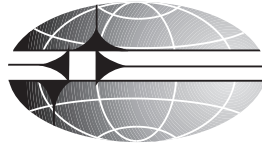


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深圳高速公路股份有限公司

SHENZHEN EXPRESSWAY COMPANY LIMITED

(a joint stock limited company incorporated in the People's Republic of China with limited liability)

(Stock Code: 548)

ANNOUNCEMENT ON THE PROPOSED ISSUANCE OF BONDS WITH WARRANTS IN PRC

This announcement is made pursuant to Rule 13.09(2) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

The Company proposes to issue the Bonds with Warrants in the PRC. The matters relating to the issuance were considered and approved in the Board Meeting and are proposed to be put forward in the forthcoming extraordinary general meeting and class meetings.

I. The Resolutions Relating to the Proposal for the Issuance of Bonds with Warrants

The Company has completed its Share Segregation Reform. In accordance with the relevant provisions of the Company Law of the People's Republic of China (《中華人民共和國公司法》), the Securities Law of the People's Republic of China (《中華人民共和國證券法》), and the Administration Measures for the Issuance of Securities by Listed Companies (《上市公司證券發行管理辦法》) of the CSRC, the Board conducted a review that the Company has satisfied the criteria under the measures relating to the issuance of Bonds with Warrants in the PRC. The Board considered and approved the proposal for the issuance of the Bonds with Warrants item by item with details as follows:

1. Issuance Size

This issuance of Bonds with Warrants will be in an amount of not more than RMB1,500,000,000 with no more than 15,000,000 certificates of bonds to be issued. The subscriber of each bond is entitled to receive not more than 22 warrants to be issued by the Company and a total number of not more than 330,000,000 warrants will be issued. The Company confirms that new shares to be issued for exercising the warrants shall not exceed 20% of the total share capital of the Company at the time of issuing the warrants in compliance with Rule 15.02 of the Listing Rules. It will be proposed at the Shareholders' Meetings to authorise the Board to determine the details of the size of issuance in accordance with market conditions and to the extent of the scope set out hereinabove.

2. Issuance Price

The Bonds with Warrants will be issued at par with a nominal value of RMB100 each. The warrants attached will be distributed to the subscribers of the bonds proportionately.

3. Issuance Target

Investors (except for those prohibited under the laws and regulations of the PRC) having maintained shareholders' account for ordinary shares in RMB at the SSE and excluding holders of H shares of the Company. The Bonds with Warrants will be issued pursuant to the rules and regulations promulgated by the relevant authorities in the PRC.

4. Method of Issuance

Existing holders of Domestic Shares are entitled to preferential subscription rights of a certain proportion. It will be proposed at the Shareholders' Meetings to authorise the Board to determine the specific method of issuance and proportion of the preferential subscription rights in accordance with the level of indication of interests of the Domestic Shareholders and the prevailing market conditions prior to the issuance.

5. Interest Rate of the Bonds

It will be proposed at the Shareholders' Meetings to authorise the Board to determine the level of interest rate and the method of determining the interest rate for the Bonds with Warrants in accordance with the market conditions and negotiations with the main underwriter(s) prior to the issuance.

6. Term of the Bonds

Six years since the date of issuing the Bonds with Warrants.

7. Term and Method of Repayment for Principal and Payment of Interests

Interests of the Bonds with Warrants in the proposed issuance will be paid once a year since the date of issuance. Within five trading days after the expiry of the bonds, the Company will repay all the bonds with the nominal value together with the interest accrued in the final year.

8. Terms of Redemption

If the application of the proceeds from the proposed issuance of the Bonds with Warrants to the implementation of the invested project is regarded as a change of use of proceeds pursuant to the relevant provisions of the CSRC. The holders of the bonds are entitled to demand redemption of the bonds by the Company at the nominal value together with the interests accrued for the period concerned.

9. Guarantee

It will be proposed at the Shareholders' Meetings to authorise the Board to determine whether the proposed issuance of the Bonds with Warrants requires a guarantee by bank(s) in accordance with the market conditions, and to complete the relevant matters accordingly.

10. Term of the Warrants

24 months since the listing of the warrants at the SSE.

11. Conversion Period of the Warrants

The holders of the warrants are entitled to exercise the warrants 10 trading days prior to the end of 24-month period after the listing of the warrants.

12. Conversion Price of the Warrants and its Method of Adjustments

The conversion price of each warrant attached with the proposed issuance will not be lower than 110% of the average price of the A Shares as quoted for 20 trading days before the date of issuing the Offering Memorandum, the average price of the A Shares one trading day before the date of issuing the Offering Memorandum, 110% of the average price of the H Shares as quoted for 20 trading days before the date of issuing the Offering Memorandum and the average price of the H Shares one trading day before the date of issuing the Offering Memorandum. It will be proposed at the Shareholders' Meetings to authorize the Board to determine the details of the exercise price and the method of determination in accordance with the market conditions and the negotiations with the main underwriter(s) to the extent of the scope set out hereinabove.

During the term of the warrants, in the event that the trading of A Shares is on ex-rights or ex-dividend basis, the exercise price of the warrants shall be adjusted accordingly as follows:

New exercise price = Existing exercise price x (the reference price of the A Shares on the ex-rights (ex-dividend) day / the closing price of the A Shares on the trading day before the ex-rights (ex-dividend) day).

13. Proportion of Exercise Rights of the Warrants and its Method of Adjustments

The proportion of exercise rights of the warrants attached with this proposed issuance is 1:1. Each warrant represents the conversion rights to one A Share issued by the Company.

During the term of the warrants, in the event that the trading of A Shares is on ex-dividend basis, the proportion of exercise rights of the warrants shall not be adjusted; while in the event that the trading of A Shares is on ex-rights basis, the proportion of exercise rights of the warrants shall be adjusted accordingly as follows:

New proportion of exercise rights = Existing proportion of exercise rights x (the closing price of the A Shares on trading day before the ex-rights day / the reference price of the A Shares on the ex-rights day).

14. Use of Proceeds from the Proposed Issuance

The proceeds will be applied to the construction and investment in Nanguang Expressway. The total estimated investment costs for the project is RMB3,171 million.

In the event that the proceeds from this issuance are not sufficient to finance the project, or the availability of the proceeds is not consistent with the progress of the project, the Company will complete the investment in the project with its own resources, bank borrowings or by other ways of debt financing. Any surplus from the proceeds will be applied to repay bank borrowings for the project or supplement working capital of the Company.

The Company will formulate a separate system to administer proceeds. The Company will hold the proceeds in a separate accounts as determined by the Board according to the relevant regulations.

15. Validity of the Resolutions

The resolutions relating to the proposed issuance of the Bonds with Warrants shall be valid for 12 months from the date of the resolutions approving the proposed issuance at the Shareholders' Meetings. If at the expiry of the 12-month period, the Bonds with Warrants have not been issued, the Company may seek the renewal of such authorization from the shareholders at general meetings.

16. Authorisations to the Board to Complete the Specific Matters of the Proposed Issuance

- (1) Subject to the laws, regulations and other restrictive documents and to the extent of the scope as permitted by the Articles of Association, the Board will be authorised to determine the specific terms and proposal prior to the proposed issuance in accordance with the requirements of the regulatory authorities and in view of the actual conditions of the Company and the market conditions, to deal with the matters relating to the guarantee for the Bonds with Warrants, to formulate and implement the final proposal for the Bonds with Warrants and to decide on the timing of such issuance. In the event of promulgation of any new regulations for Bonds with Warrants in the PRC, the Board will be authorised to adjust the issuance proposal pursuant to the new regulations.
- (2) The Board or two Directors as specified by the Board will be authorised to do all such things and acts which they consider necessary or expedient for the implementation of and give effect to the proposed issuance and amend, supplement, execute, submit, report and implement the agreements, contracts and documents (including but not limited to guarantee contracts, underwriting and sponsorship agreements) during the course of the proposed issuance.
- (3) After the period for exercising the warrants, the Board will be authorised to amend the Articles of Association, and to complete the filing and change of registration for the registered capital in accordance with the actual exercise condition.
- (4) The Board will be authorised to complete the procedures for the listing of the Bonds with Warrants, to engage intermediaries such as sponsors (main underwriter(s)) and to complete other matters relating to this issuance.

The proposal for the issuance of Bonds with Warrants is subject to the approvals of the EGM, Domestic Shareholders' EGM, H Shareholders' EGM and subsequently CSRC's approval.

The offer and issuance of the Bonds with Warrants to the Domestic Shareholders are subject to the approvals of further general meetings, including but not limited to an extraordinary general meeting and a H shareholders' extraordinary general meeting (in which the interested persons and their respective associates shall abstain from voting) pursuant to the requirements set out in Chapter 14A or Chapter 19A of the Listing Rules (as the case may be).

II. The Resolution Relating to the Feasibility of the Project to be Invested with the Proceeds from the Proposed Issuance

The proceeds will be applied to the construction of Nanguang Expressway.

Nanguang Expressway is located in the central western section of Shenzhen with a total length of approximately 31 km and is a core north south corridor in Shenzhen's "Seven East-West and Thirteen North-South" (七橫十三縱) planned core road network. Nanguang Expressway runs towards south connecting Shenzhen western coastal area, Shenzhen-Hong Kong Western Corridor and Dachanwan Port which are under construction via Shenzhen Nanping Freeway; and towards north connecting Guangshen Expressway, National Highway No.107 and Guanshen Expressway via Longda Expressway and Changhu Expressway, going through Shenzhen Nanshan District and several important economic hubs in Shenzhen Baoan District. According to the "Letter related to the Examination Opinions on the Application Report for the Nanguang Expressway Project in Shenzhen" (Yue Jiao Gui Han [2006] No. 571) (《關於深圳市南光高速公路項目申請報告審查意見的函》(粵交規函[2006]571號)) issued by the Department of Communications of Guangdong Province, the investment in Nanguang Expressway is estimated to be approximately RMB3,171 million. Currently, approximately 40% of land requisition, demolition and relocation of Nanguang Expressway has been completed and works already commenced on most contract sections. Construction works are being proceeded smoothly and the main-line works of the project are scheduled for completion by the end of 2007. The project will commence full operation in the first half of 2008.

The development of Nanguang Expressway is of vital importance to achieving the development strategy of Shenzhen economies, refining the express distribution transportation system of Shenzhen western coastal area as well as stimulating further economic development of peripheral area. First, Nanguang Expressway is not only a trunk permitting any places in downtown of Shenzhen to have access to the main expressway and highway network within 10 minutes and a swift lane to downtown for several important economic hubs in the Baoan District of Shenzhen City, but also a major circulating pathway which diverts cross-border cargo traffics to road network in the suburbs, thereby improving the environment of the city. Second, Nanguang Expressway is a fast and convenient way crossing from Hong Kong through Shenzhen to other regions in Pearl River Delta Region. It has substantial influence to the development of economic hinterland of Shenzhen and Hong Kong and fosters the

economic co-development among Hong Kong, Shenzhen and other regions in Pearl River Delta. Third, the four ports of Shenzhen coastal area, i.e. Shekou Port, Chiwan Port, Mawan Port and Dachanwan Port, are located in the western part of Shenzhen. Nanguang Expressway performs the function of express distribution transportation system in the western coastal areas of Shenzhen and will provide a great support to the establishment of Shenzhen Port as an important and multi-functional coastal transportation port for international containers and major bulks. As an important ancillary facility for Shenzhen-Hong Kong Western Corridor, Nanguang Expressway will help to make best use of Shenzhen-Hong Kong Western Corridor.

In view of the important geographical location of Nanguang Expressway and the trend of economic development in peripheral areas of Shenzhen, the Directors believe that the investment in Nanguang Expressway is crucial to the Company's operation and development as well as to the fulfilment of the regional need for economic development. Based on the traffic volume estimated in the feasibility research report for the Nanguang Expressway project, it is expected that the internal rate of return of the project will be approximately 11% with a pay-back period of approximately 13 years.

The Board considers that the Nanguang Expressway has a good market prospect, which will be beneficial to the Company to further develop its core business, expand the scale of its enterprise, maintain a good operating performance, consolidate the Company's leading position in the expressway industry in Shenzhen region, and enhance its core competitiveness as well as its capability for sustainable development. The invested project is in compliance with the production and industry policies of the PRC and the development strategies of the Company, and the project to be invested with the proceeds from the proposed issuance is feasible.

III. The Resolution Relating to the Description on the Use of Proceeds from the Previous Issuance

“Special Audit Report on the Use of Proceeds from the Previous Issuance of Shenzhen Expressway Company Limited” (Pu Hua Yong Dao Zhong Tian Te Shen Zi (2006) No. 326) (《深圳高速公路股份有限公司前次募集資金使用情況專項審核報告》(普華永道中天特審字(2006)第326號)) was issued by PricewaterhouseCoopers Zhong Tian CPAs Co., Ltd. on 14 September 2006 to set out the Company's use of proceeds from the previous issuance.

INFORMATION ON THE BONDS WITH WARRANTS

As a matter of PRC regulations, the issuance of the Bonds with Warrants by the Company requires the approval of CSRC and it is a prerequisite to obtaining CSRC's approval that the Company has obtained the shareholders' approval at general meetings (the “Shareholders' Approval”). The Shareholders' Approval are approvals of the resolutions I, II and III set out in this announcement which include authorizing the Company to proceed with the issuance and authorizing the Board to finalize the terms of the Bonds with Warrants and complete other specific matters in relation to the issuance. When CSRC grants its approval, which is once and for all, of the action of the issuance of the Bonds with Warrants based on the Administration Measures for the Issuance of Securities by Listed Companies

(《上市公司證券發行管理辦法》), the Board will then finalize the terms of the Bonds with Warrants with the main underwriter. The Company will then proceed to offer the Bonds with Warrants to the issuance targets. As at the date of this announcement, certain terms of the Bonds with Warrants which are left to the determination of the Board are not yet finalized.

Pursuant to Article 47 of the Administration Measures for the Issuance of Securities by Listed Companies (《上市公司證券發行管理辦法》), the Company is required to issue the Bonds with Warrants within 6 months from the date of CSRC's relevant approval. The approval by CSRC shall be valid for 6 months.

As at the date of this announcement, the portion of the Bonds with Warrants to be offered to the Domestic Shareholders (if any) has not been finalized. If the Bonds with Warrants are offered to the Domestic Shareholders but not to the H Share holders of the Company, depending on whether the Bonds with Warrants will be offered to the substantial shareholders and promoters of the Company, such offers may constitute a connected transaction of the Company and the Company will issue a further announcement and convene a further extraordinary general meeting (in which the interested persons and their respective associates shall abstain from voting) to seek approval of such offers by the relevant independent shareholders of the Company pursuant to the disclosure and approval requirements set out in Chapter 14A or Chapter 19A of the Listing Rules (as the case may be).

Assuming the warrants are to be fully exercised, the Company will issue not more than 330,000,000 A Shares and the percentage of H Shares will be reduced from approximately 34.28% of the current share capital of the Company to not less than approximately 29.77% of the enlarged share capital of the Company.

In the Board Meeting, the Board approved the Resolution Relating to Convening the Extraordinary General Meeting and the class meetings. Resolutions I above are subject to the consideration and approval of the Second Extraordinary General Meeting 2006, the Second Extraordinary General Meeting 2006 for Holders of Domestic Shares and the Second Extraordinary General Meeting 2006 for Holders of H Shares of the Company. Resolutions II and III above are subject to the consideration and approval of the Second Extraordinary General Meeting 2006 of the Company. The Board also approved the Resolution Relating to the Formulation of the Managerial Policy on the Use of Proceeds of the Company (《關於制訂公司募集資金管理辦法的議案》). The full text of the managerial policy will be published on the website of the SSE: <http://www.sse.com.cn>.

On the same date of the Board Meeting, the Supervisory Committee of the Company also convened a meeting and the Supervisors of the Company reviewed and unanimously approved the above-mentioned Resolutions I, II and III.

DEFINITIONS:

“A Share(s)” Renminbi-denominated ordinary shares of the Company with a nominal value of RMB1.00 each, which were issued in the PRC and subscribed in Renminbi and are listed on SSE;

“Articles of Association”	the articles of association of the Company;
“Board”	the board of Directors;
“Board Meeting”	the fifth meeting of the fourth session of the Board;
“Bonds with Warrants”	the bonds with warrants (認股權和債券分離交易的可轉換公司債券) proposed to be issued by the Company, particulars of which are set out in this announcement and will be proposed for approval at the EGM, the Domestic Shareholders’ EGM and the H Shareholders’ EGM;
“Company”	Shenzhen Expressway Company Limited, a joint stock limited company incorporated in the PRC with limited liability;
“CSRC”	China Securities Regulatory Commission;
“Director(s)”	the director(s) of the Company;
“Domestic Shareholders”	registered holders of Domestic Shares;
“Domestic Share(s)”	domestic share(s) of nominal value of RMB1.00 each in the capital of the Company;
“Domestic Shareholders’ EGM”	the second extraordinary general meeting 2006 for the holders of Domestic Shares of the Company to be held at the meeting room of the Company at 19/F, Tower A, United Plaza, No.5022 Binhe Road North, Shenzhen, the PRC on 3 November 2006 at 10:30 a.m. to approve the proposed resolutions in relation to the Bonds with Warrants;
“EGM”	the second extraordinary general meeting 2006 of the Company to be held at the meeting room of the Company at 19/F, Tower A, United Plaza, No.5022 Binhe Road North, Shenzhen, the PRC on 3 November 2006 at 10:00 a.m. to approve the proposed resolutions in relation to the Bonds with Warrants;
“H Share(s)”	overseas-listed foreign share(s) of the Company with a nominal value of RMB1.00 each, which were issued in Hong Kong and subscribed in Hong Kong dollars and are listed on The Stock Exchange of Hong Kong Limited;
“H Shareholders’ EGM”	the second extraordinary general meeting 2006 for the holders of H Shares of the Company to be held at the meeting room of the Company at 19/F, Tower A, United Plaza, No.5022 Binhe Road North, Shenzhen, the PRC on 3 November 2006 at 11:00 a.m. to approve the proposed resolutions in relation to the Bonds with Warrants;

“Hong Kong”	the Hong Kong Special Administrative Region of the PRC;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited;
“Nanguang Expressway”	Nanguang Expressway (南光高速), an expressway running from Nantou (南頭) to Guangming (光明) of Shenzhen City;
“Offering Memorandum”	the offering memorandum to be issued by the Company in relation to the proposed issue of Bonds with Warrants;
“PRC”	The People’s Republic of China which, for the purpose of this announcement, excludes Hong Kong, the Macau Special Administrative Region of the PRC and the Taiwan Region;
“SSE”	the Shanghai Stock Exchange;
“Shareholders’ Meetings”	the EGM, the Domestic Shareholders’ EGM and the H Shareholders’ EGM;
“RMB”	Renminbi, the lawful currency of the PRC; and
“%”	per cent.

By order of the Board
Wu Qian
Joint Company Secretary

Shenzhen, the PRC, 18 September, 2006

As at the date of this announcement, the Directors of the Company are: Mr. Yang Hai (Chairman of the Board), Mr. Wu Ya De (Director and General Manager), Mr. Li Jing Qi (Non-executive Director), Mr. Wang Ji Zhong (Non-executive Director), Mr. Liu Jun (Non-executive Director), Mr. Lin Xiang Ke (Non-executive Director), Ms. Zhang Yang (Non-executive Director), Mr. Chiu Chi Cheong, Clifton (Non-executive Director), Mr. Li Zhi Zheng (Independent non-executive Director), Mr. Zhang Zhi Xue (Independent non-executive Director), Mr. Poon Kai Leung, James (Independent non-executive Director) and Mr. Wong Kam Ling (Independent non-executive Director).

This announcement is originally prepared in Chinese and the Chinese version shall prevail the English translation.

Please also refer to the published version of this announcement in The Standard.