



SHENZHEN EXPRESSWAY COMPANY LIMITED

Stock code: 00548(SEHK) 600548(SSE)

2014

First Quarterly Results Presentation



30 April 2014

- **Benefitted from the combined effect of continuously improving road networks and the organic growth of traffic volume, the traffic volume and toll revenue of toll highway projects of the Group maintained a satisfactory growth.**
- **Revenue amounted to RMB845,001,000 with a YOY increase of 14.5%.**
- **Net profit amounted to RMB237,709,000 with a YOY increase of 38.3%.**
- **The Adjustment Agreement of Meiguan Expressway has been effective since 31 March 2014.**

Financial Highlights

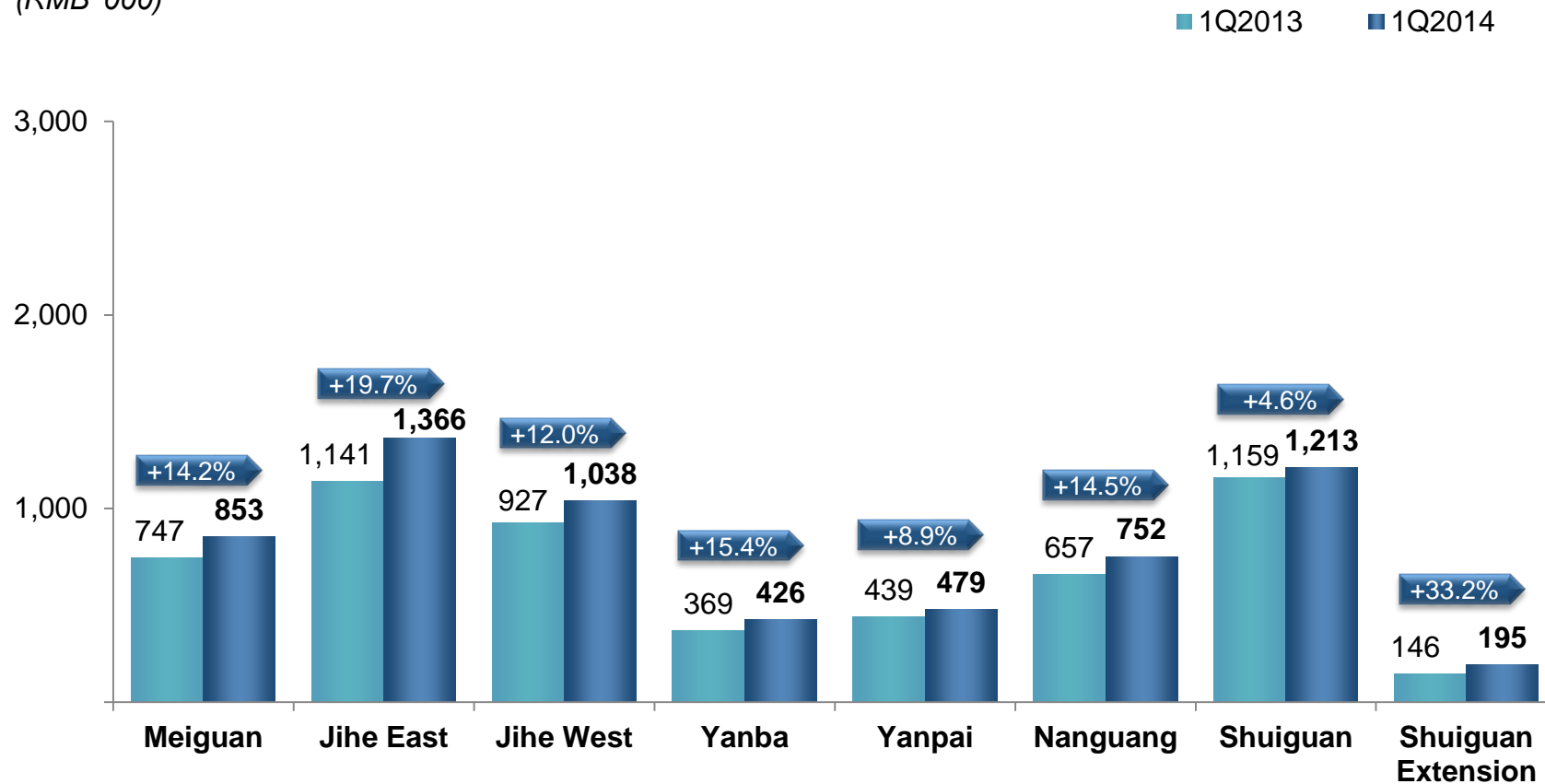


	1Q2014	1Q2013	Change YOY
	<i>(RMB 'million)</i>		
Revenue	845	738	+14.48%
Including: Toll revenue	763	675	+13.00%
Net profit attributable to owners of the Company	238	172	+38.33%
Earnings per share (EPS) (RMB)	0.109	0.079	+38.33%
Return on equity – weighted average (ROE) (%)	2.35%	1.79%	+0.56p.pt

The financial statements of the Company were prepared in accordance with China Accounting Standards for Business Enterprise, and also were complied with the disclosure requirements under the Hong Kong Companies Ordinance and the Listing Rules of HKEx.

Shenzhen Region

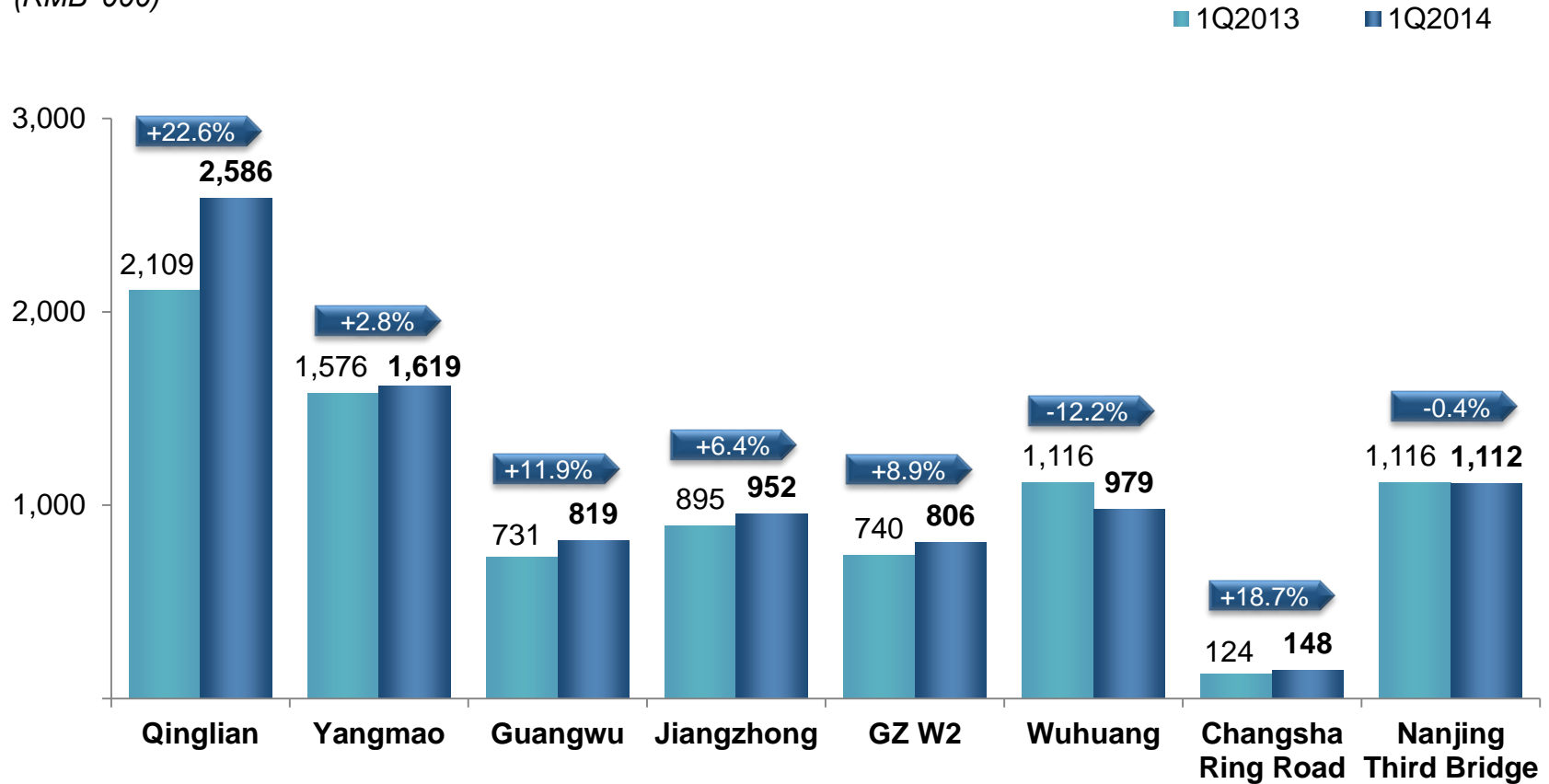
(RMB '000)





Other Regions

(RMB '000)



Operational Performance—Average Daily Mixed Traffic Volume



	1Q2014	1Q2013	Change YOY		1Q2014	1Q2013	Change YOY
Shenzhen region	<i>(Number of vehicles in thousands)</i>			Other regions	<i>(Number of vehicles in thousands)</i>		
Meiguan	129	120	+7.9%	Qinglian	37	30	+21.6%
Jihe East	158	129	+22.7%	Yangmao	36	34	+8.2%
Jihe West	124	107	+15.8%	Guangwu	37	28	+31.5%
Yanba	28	25	+10.7%	Jiangzhong	92	84	+10.6%
Yanpai	48	40	+19.5%	GZ W2	42	37	+12.8%
Nanguang	75	62	+21.1%	Wuhuang	42	39	+3.6%
Shuiguan	150	137	+8.9%	Changsha Ring Road	16	14	+11.1%
Shuiguan Extension	51	31	+66.9%	Nanjing Third Bridge	31	32	-1.7%



- The overall traffic volume of the highway projects of the Group maintained a growth with over half of the projects recorded a double-digit growth.
- The reconstruction and expansion works of North Section of Meiguan Expressway were underway during the same period of last year, hence its operational statistics are relatively low. The works had been completed at the end of 2013. Benefited from the improved road traffic conditions, the toll income from Meiguan Expressway achieved certain YOY growth during the Period.
- The maintenance works of Jihe West were carried out during the Reporting Period, making certain negative impact on the traffic conditions and operational performance of the project and the connected roads.
- Since the negative factors such as the diversion effect arising from Han'e Expressway, the full opening of Hurong National Expressway (Shanghai - Chengdu), as well as further implementation of traffic control measures in Wuhan area, the toll revenue of Wuhuang Expressway recorded a YOY decrease.
- Maanshan Yangtze River Bridge commenced operation at the end of 2013, the vehicles from Hefei, Anhui to Shanghai do not need to pass around Nanjing anymore, which has resulted in certain diversion effect on Nanjing Third Bridge.

	1Q2014	1Q2013	Change in Amount	Change YOY
	<i>(RMB '000)</i>			
Revenue	845,001	738,104	+106,897	+14.48%
Toll revenue	763,223	675,395	+87,828	+13.00%
Other income	81,778	62,709	+19,069	+30.41%

- The growth of toll revenue was mainly due to the YOY increase in toll revenues of Qinglian Expressway and Jihe Expressway.
- The growth of other income was mainly due to the YOY increase in entrusted construction management services income of Guilong Project.

	1Q2014	1Q2013	Change in Amount	Change YOY
	<i>(RMB '000)</i>			
Investment income	51,204	38,514	+12,690	+32.95%

- The growth of investment income was mainly due to the increase in investment income from Yangmao Expressway, Guangwu Project, and Nanjing Third Bridge.

	1Q2014	1Q2013	Change in Amount	Change YOY
	<i>(RMB '000)</i>			
Cost of services	389,730	354,056	+35,675	+10.08%
General and administrative expenses	15,965	12,328	+3,637	+29.50%
Financial expenses	134,444	149,839	-15,395	+10.27%
Income tax expenses	61,795	49,082	+12,713	+25.90%

- The increase in cost of services was mainly due to the YOY increase of the cost of depreciation and amortization of RMB33,257,000:
 - ◎ the cost of depreciation and amortization of each project increased as a result of the growth of traffic volume.
 - ◎ the expansion works for North Section of Meiguan Expressway have been completed at the end of November 2013 and carried forward, resulting in an increase of depreciation and amortization of Meiguan Expressway.
- Borrowing scale of the Group recorded a YOY decrease during the Reporting Period, resulting in a YOY decrease of financial expenses.

● Capital expenditure (including capitalized interests): RMB147 million

● Total borrowings at the end of 31 March 2014 (including loans and bonds payable): RMB9.063 billion
(31 March 2013 and 31 December 2013: RMB10.108 billion and RMB9.298 billion)

● Debt-to-asset ratio at the end of 31 March 2014: 49.23%
(end of 31 March 2013: 53.22%)

● Composite borrowing costs: 5.81% (same period of 2013: 5.86%)

- Adjustment regarding toll collection of Meiguan Expressway
 - ◎ On 27 January 2014, the Group signed the “Agreement on the Toll Adjustment and Compensation and the Transfer of Assets Regarding Meiguan Expressway” (the “Adjustment Agreement”) with Shenzhen Government. Meilin to Guanlan section of Meiguan Expressway with a mileage of approximately 13.8 km (the “Toll Free Section”) has been operated by card access but the toll exempted since 24:00 on 31 March 2014, and the toll of Shenzhen-Dongguan border to Guanlan section of Meiguan Expressway with a mileage of 5.4 km remained. Shenzhen government authorities will make cash compensation to the Group, including the future income of the Toll Free Section for approximately RMB1.598 billion and other relevant costs/expenses for approximately RMB1.102 billion (part of the compensation will subject to the audit). The compensation will be paid by three installments.
 - ◎ Upon the relevant approval and authorization by the general meeting of the Company and Shenzhen Government, the Adjustment Agreement has been effective since 31 March 2014.
 - ◎ Since 1 April 2014, the Toll Free Section has been no longer contribute toll revenue to the Group, and thus the income of the Group in the upcoming periods has also been reduced accordingly. However, the compensation income obtained may either accordingly reduce the interest expenditure or increase the interest income of the Group in the upcoming periods. It is expected that such changes will not bring material impact on the overall of the Group. Besides, pursuant to the relevant requirements of the Accounting Standards for Business Enterprises, in the second quarter of 2014, the Group shall dispose assets regarding the Toll Free Section, which is expected to result in an increase to the Group’s net profit amounting to approximately RMB1.1 billion. The Group’s net profit for the period from January to June 2014 is expected to increase by approximately 300% to 350%^{Note}.

Note: The relevant data, which is unaudited, was preliminary assessment and estimation of the Company based on current information and situation and is subject to the assumption that there is no substantial difference between the operating environment and business activities in future and those expected. Investors are reminded to use such information cautiously and exercise caution when dealing in the securities of the Company.

● Cancellation of toll collection of Qinglian Class 2 Road

- ◎ According to the relevant requirements of government, Qinglian Class 2 Road has ceased toll collection since 24:00 on 30 June 2013. The Group disposed the net book value of relevant assets in 2013 pursuant to the requirements of the Accounting Standards for Business Enterprises.
- ◎ As at the end of the first quarter, the relevant road property transfer and the coordination with authorities of the government is still in progress, there is no reliable estimation on the economic compensation that may be granted by government authorities and/or maintenance obligation of which government authorities may request to perform. The Company will keep a close eye on the subsequent progress on an ongoing basis and disclose the information appropriately.



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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.
- 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.