



**E-Flash Report**

**2012 Annual Results**

**GUIDANCE**

- 2012 Annual Results Presentation
- Frequently Asked Questions

**2012 Annual Results Presentation**

The Company held the 2012 Annual Results Presentation on 25 March 2013 in Shenzhen and Hong Kong respectively. Totally 49 investors and analysts and 21 reporters participated in the conference. At the conferences, Mr. Yang Hai, the Chairman of the Company, reviewed the operational performance in 2012 and shared the operating plan and the key works in 2013 with all participators, and answered their questions with other members of management.

(Please go to <http://www.sz-expressway.com/UploadFiles/2013/03/28152219AB3DCE8D.pdf> to read or download the materials for the references.)





## Frequently Asked Questions

1. How is the progress of reconstruction and expansion works of North Section of Meiguan Expressway as well as the repurchase work of Meiguan Expressway by the Government ?

A: In the reconstruction and expansion works, the substantial part of the construction of road understructure, bridges and culverts has been completed and the road surface construction and greening works are caring out on some sections. The overall project is proceeding as planned and is scheduled to be completed at the end of 2013.

According to the Regional development plan, Shenzhen Municipal Government plans to repurchase Meiguan Expressway. However, due to the wide coverage and the complication of the approval procedures, no detailed plan has been formulated. The company has engaged intermediary institutions to perform the assessment and estimation on the project. The Company will consider and balance the benefits of the Public, the Government, the Shareholders, the Employees, the Company and other related parties, make efforts to achieve a win-win situation for all parties.





2. How is the operational performance of Qinglian Expressway? Are there any measures made by the Company to boost the business growth of the project?

A: In 2012, the average daily mixed traffic volume and average daily toll revenue of Qinglian Expressway was approximately 23,000 vehicles and RMB1.46 million, respectively, representing an increase of 6% and 14% YOY respectively. During the first two months of 2013, although affected by the implementation of Toll Free Scheme on Holidays, benefited from the stimulation of the Spring Festival Transportation Period, the average daily mixed traffic volume was approximately 34,000 vehicles and daily toll revenue was approximately RMB 2.35 million, representing an increase of 9.3% YOY and 15.9% YOY, respectively.

Yifeng Expressway which connects the northern end of Qinglian Expressway, opened to traffic in late September 2011, promoting the growth of traffic volume of Qinglian Expressway. However, as reconstruction and expansion works for Guangqing Expressway (Guangzhou –Qingyuan) which connects the southern end of Qinglian Expressway were carried out and heavy transport vehicles of 30 tons or more are prohibited from crossing some bridges of the expressway, the traffic capacity and the traffic conditions from Guangzhou to Qingyuan were affected to a certain extent and the desire of the road users to travel to and from Guangdong, Hunan and the areas to the north of Hunan via Qinglian Expressway were also weakened. In a short run, this will limit the rapid growth of the traffic volume of Qinglian Expressway.

In order to enhance Qinglian Expressway's traffic efficiency and drivers and passengers' acknowledgment towards the expressway, and finally improve the operational performance of the project, the Company has carried out and plans to carry out series of measures, which includes: making and distributing 250000 copies of map of road networks and traffic guide to spread propaganda and features of the expressway; enlarging the degree of publicity by the formats such as transportation channels and network media as well as open micro-blog; improving the road signage; providing discounted prices and coordinating with the service area along the expressways to provide quality services for the passing vehicles, etc.

3. What's the progress of Guilong project?

A: Most of the main construction project has been started and progressed smoothly and a large portion of the construction is expected to be completed in 2013. The construction management service income will be recognized using the percentage of completion method according to the accounting policy, when the construction progress is over 50% and also satisfy the relative conditions. On the basis of pushing ahead the construction management of Guilong Project, the Group participated in the bids for relevant land in 2012, and conducted an in-depth research and study on realizing the land value from various aspects, laid a favorable foundation for the formulation of the next business plan.





4. As the capital expenditure will reduce year by year in the future, will the company adjust the dividend payout ratio?

A: The Company puts emphasis on shareholder's return all the time, making a balance between the interests of short-term and long-term of shareholders and will continue to maintain reasonable and relatively stable dividend policy in the future. In the recent years, the level of the Company's liabilities ratio and the financing cost in the market both remain high. In the future, with the further improvement of the operating cash flow, the management will strive to enhance the shareholders' return base on the comprehensive consideration of the factors, such as the financial situation, the fund demand of the Company, and the credit environment.

5. What are the operating plans and targets for the company in 2013?

A: In 2013, the Company will adhere to our philosophy of sound operation, by way of increasing income and containing expenditures, carry out various major works and the key parts of the works well. Based on the reasonable analysis and assumption on our operating environment and operating conditions, the Group has set the total toll revenue target for 2013 of not less than RMB2.65 billion, with operating costs and management expenses (excluding depreciation and amortization) of approximately RMB0.75 billion, substantially similar to that in 2012. With the loans and bonds at fixed rates becoming mature, it is expected that the cost for new and displaced loans became higher, increasing the overall borrowing costs of the Group; however, as the average borrowing scale will be declined, the overall financial expense is expected to substantially similar to or slightly lower than the year of 2012.

6. In 2012, the other income increased contributing from business such as advertising, will the Company consider to enlarge exploring relative business? What about the future plan?

A: In the next few years, the Company aims to enhance the overall return of the existing projects, and actively explore and attempt capable projects related to the company's toll highway and core business to seek new opportunities for the long-term development of the Group. On the aspects of business exploring, the Company will push it ahead cautiously without diversification blind.



### **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 / Mr. Jianfeng TANG*

*Tel: (86 755) 8285 3328 / 8285 3329*

*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)*