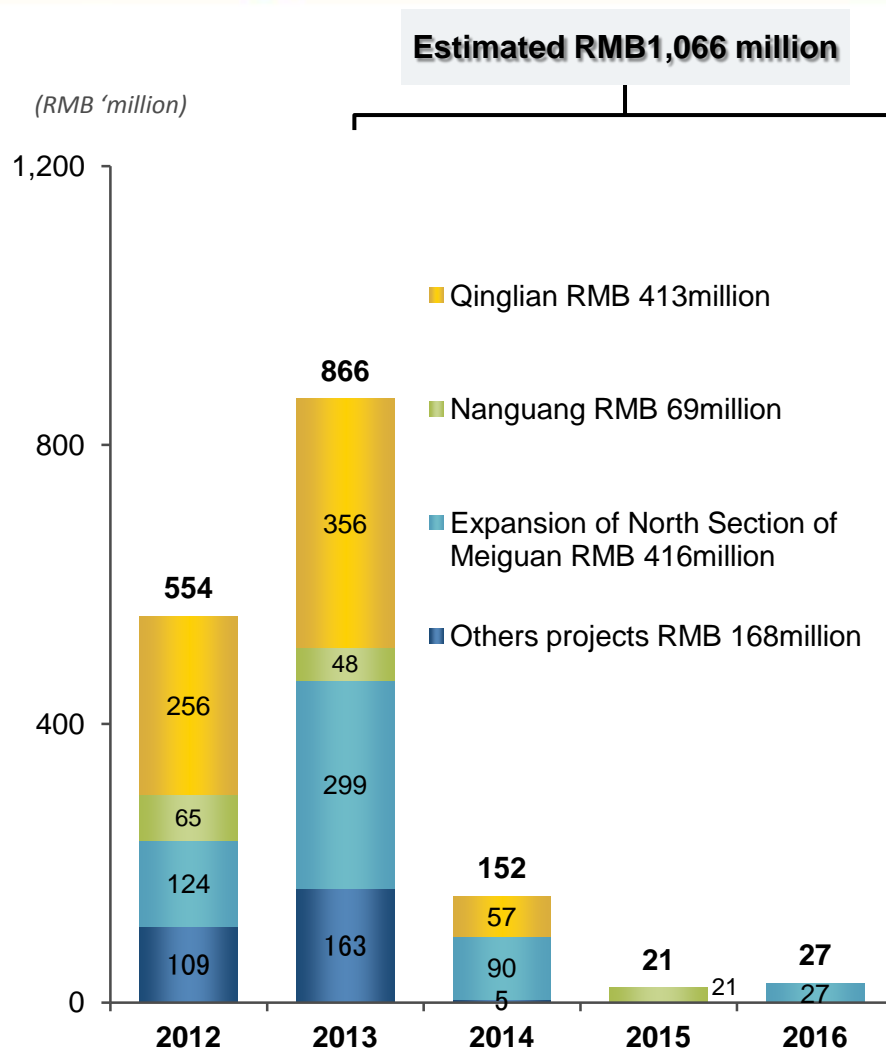
	31 December 2012	31 December 2011
Debt-to-asset ratio (Total liabilities / Total assets)	55.09%	57.34%
Net borrowings-to-equity ratio (Total borrowings - cash and cash equivalents) / Total equity)	79.18%	82.99%
	2012	2011
Interest covered multiple (Profit before interests and tax / interest expenses)	2.42	2.92
EBITDA interest multiple (Earnings before interests, tax, depreciation and amortization / interest expenses)	3.66	4.10

Financial Analysis - Capital Expenditure

➔ In 2012, the Group's capital expenditures mainly comprised the remaining construction investments and settlement amount for the Qinglian Project and Nanguang, and the reconstruction and expansion of Meiguan, totaling approximately RMB554 million.

➔ In 2012, the Group's net cash inflow from operating activities and cash return on investments totaled RMB1,617 million (2011: RMB1,633 million).

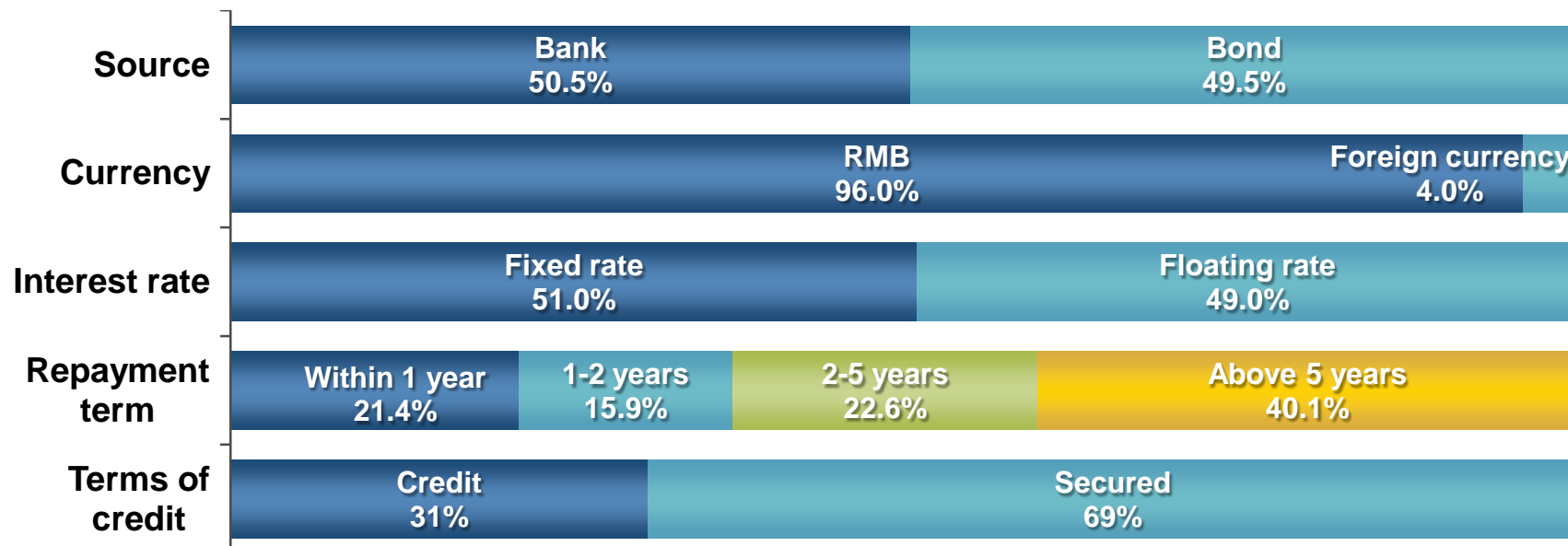
➔ As at 31 December 2012, unutilized banking facilities available amounted to RMB5.9 billion.



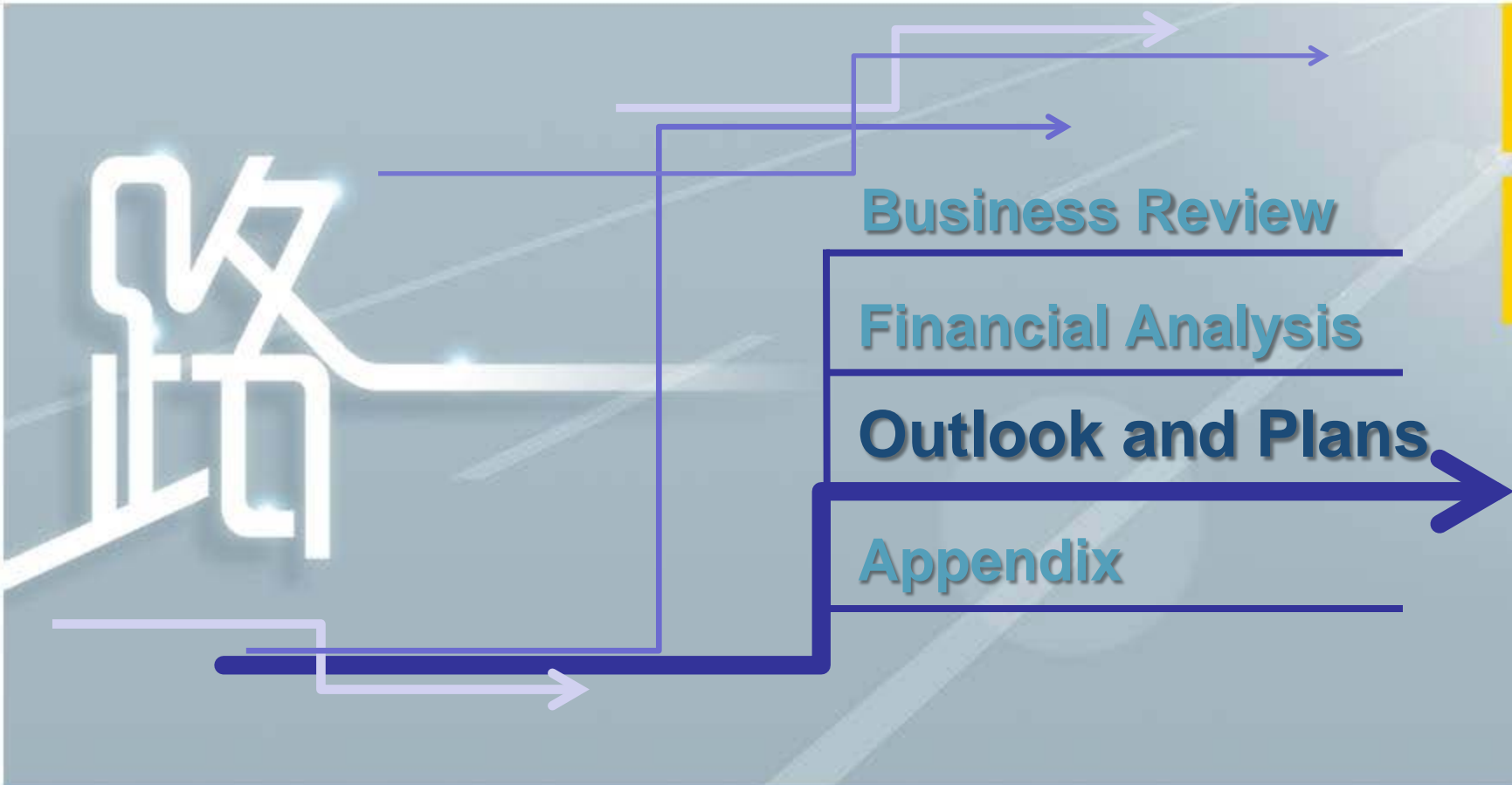
Financial Analysis - Borrowing Structure

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Borrowing Structure (as at 31 Dec 2012)



	2012	2011	Change YOY
AVERAGE BORROWING COST			
Nominal cost	5.75%	4.96%	+0.79p.pt
Effective cost	5.16%	4.34%	+0.82p.pt



Business Review

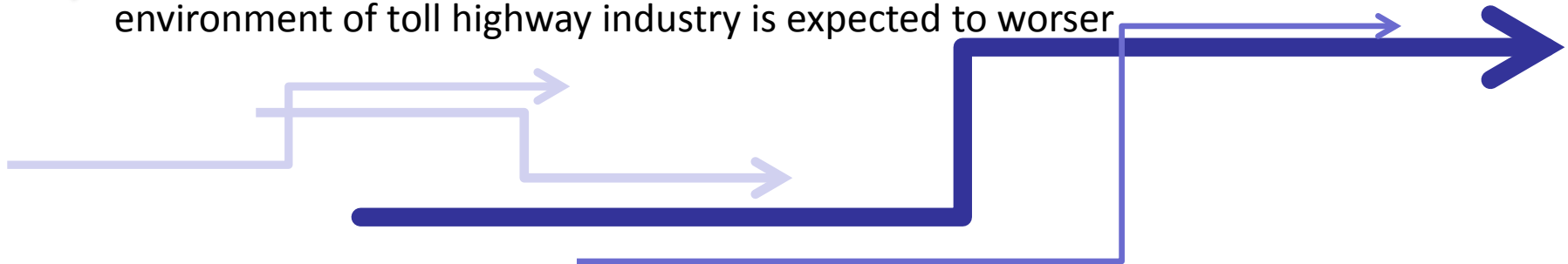
Financial Analysis

Outlook and Plans

Appendix

Operating Environment and conditions in 2013 19

- ➡ The progress of urbanisation is still carrying forward in China
- ➡ The competition between different transport modes exists
- ➡ The impacts of Standardization Scheme and Toll Free Scheme on Holiday will become more significant in 2013
- ➡ Road networks and industry management modes of all places are still changing
- ➡ Maintenance, reconstruction and extension works are likely to affect the road network traffic efficiency and project performance
- ➡ The overall currency policy is expected to remain stable, however, the financing environment of toll highway industry is expected to worsen



Major Tasks in 2013

Operation management



- Carry out targeted promotional campaign for the road network to attract traffic flow and explore the market potential
- Complete the maintenance works for projects in Shenzhen region with high standard of quality

Construction Management



- Enhance the refined and standardised management of the projects
- Strengthen the management of entrusted construction projects, achieve timely recovery of entrusted construction revenue

Business development

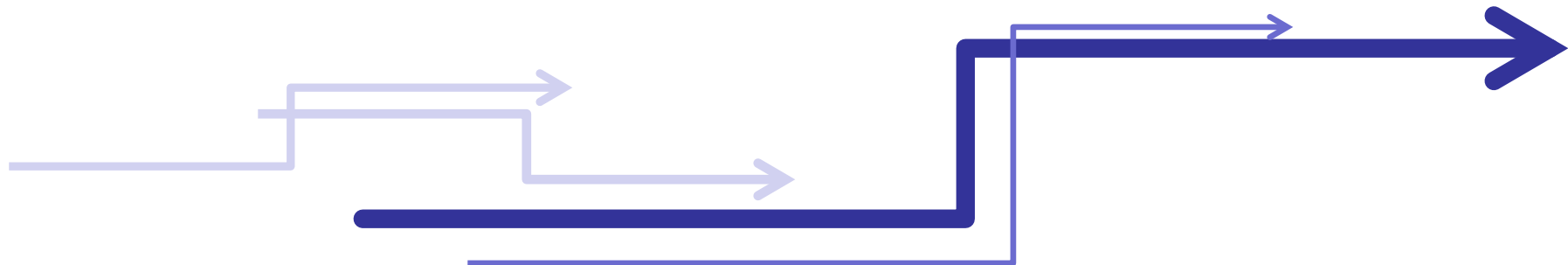


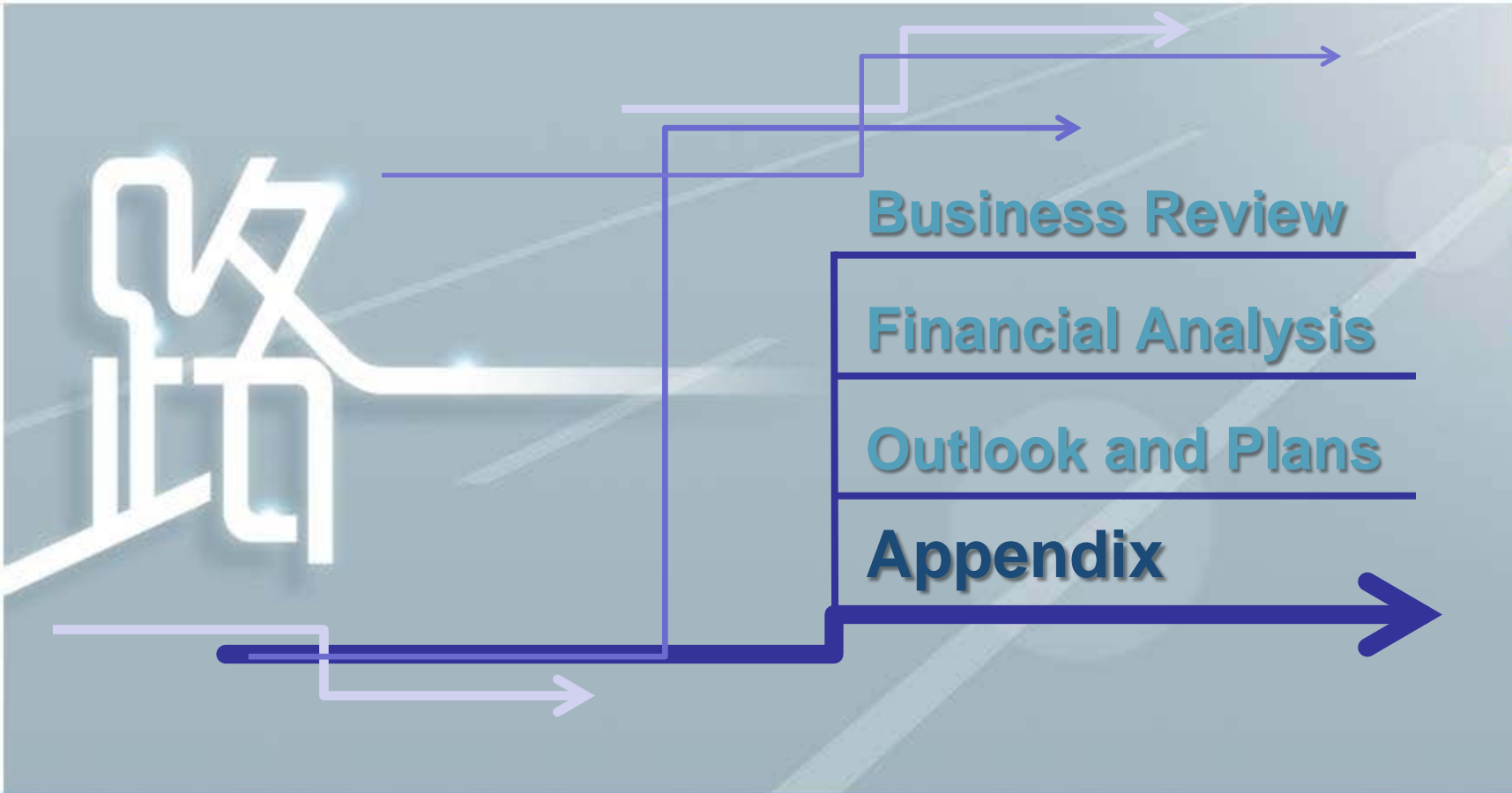
- Conduct the research and negotiation for the proposals of specific projects
- Deepen the study for the business development field and the direction

Financial management



- Explore more financing channels
- Strengthen the forecasting and daily management of cash flow





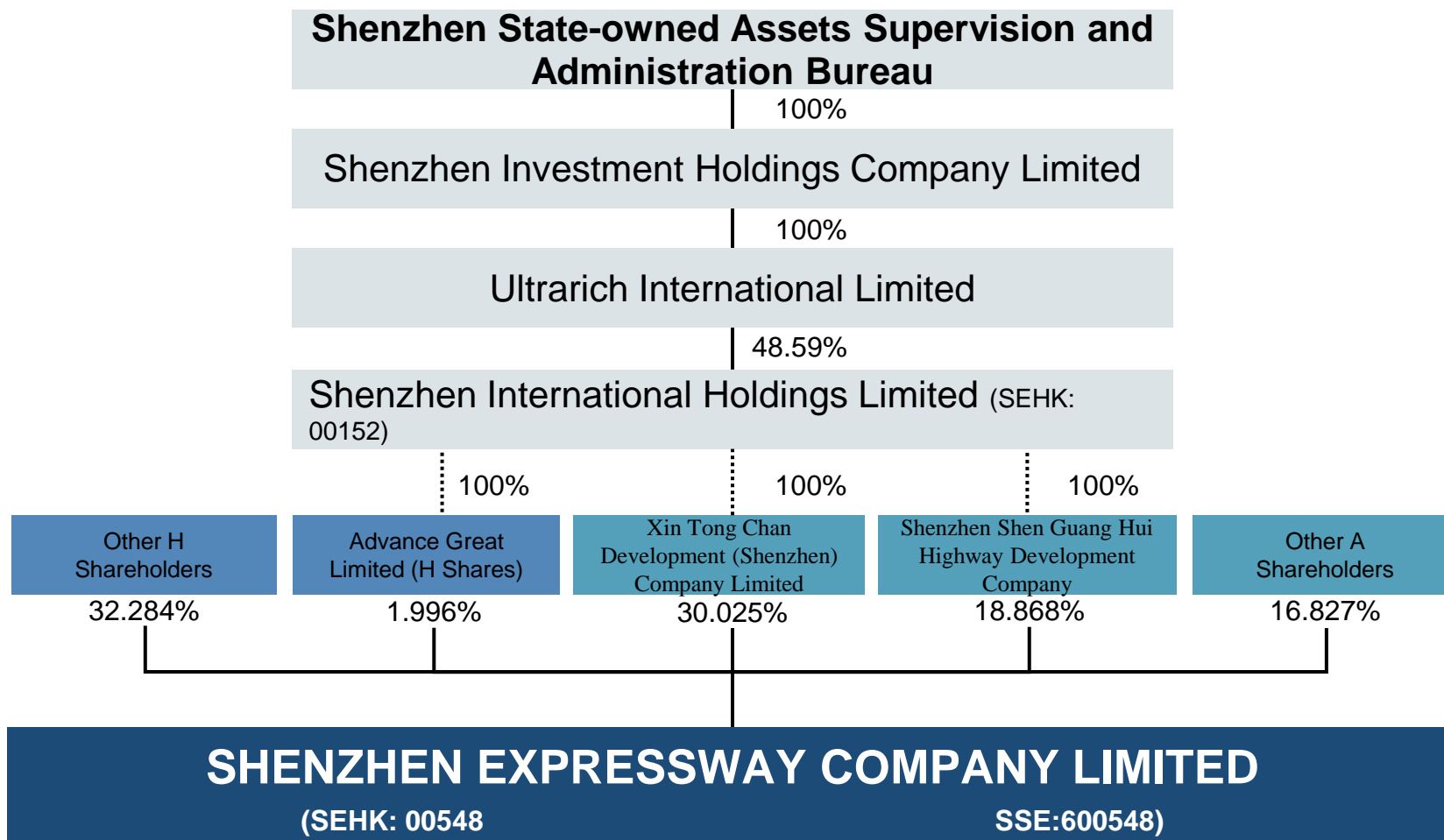
Business Review

Financial Analysis

Outlook and Plans

Appendix

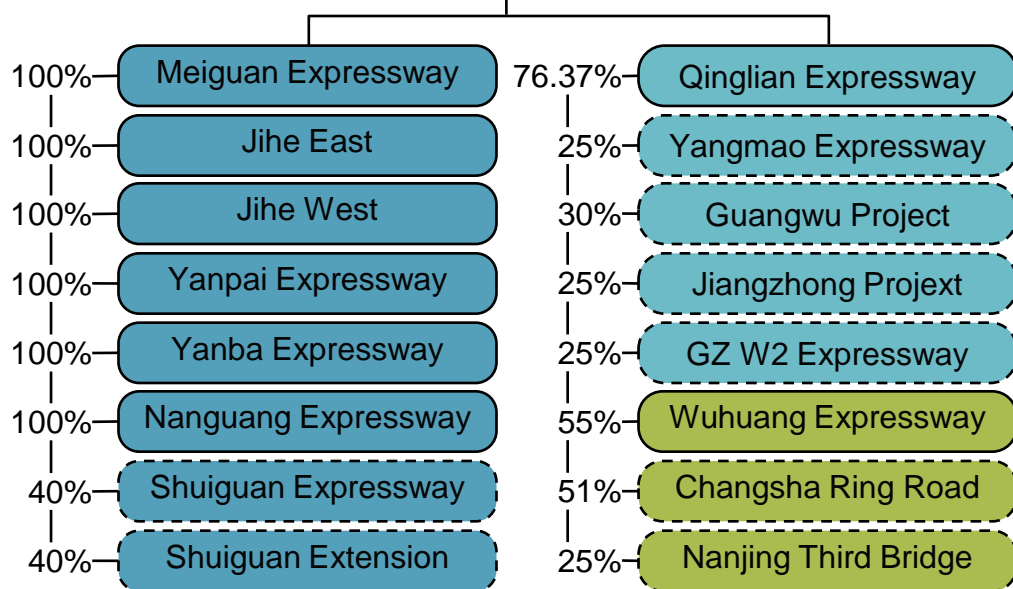
Shareholding Structure



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%.

Shenzhen Expressway Company Limited

Toll Highway Business



Entrusted Management Business

- Entrusted Construction Management
- Entrusted Operation Management

Other Businesses

- Advertising
- Engineering Consulting
- Interconnection Toll Business

Legend:

Shenzhen region

Other regions in Guangdong Province

Other provinces in the PRC

Consolidated project / business

Non consolidated project / business

Toll Highway Projects Summary

Toll Highway	Interest held by the Company	Location	Toll mileage (km)	No. of lanes	Status	Operation period
Meiguan Exp.	100%	Shenzhen	19.2	6/8	Under operation/ expansion	1995.05-2027.03
Jihe East	100%	Shenzhen	23.7	6	Under operation	1997.10-2027.03
Jihe West	100%	Shenzhen	21.8	6	Under operation	1999.05-2027.03
Yanba Exp.	100%	Shenzhen	29.1	6	Under operation	Applying for approval
Shuiguan Exp.	40%	Shenzhen	20.0	10	Under operation	2002.02-2025.12
Shuiguan Extension	40%	Shenzhen	6.3	6	Under operation	2005.10-2025.12
Yanpai Exp.	100%	Shenzhen	15.6	6	Under operation	2006.05-2027.03
Nanguang Exp.	100%	Shenzhen	31.0	6	Under operation	2008.01-2033.01
Yangmao Exp.	25%	Guangdong	79.8	4	Under operation	2004.11-2027.07
Guangwu Prj.	30%	Guangdong	37.9	4	Under operation	2004.12-2027.11
Jiangzhong Prj.	25%	Guangdong	39.6	4	Under operation	2005.11-2027.08
GZ W2 Exp.	25%	Guangdong	40.2	6	Under operation	2006.12-2030.12
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	34.7	4	Under operation	1999.11-2029.10
Nanjing Third Bridge	25%	Jiangsu	15.6	6	Under operation	2005.10-2030.10

Average Daily Mixed Traffic Volume

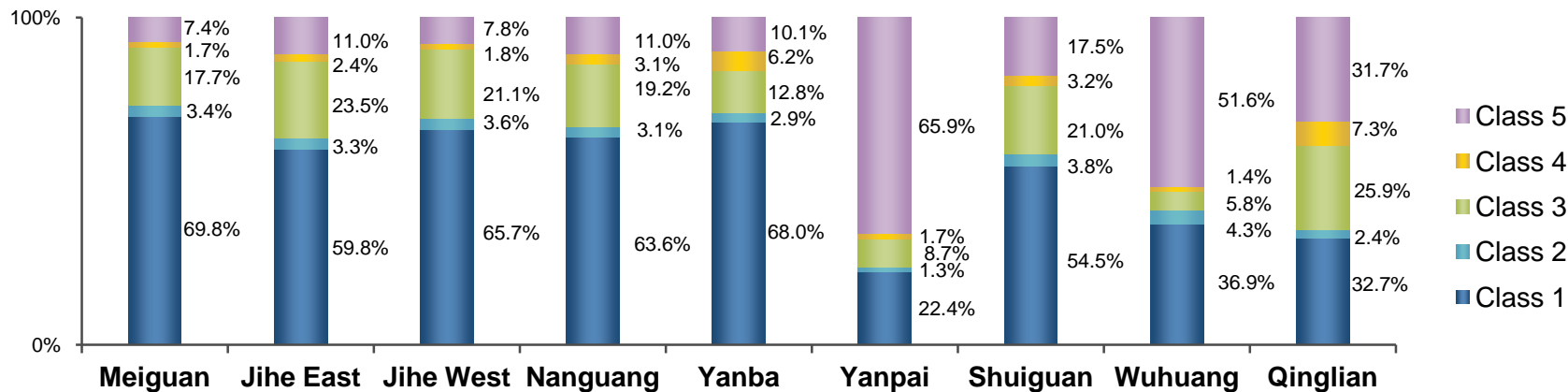
<i>(Number of vehicles)</i>	2008	2009	2010	2011	2012
Shenzhen Region					
Meiguan Exp.	92,744	98,318	117,244	118,976	124,921
Jihe East	90,991	93,019	111,530	118,215	128,414
Jihe West	67,661	72,800	91,111	99,390	106,564
Yanba Exp.	13,879	16,509	24,313	27,610	28,563
Yanpai Exp.	31,898	33,763	39,734	38,501	41,473
Nanguang Exp.	16,336	32,212	50,612	55,995	58,715
Shuiguan Exp.	106,241	118,064	134,561	124,714	138,285
Shuiguan Extension	28,181	32,294	40,485	31,941	29,331
Other Regions in Guangdong Province					
Qinglian Exp.	N/A	16,011	18,292	21,445	22,827
Yangmao Exp.	18,119	17,795	20,066	23,477	26,978
Guangwu Prj.	9,806	11,190	17,475	23,089	25,339
Jiangzhong Prj.	45,344	50,899	68,476	90,270	91,559
GZ W2 Exp.	9,574	14,883	28,768	33,493	34,796
Other Provinces in the PRC					
Wuhuang Exp.	29,140	32,412	38,034	37,856	39,669
Changsha Ring Rd.	6,020	7,342	8,558	9,516	13,206
Nanjing Third Bridge	18,334	20,029	22,057	23,293	24,882

Average Daily Toll Revenue

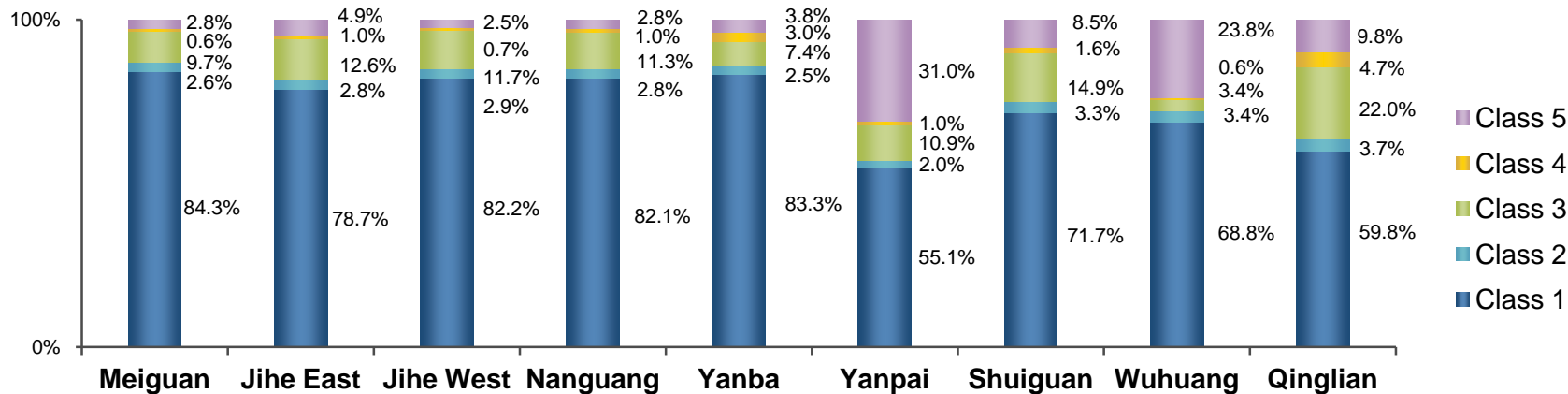
<i>(RMB'000)</i>	2008	2009	2010	2011	2012
Shenzhen Region					
Meiguan Exp.	791.8	814.0	951.4	943.2	875.6
Jihe East	1,227.3	1,242.0	1,414.7	1,407.1	1,239.9
Jihe West	937.3	951.4	1,169.2	1,229.9	1,079.8
Yanba Exp.	195.6	213.4	335.4	369.3	387.4
Yanpai Exp.	407.0	382.6	428.6	463.8	514.0
Nanguang Exp.	176.0	302.9	523.5	589.0	628.8
Shuiguan Exp.	1,006.0	1,072.4	1,229.9	1,122.0	1,204.5
Shuiguan Extension	178.9	202.5	250.6	196.7	155.5
Other Regions in Guangdong Province					
Qinglian Exp.	N/A	829.9	1,036.8	1,280.4	1,460.6
Yangmao Exp.	902.3	967.5	1,094.9	1,209.4	1,326.2
Guangwu Prj.	265.0	305.7	471.9	644.4	681.3
Jiangzhong Prj.	651.8	707.2	870.2	972.4	931.6
GZ W2 Exp.	301.5	471.0	672.3	740.0	713.0
Other Provinces in the PRC					
Wuhuang Exp.	1,017.1	1,090.0	1,268.3	1,146.2	1,170.4
Changsha Ring Rd.	60.5	63.6	72.8	86.3	119.4
Nanjing Third Bridge	640.1	672.1	782.9	828.6	894.7

Vehicle Category of Major Highways in 2012

By Revenue



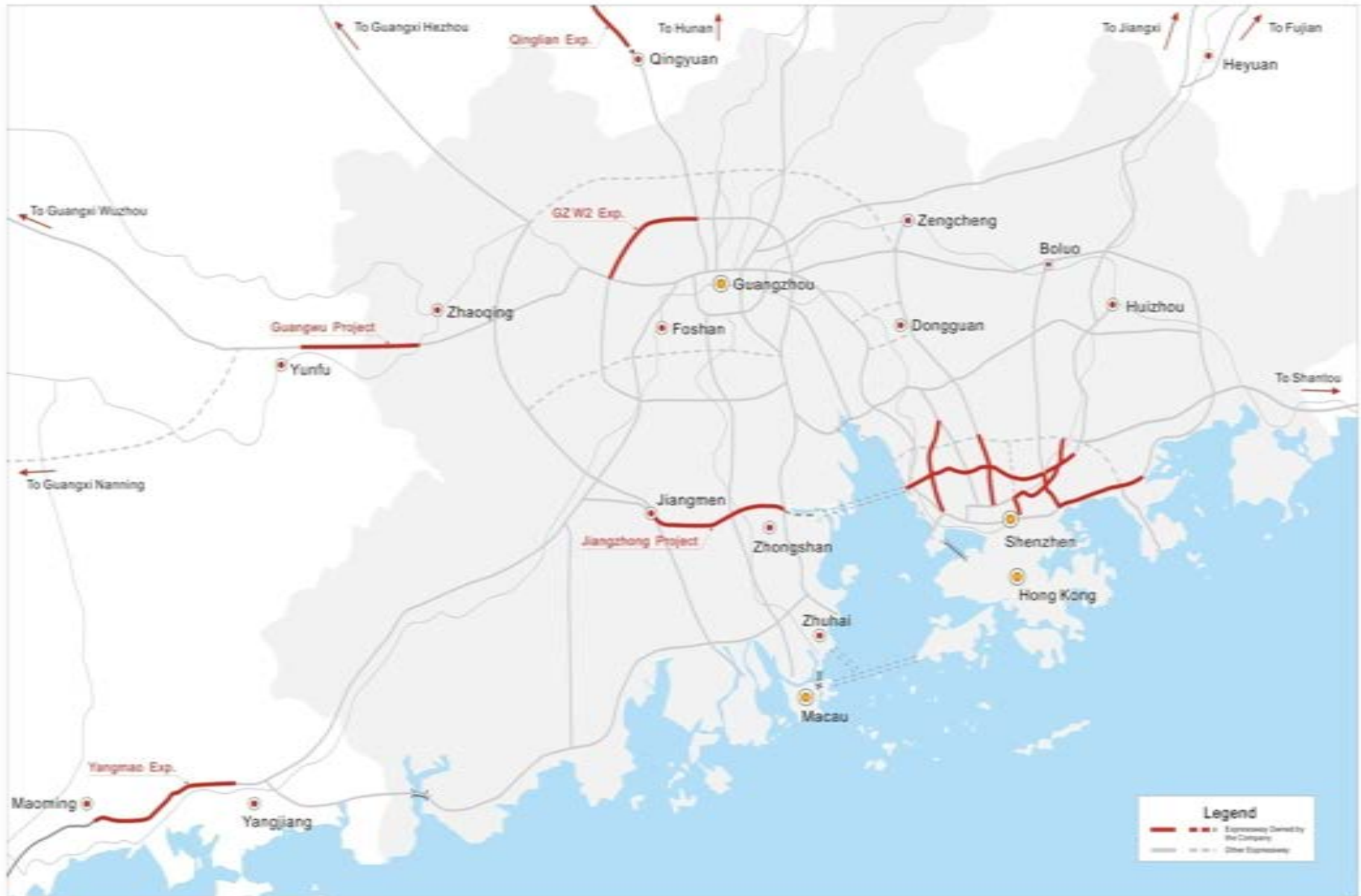
By Traffic Volume



Road Network of Shenzhen



Road Network of Pearl River Delta



Road Network of Qinglian Expressway



Road Network of Wuhuang Expressway

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Road Network of Nanjing Third Bridge



Road Network of Changsha Ring Road



Thanks!



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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.