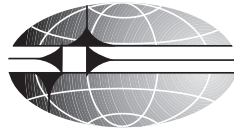


*The Stock Exchange of Hong Kong Limited takes no responsibility for the contents of this announcement, makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.*



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)

Financial Adviser to Shenzhen Expressway Company Limited

**GD Guangdong Securities Limited**

**PROPOSED ACQUISITION OF QINGLIAN HIGHWAYS  
MAJOR AND CONNECTED TRANSACTION**

The Directors are pleased to announce that on 3 February 2005, the Company, its wholly owned subsidiary Mei Wah, Mr. Chung, Spring Sun, Great Eagle, Maxprofit and Zhuhai New Chang Jiang entered into the Framework Agreement with an aim to acquire a total of 56.28% equity interest in Qinglian Company pursuant to the Acquisition.

The Acquisition consists of a series of transactions, including the Great Eagle Acquisition, the Spring Sun Acquisition and the Mei Wah Acquisition. Pursuant to the Great Eagle Acquisition Agreement, the Company will acquire from Great Eagle its 14.18% equity interest in Qinglian Company, together with shareholder's loan and interest of Great Eagle in Qinglian Company, to be acquired from Sun Yue Traffic. Pursuant to the Spring Sun Acquisition Agreement, the Company will acquire from Spring Sun its 17.1% equity interest in Qinglian Company, together with all shareholder's loan and interest of Spring Sun in Qinglian Company. Pursuant to the Mei Wah Acquisition Agreement, Mei Wah will indirectly acquire the 25% equity interest in Qinglian Company being held by Spring Sun. Upon completion of the Acquisition, the Company will be directly and indirectly holding 56.28% equity interest in Qinglian Company.

The aggregate consideration for the Acquisition will be RMB1,839,200,000 (approximately HK\$1,735,094,339) and to be paid by cash. The consideration together with other terms of the Acquisition have been determined through arm's length negotiations taking into account the reasons for the Acquisition as set out in the paragraph headed "Reasons for the Acquisition" between the parties.

The business scope of Qinglian Company is the construction and operation of the Qinglian Highways and the related facilities. The Qinglian Class One Highway held by Qinglian Company is proposed to be reconstructed into an expressway and the reconstruction is expected to commence in the second half of 2005 (subject to the approval of relevant government authorities), with an estimated aggregate capital expenditure of RMB3,900,000,000 (approximately HK\$3,679,245,283). The aggregate capital expenditure is expected to be financed by bank borrowings of Qinglian Company after completion of the transactions.

The Acquisition constitutes a major transaction for the Company under the Listing Rules. Sun Yue Traffic is an associate of Guangdong Roads and Bridges Construction Development Company Limited (廣東省路橋建設發展有限公司), which is a promoter of the Company. By virtue of Sun Yue Traffic's interests in Qinglian Company and the close relationship between Sun Yue Acquisition and Great Eagle Acquisition, the Great Eagle Acquisition constitutes a connected transaction under the Listing Rules. Therefore, the Acquisition contemplated under the Agreements is subject to the reporting, announcement and independent shareholders' approval requirements under the Listing Rules. Since Guangdong Roads and Bridges Construction Development Company Limited (廣東省路橋建設發展有限公司) holds approximately 2.96% equity interest in the Company, it will abstain from voting at the extraordinary general meeting on the relevant resolution(s) approving the Acquisition. Apart from Guangdong Roads and Bridges Construction Development Company (廣東省路橋建設發展有限公司) and its associates, no other Shareholder is interested in the Great Eagle Acquisition and is required to abstain from voting at the relevant general meeting.

The Company has formed an independent board committee comprising all independent non-executive Directors to advise the independent Shareholders with respect to the Acquisition contemplated thereunder. An independent financial adviser will be appointed to advise the independent board committee and the independent Shareholders in respect of the Acquisition thereafter. A Circular containing, among other things, details of the Acquisition, the recommendation from the independent board committee in relation to the Acquisition, the opinion from the independent financial adviser and a notice of extraordinary general meeting will be dispatched to the Shareholders as soon as practicable in accordance with the requirements of the Listing Rules.

The H Shares of the Company were suspended from trading on the Stock Exchange from 9:30 a.m. on 4 February 2005 at the request of the Company pending the release of this announcement. The Company has made an application to the Stock Exchange to resume trading of its H shares on the Stock Exchange from 9:30 a.m. on 16 February 2005.

## INFORMATION ON QINGLIAN COMPANY

Qinglian Company is a Sino-foreign co-operative joint venture which was established on 23 February 1995 in Guangdong, PRC for a term of 33 years starting from 23 February 1995. Its principal and only significant assets consist of the Qinglian Highways and the related facilities.

According to the joint venture contracts of Qinglian Company, the annual net distributable profit of Qinglian Company shall be paid according to the following schedule:

- (1) repay the principal and accrued interest of bank loans extended by domestic financial institutions to Qinglian Company that should be repaid for the year;
- (2) repay shareholders' loans and accrued interest for the year in the same proportion to the equity interest of each of the current shareholders of Qinglian Company;

- (3) The remaining profit for the year after full deduction of item (1) above and full repayment of all outstanding shareholders' loan and interest shall be paid to the current shareholders in the same proportion to the equity interest of each of the current shareholders of Qinglian Company.

According to the joint venture contracts of Qinglian Company, the board of directors of Qinglian Company shall comprise of 15 directors, Spring Sun and Sun Yue Traffic are entitled to appoint 7 and 2 directors respectively. Each of Yueqing and Guangzhou Cement is entitled to appoint 3 directors. Spring Sun is also entitled to appoint the chairman of the board of directors of Qinglian Company.

The following financial figures relating to Qinglian Company are extracted from the audited reports of Qinglian Company (under the PRC GAAP) for the years ended 31 December 2002 and 2003 respectively:

	<b>For the year ended</b>	
	<b>31 December 2002</b>	<b>31 December 2003</b>
	<i>RMB</i>	<i>RMB</i>
Net Assets	635,874,015	532,451,701
Total Assets	3,195,005,217	2,933,580,373
Net loss for the year	136,011,371	103,422,314

The total investment costs in Qinglian Company as at the date of establishment that was approved by the Guangdong Foreign Economic Relation & Trade Commission (廣東省對外經濟貿易委員會) is RMB3,500,000,000 (approximately HK\$3,301,886,792) and its registered capital is RMB1,200,000,000 (approximately HK\$1,132,075,472). As at 31 December 2004, with reference to the management accounts of Qinglian Company, the total amount of shareholders' loan of Qinglian Company payable to its existing shareholders were approximately RMB433,644,740 (approximately HK\$409,098,811) and US\$67,055,615 (approximately HK\$523,033,797) and the accrued interests of which were approximately RMB265,585,280 (approximately HK\$250,552,151) and US\$50,224,714 (approximately HK\$391,752,770) respectively. Details of the shareholders' loans with the accrued interests are as follows:

Shareholders of Qinglian Company	Equity Interest in Qinglian Company	Shareholder's Loan(s) in Qinglian Company <sup>Note 1</sup>	
		Principal as at 31 December 2004	Accrued Interests as at 31 December 2004
Spring Sun, incorporated in the British Virgin Islands	42.10%	US\$50,180,127 (approximately HK\$391,404,991)	Approximately US\$40,806,241 (approximately HK\$318,288,681)
Sun Yue Traffic, incorporated in Hong Kong	14.18% <sup>Note 2</sup>	1. US\$16,875,488 (approximately HK\$131,628,806)	Approximately US\$9,418,473 (approximately HK\$73,464,089)
		2. RMB498,756 (approximately HK\$470,525)	Approximately RMB224,782 (approximately HK\$212,058)
Yueqing, incorporated in the PRC	20.09%	RMB198,809,120 (approximately HK\$187,555,773)	Approximately RMB121,668,499 (approximately HK\$114,781,603)
Guangzhou Cement, incorporated in the PRC	23.63%	RMB234,336,864 (approximately HK\$221,072,513)	Approximately RMB143,691,999 (approximately HK\$135,558,490)

Notes:

1. The shareholders' loans are for a term of 10 years and the annual interest rate is 10% from the date Qinglian Company received the relevant shareholder's loans.
2. Subject to the Sun Yue Acquisition.

Spring Sun and its ultimate shareholder, Mr. Chung, are Independent Third Parties.

Sun Yue Traffic is 49% beneficially and indirectly owned by Guangdong Communications Group Company (廣東省交通集團有限公司). Guangdong Communications Group Company (廣東省交通集團有限公司) also holds the entire issued share capital of Guangdong Roads and Bridges Construction Development Company Limited (廣東省路橋建設發展有限公司) which is a promoter of the Company holding approximately 2.96% equity interest of the Company.

Yueqing is 84% owned by Guangdong Roads and Bridges Construction Development Company Limited (廣東省路橋建設發展有限公司) (the promoter of the Company mentioned above).

As far as the Directors are aware of, save as disclosed above, all existing shareholders of Qinglian Company or their respective ultimate shareholders are Independent Third Parties.

## **THE FRAMEWORK AGREEMENT**

### ***DATE OF AGREEMENT***

3 February 2005

### ***PARTIES***

(1) Mr. Chung; (2) Spring Sun; (3) Great Eagle; (4) Maxprofit; (5) Zhuhai New Chang Jiang; (6) Mei Wah; and (7) the Company. Mr. Chung is the beneficial and registered owner of all the shares in Spring Sun and Maxprofit.

### ***THE TRANSACTIONS***

The Framework Agreement sets out the Company's intention to acquire all of the interest of each of Spring Sun and Great Eagle in Qinglian Company (in the case of Great Eagle derived from its agreement with Sun Yue Traffic), so as to effectively control an aggregate of 56.28% of the equity interest of Qinglian Company, and to acquire the benefit of an aggregate HK\$523,033,797's equivalent of shareholder's loans extended to Qinglian Company and an aggregate amount of accrued interest thereon of approximately HK\$391,752,770 as at 31 December 2004.

The aggregate consideration for the Acquisition will be RMB1,839,200,000 (approximately HK\$1,735,094,339) comprising (1) RMB1,110,000,000 (approximately HK\$1,047,169,811) payable for the acquisition of the 17.1% equity interest of Spring Sun in Qinglian Company together with all the shareholder's loan and interest (for details of the transaction, please refer to the section headed "The Spring Sun Acquisition Agreement"); (2) RMB390,000,000 (approximately HK\$367,924,528) payable for the acquisition of all the issued share capital of Spring Sun (or all the issued share capital of Maxprofit, a newly incorporated company designated by Mei Wah) holding 25% equity interest in Qinglian Company (for details of the transaction, please refer to the section headed "The Mei Wah Acquisition Agreement"), and (3) RMB339,200,000 (approximately HK\$320,000,000) payable for the acquisition of the

14.18% equity interest of Great Eagle in Qinglian Company together with shareholder's loans and interest (derived from its agreement with Sun Yue Traffic) (for details of the transaction, please refer to the section headed "The Great Eagle Acquisition Agreement"). Details of the aggregate consideration are summarized as follows:

Transaction	Consideration		Interests to be acquired						
			(1) Equity interest in Qinglian Company			(2) Shareholder's loan		(3) Accrued interest	
			HK\$			US\$		US\$	
			RMB	HK\$ equivalent	%	HK\$ equivalent (Note)	US\$	HK\$ equivalent	US\$
Spring Sun									
Acquisition	1,110,000,000	1,047,169,811	17.10	337,476,139	50,180,127	391,404,991	40,806,241	318,288,681	
Mei Wah									
Acquisition	390,000,000	367,924,528	25.00	367,924,528	NIL	NIL	NIL	NIL	
Great Eagle									
Acquisition	<u>339,200,000</u>	<u>320,000,000</u>	<u>14.18</u>	<u>114,907,105</u>	16,875,488	<u>131,628,806</u>	9,418,473	<u>73,464,089</u>	
<b>Total</b>	<b><u>1,839,200,000</u></b>	<b><u>1,735,094,339</u></b>	<b><u>56.28</u></b>	<b><u>820,307,772</u></b>		<b><u>523,033,797</u></b>		<b><u>391,752,770</u></b>	

Note: The sum is arrived at the respective considerations minus the respective shareholder's loans and accrued interests.

For the Great Eagle Acquisition, the consideration is mainly based on the agreed consideration between Great Eagle and Sun Yue Traffic pursuant to the Sun Yue Acquisition. The consideration for Spring Sun Acquisition is RMB1,110,000,000 (approximately HK\$1,047,169,811), which represents the 17.1% equity interest in Qinglian Company and a shareholder's loan of US\$50,180,127 (approximately HK\$391,404,991) and the accrued interest amounted to US\$40,806,241 (approximately HK\$318,288,681) as at 31 December 2004. For Mei Wah Acquisition, the consideration is RMB390,000,000 (approximately HK\$367,924,528), which represents 25% equity interest in Qinglian Company only. Mei Wah Acquisition and Spring Sun Acquisition are indeed part and parcel transaction and the respective considerations should be aggregated as one consideration, which is approximately RMB1.5 billion. This aggregate consideration was arrived at after arm's length negotiations between the Company, Mr Chung and Spring Sun and the basis of which is higher than that of Great Eagle Acquisition since it reflects the premium to be paid for the controlling stake in Qinglian Company.

As Spring Sun only holds 42.1% equity interest in Qinglian Company but the Company intends to obtain the majority interest in Qinglian Company, Mr. Chung agreed that he would negotiate with other joint venture partners of Qinglian Company to ensure that the Company can obtain a majority interest in Qinglian Company. Against this background, Great Eagle reached an agreement with Sun Yue Traffic pursuant to which Sun Yue Traffic agreed to transfer all its 14.18% equity interest in Qinglian Company together with the shareholder's loan and interest of Sun Yue Traffic in Qinglian Company to Great Eagle first. After Great Eagle successfully reached such an agreement with Sun Yue Traffic on 28 January 2005, the Company agreed to purchase such interest from Great Eagle by the Great Eagle Acquisition Agreement.



The overall acquisition under the Framework Agreement is the subject of three separate detailed agreements described in detail in the rest of this announcement. The first agreement involves the Spring Sun Acquisition, pursuant to which the Company will acquire from Spring Sun 17.1% out of its 42.1% equity interest in Qinglian Company together with the shareholder's loan of US\$50,180,127 (approximately HK\$391,404,991) previously extended by Spring Sun to Qinglian Company and all accrued interest amounting to US\$40,806,241 (approximately HK\$318,288,681) as at 31 December 2004 thereon. The second agreement involves the Mei Wah Acquisition (which will be completed after completion of the Spring Sun Acquisition), pursuant to which Mei Wah, which is a wholly-owned subsidiary of the Company incorporated in Hong Kong will acquire from Mr. Chung all the issued share capital of Spring Sun (or all the issued share capital of Maxprofit, a newly incorporated company designated by Mei Wah) which holds the remaining 25% equity interest in Qinglian Company. The Company has absolute discretion to determine that the aforesaid transactions shall be completed by: (1) the Company acquiring the 25% equity interest in Qinglian Company directly from Spring Sun or Maxprofit; or (2) Mei Wah or a company designated by Mei Wah acquiring the entire issued share capital of Spring Sun which holds 42.1% equity interest in Qinglian Company.

Qinglian Company is a Sino-foreign cooperative joint venture. As the Company would like to retain the status of Qinglian Company as a Sino-foreign cooperative joint venture after the Acquisition, the Company decided to use Mei Wah, a wholly owned subsidiary of the Company incorporated in Hong Kong as the foreign party to indirectly hold the 25% equity interest in Qinglian Company. If on or before 31 December 2005, the Company cannot obtain the relevant governmental approval for the increase in the registered capital of Mei Wah to complete the Mei Wah Acquisition, and the Company has to acquire the 25% equity interest in Qinglian Company held by Spring Sun or Maxprofit (if Spring Sun has completed the transfer of 25% equity interest in Qinglian Company to Maxprofit) directly, with the effect that Qinglian Company will no longer be a Sino-foreign cooperative joint venture, the consideration of RMB390,000,000 (approximately HK\$367,924,528) under Mei Wah Acquisition shall be reduced by an amount equivalent to HK\$50,000,000 (approximately RMB53,000,000), which has been arrived at after arm's length negotiation between the Company and the parties. In such a case, the Company and Spring Sun (or as the case may be, Maxprofit) will enter into an agreement to replace the current Mei Wah Acquisition Agreement and such acquisition shall be completed on or before 31 March 2006. As Mei Wah does not have sufficient funds to finance the acquisition independently, the Company, being its parent company, has to get the relevant government approvals for transmitting funds in the PRC to Hong Kong for Mei Wah by way of increasing its registered capital. Since the Acquisition is still subject to Shareholders' approval, the Company has not yet applied for the approval for the increase in the registered capital of Mei Wah. In case the relevant government approval is not given, the Company may acquire the 25% equity interest in Qinglian Company directly from Spring Sun or Maxprofit.

The third agreement involves the Great Eagle Acquisition, pursuant to which the Company will acquire from Great Eagle the 14.18% equity interest in Qinglian Company and shareholder's loans of US\$16,875,488 (approximately HK\$131,628,806) and accrued interest of US\$9,418,473 (approximately HK\$73,464,089) as at 31 December 2004 owed by Qinglian Company to Sun Yue Traffic which Great Eagle will acquire from Sun Yue Traffic under the

Sun Yue Acquisition. The Company is not a party to the Sun Yue Acquisition and the Great Eagle Acquisition will take place subsequent to the completion of the Sun Yue Acquisition. As far as the Directors are aware of, Sun Yue Acquisition has not yet been completed as at the date of the announcement.

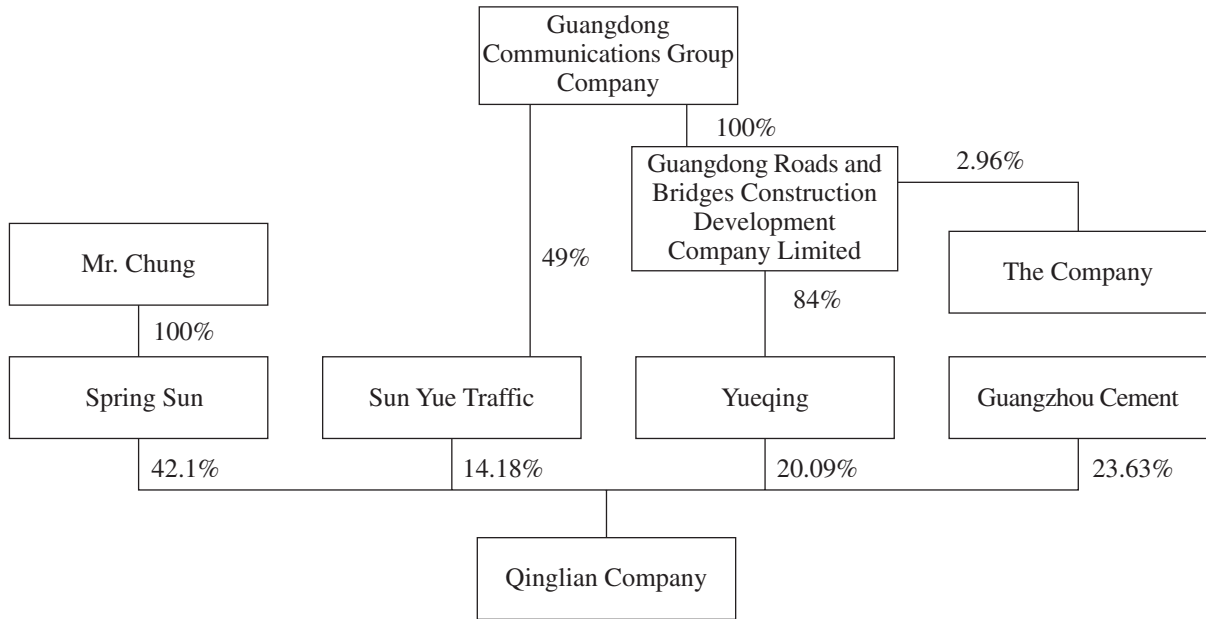
The completion of the Great Eagle Acquisition is not a condition precedent for either Mei Wah Acquisition or Spring Sun Acquisition. The Group may still proceed with the Mei Wah Acquisition and Spring Sun Acquisition even though the Great Eagle Acquisition cannot be completed.

In order to secure the performance of obligations under the Agreements, (1) Mr. Chung will charge all the issued share capital of Spring Sun to Mei Wah; (2) Mr. Chung will charge all the issued share capital of Maxprofit to Mei Wah; (3) Spring Sun will charge its 25% equity interest in Qinglian Company to be acquired by Mei Wah under the Mei Wah Acquisition to the Company as security after the release of the existing charge in favour of Wuyang ICBC over Spring Sun's 42.1% equity and debt interest in Qinglian Company if the Mei Wah Acquisition had not been completed by that time; (4) Maxprofit will charge the 25% equity interest in Qinglian Company to be acquired from Spring Sun under the Mei Wah Acquisition to the Company as security after completion of the transfer of the 25% equity interest in Qinglian Company from Spring Sun to Maxprofit; (5) upon completion of the Sun Yue Acquisition, Great Eagle will charge the 14.18% equity interest and debt in Qinglian Company to the Company as security; and (6) upon the payment of deposit of RMB55,000,000 (approximately HK\$51,886,792) to Spring Sun under the Spring Sun Acquisition as detailed below, Mr. Chung shall procure all director(s) of Spring Sun to be designated by the Company; Spring Sun shall procure all directors of Qinglian Company nominated by Spring Sun to be designated by the Company; as soon as Maxprofit becomes a shareholder of Qinglian Company, Maxprofit shall procure all directors of Qinglian Company nominated by Maxprofit to be designated by the Company; and as soon as Great Eagle becomes a shareholder of Qinglian Company, Great Eagle shall procure all directors of Qinglian Company nominated by Great Eagle to be designated by the Company.

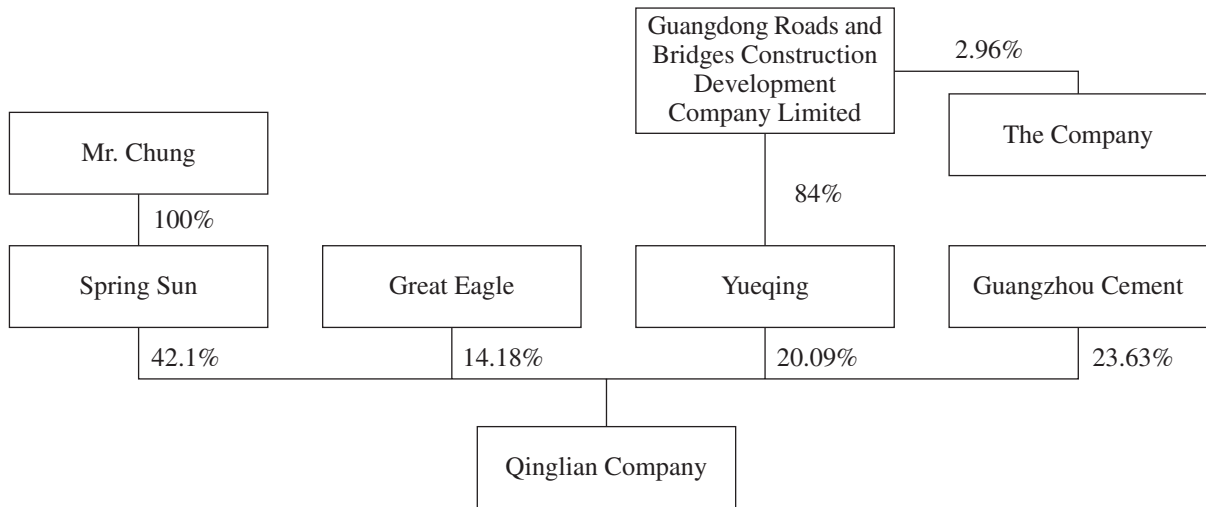
Mr. Chung, Spring Sun, Maxprofit, Great Eagle and Zhuhai New Chang Jiang irrevocably undertake to, and procure the board of Qinglian Company and the other joint venture partners of Qinglian Company to, approve all the transactions contemplated under the Framework Agreement, approve the reconstruction of Qinglian Class One Highway into an expressway, and approve Qinglian Company to seek general banking facilities to finance the reconstruction work.



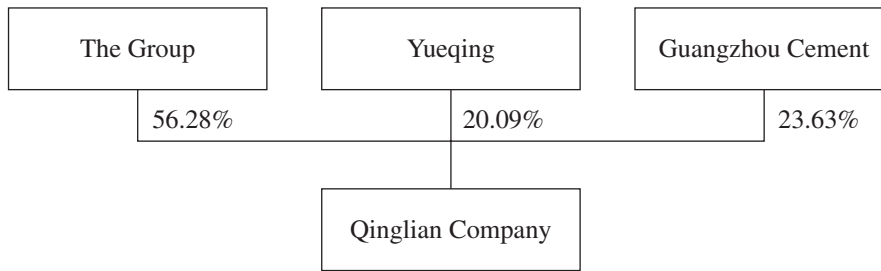
**Organization Chart before Acquisition**



**Organization Chart after completion of Sun Yue Acquisition but before completion of the Acquisition**



### Organization Chart after Acquisition



The aggregate consideration for the Acquisition together with other terms of the Acquisition have been arrived at after arm's length negotiations between the parties, after taking into account the valuation of Qinglian Company of approximately RMB 3.0 billion to RMB 3.6 billion estimated by the Directors (assuming Qinglian Class One Highway will be successfully reconstructed into an expressway) and in the case of the Company after taking into account the reasons for the acquisition as set out in the paragraph headed "Reasons for the Acquisition".

The Group will finance the Acquisition from its internal resources and general banking facilities of the Group.

#### ***CONDITIONS PRECEDENT***

The Acquisition is conditional upon fulfillment of the conditions including but not limited to the following:

- (a) Approval for the Framework Agreement and its underlining transactions being given by the Shareholders in the general meeting of the Company;
- (b) The tendering by the vendors under the Framework Agreement to the Company of true, complete and valid legal documents and figures in relation to the finance, taxation, business and other legal aspects of Qinglian Company and the status of the equity and debt interest held by the vendors under the Framework Agreement in Qinglian Company and the Company and Mei Wah in their absolute discretion are satisfied with the due diligence results of Qinglian Company;
- (c) The relevant government authority grants approval for Qinglian Class One Highway to be reconstructed as an expressway and charge its toll fees according to the expressway standards, which must specify the toll collection period approved;
- (d) Should the Company determine to acquire the 25% equity interest in Qinglian Company directly from Spring Sun or Maxprofit under the Mei Wah Acquisition, such acquisition must be completed on or before 31 March 2006;
- (e) The release of the existing charge over Spring Sun's 42.1% equity and debt interests in Qinglian Company according to the Wuyang ICBC Undertaking;

- (f) All other necessary consents, approvals, registrations and filings being given for the transactions contemplated under the Framework Agreement.

Should any of the conditions precedent not be fulfilled, the Company will have the option to terminate all the transactions under the Framework Agreement and accordingly Mr. Chung, Spring Sun (and/or Maxprofit) and Great Eagle will be obliged to return all prior payments received from the Company and/or Mei Wah including the down-payments described below. In such a case, the Company will make an announcement accordingly.

## **GUARANTORS**

Mr. Chung, Spring Sun, Maxprofit and Great Eagle jointly and severally guarantee the performance of their respective obligations in the Framework Agreement and the related agreements. Zhuhai New Chang Jiang guarantees the performance of the obligations by Mr. Chung, Spring Sun, Maxprofit and Great Eagle in the Framework Agreement and the related agreements.

## **THE SPRING SUN ACQUISITION AGREEMENT**

### ***DATE OF THE AGREEMENT***

3 February 2005

### ***PARTIES***

Purchaser:           The Company

Vendor:               Spring Sun

Guarantors:         (1) Mr. Chung

                          (2) Maxprofit

                          (3) Great Eagle

                          (4) Zhuhai New Chang Jiang

### ***THE TRANSACTION***

The Company will acquire from Spring Sun 17.1% out of its 42.1% equity interest in Qinglian Company, together with the US\$50,180,127 (approximately HK\$391,404,991) shareholder's loan previously extended by Spring Sun to Qinglian Company and all accrued interest thereon, amounting to US\$40,806,241 (approximately HK\$318,288,681) as at 31 December 2004. Spring Sun is providing such full warranties as are customary for such similar transactions, including warranties that it has title to such assets to be acquired by the Company and the freedom of such acquired assets from any encumbrances whatsoever other than the charge in favour of Wuyang ICBC mentioned below.

## **CONSIDERATION**

The consideration for the Spring Sun Acquisition Agreement is RMB1,110,000,000 (approximately HK\$1,047,169,811) payable according to the following schedule:

- (1) Down-payment of RMB425,466,100 (approximately HK\$401,383,113) payable by the Company in four installments as follows:
  - (i) A sum of RMB30,000,000 (approximately HK\$28,301,887) into an account jointly controlled by Great Eagle, the Company and the bank in the name of Great Eagle within 3 working days after the execution of the Spring Sun Acquisition Agreement and the completion of registration of the charge over shares in Spring Sun in favour of Mei Wah, such sum shall only be used by Great Eagle for the purpose of Sun Yue Acquisition;
  - (ii) A sum of RMB310,466,100 (approximately HK\$292,892,547) into an account jointly controlled by Great Eagle, the Company and the bank in the name of Great Eagle within 13 working days after the execution of the Spring Sun Acquisition Agreement and the completion of registration of the charge over shares in Spring Sun in favour of Mei Wah for the purposes of procuring the issue of a bank guarantee in the amount of RMB310,466,100 (approximately HK\$292,892,547) in favor of Sun Yue Traffic that can be called upon by Sun Yue Traffic once the Sun Yue Acquisition has received approval from the approval authority, such sum shall only be used by Great Eagle for the purpose of Sun Yue Acquisition;
  - (iii) A sum of RMB55,000,000 (approximately HK\$51,886,792) pay to an account designated by Spring Sun within 3 working days after the execution of the Spring Sun Acquisition Agreement and completion of registration of the charge over shares in Spring Sun in favour of Mei Wah; and
  - (iv) A sum of RMB30,000,000 (approximately HK\$28,301,887) pay to an account designated by Spring Sun within 5 working days after completion of registration of the charge over 14.18% equity and debt interest in Qinglian Company with the original registration authority in favour of the Company.

Under the Spring Sun Acquisition Agreement, the parties agreed that the down-payments of RMB30,000,000 (approximately HK\$28,301,887) and RMB310,466,100 (approximately HK\$292,892,547), respectively made pursuant to sub-paragraphs (i) and (ii) above shall only be used by Great Eagle for the purposes of Sun Yue Acquisition and payments made to or for the benefit of Great Eagle pursuant to the above are made at the request of Spring Sun and therefore notwithstanding their ultimate destination, are agreed by the parties to constitute payments of consideration by the Company to Spring Sun under the Spring Sun Acquisition Agreement for the purpose of successful completion of the Spring Sun Acquisition Agreement. In the event completion is unsuccessful Spring Sun remains fully obligated to refund the entirety of such payments made.

The parties agreed that the down-payments pursuant to sub-paragraphs (i) and (ii) above shall only be used by Great Eagle and if for whatever reason Sun Yue Acquisition shall not be completed on or before 31 March 2005 (or such later date as agreed by the Company), the Company is not obliged to pay the down-payment as scheduled in sub-paragraph (iv) above, and Spring Sun and Great Eagle are obliged to return the down-payments detailed in sub-paragraph (i) and (ii) above (with interest) to a bank account jointly controlled by Great Eagle, the Company and the bank not later than 15 April 2005 (or such later date as agreed by the Company) and such amounts shall be repaid to Wuyang ICBC within 15 working days from completion of the approval procedures for the transfer of equity and debt interest in Qinglian Company as contemplated under the Spring Sun Acquisition.

- (2) (i) Within 15 working days from completion of the approval procedures for the transfer of equity interest in Qinglian Company as contemplated under the Spring Sun Acquisition and the Great Eagle Acquisition, Great Eagle shall pay a sum of RMB339,200,000 (approximately HK\$320,000,000) (which is equivalent to the consideration under the Great Eagle Agreement) to Wuyang ICBC, (or if the Sun Yue Acquisition shall not be completed on or before 31 March 2005 (or such later date as agreed by the Company), the amount returned to the bank account as stated above shall be repaid to Wuyang ICBC within 15 working days from completion of the approval procedures for the transfer of equity and debt interest in Qinglian Company as contemplated under the Spring Sun Acquisition); and on the same date,
- (ii) Spring Sun and/or Zhuhai New Chang Jiang shall pay all the outstanding interests and/or penalty relating to the ICBC Bank Loan.

After the above sums of money have been paid to Wuyang ICBC, the Company shall pay the remaining consideration (i.e. RMB1,110,000,000 (approximately HK\$1,047,169,811) less the down-payment made pursuant to paragraph (1) above) after deduction of all taxes to Wuyang ICBC as directed by Spring Sun to secure the complete and unconditional release of the existing charge in its favor over Spring Sun's 42.1% equity and debt interest in Qinglian Company. If the remaining consideration is insufficient to repay the ICBC Bank Loan, Spring Sun shall make up of the shortfall and if the remaining consideration is more than the outstanding ICBC Bank Loan, the Company shall pay the rest of the remaining consideration into a bank account designated by Spring Sun. Such payment to Wuyang ICBC shall be full and final settlement of all consideration due from the Company to Spring Sun under the Spring Sun Acquisition Agreement.

According to the Spring Sun Acquisition Agreement, if the Sun Yue Acquisition cannot be completed on or before 31 March 2005 (or such later date as agreed by the Company) and Spring Sun and Great Eagle have not returned the said down-payments to the designated bank account, it shall be deemed as a fundamental breach of the Spring Sun Acquisition Agreement and the Company shall have the right to terminate the Spring Sun Acquisition Agreement. Alternatively, the Company may choose to proceed with the Spring Sun Acquisition, and the down-payments so made (and not returned) shall be deemed as part of the consideration.

## ***CONDITIONS PRECEDENT***

The Spring Sun Acquisition Agreement is conditional upon fulfillment of the conditions including but not limited to the following:

- (a) The release of the existing charge over Spring Sun's 42.1% equity and debt interest in Qinglian Company according to the Wuyang ICBC Undertaking;
- (b) The tendering by Spring Sun to the Company of true, complete and valid legal documents and figures in relation to the finance, taxation, business and other legal aspects of Qinglian Company and the status of the equity and debt interest held by Spring Sun in Qinglian Company and the Company in its absolute discretion is satisfied with the due diligence results of Qinglian Company;
- (c) Approvals of the Shareholders in general meeting of the Company being given for the Spring Sun Acquisition Agreement;
- (d) All other necessary consents, approvals and filings for the Spring Sun Acquisition Agreement, including but not limited to the original approval authority;
- (e) The relevant government authority grants approval for Qinglian Class One Highway to be reconstructed as an expressway and charge its toll fees according to the expressway standards, which must specify the toll collection period approved;
- (f) Great Eagle pays the RMB339,200,000 (approximately HK\$320,000,000) to Wuyang ICBC as detailed above;
- (g) Spring Sun and/or Zhuhai New Chang Jiang pay all the outstanding interests and/or penalty relating to the ICBC Bank Loan as detailed above; and
- (h) Spring Sun makes up the shortfall of the outstanding ICBC Bank Loan (if any).

Should any of the aforesaid conditions not be fulfilled, the Company will have the option to terminate the Spring Sun Acquisition Agreement and Spring Sun will be obliged to return all payments received from the Company together with interest computed on the basis of the interest rate as adopted by the People's Bank of China for loan of over 5 years from time to time.

## **THE MEI WAH ACQUISITION AGREEMENT**

### ***DATE OF THE AGREEMENT***

3 February 2005

### ***PARTIES***

Purchaser: Mei Wah

Vendor: Mr. Chung



- Guarantors:           (1) Zhuhai New Chang Jiang
- (2) Great Eagle

### ***THE TRANSACTION***

Mei Wah will acquire from Mr. Chung the entire issued share capital of Spring Sun, or if so directed by Mei Wah, Spring Sun shall transfer 25% out of its 42.1% equity interest in Qinglian Company to a company designated by Mei Wah and Mei Wah shall acquire the entire issued share capital of such company. Maxprofit is so designated by Mei Wah for the time being. Mr. Chung is providing such full warranties as are customary for such similar transactions, including warranties that he has title to such assets to be acquired by Mei Wah and the freedom of such acquired assets from any encumbrances whatsoever.

The purpose of the Mei Wah Acquisition is to obtain 25% out of the 42.1% equity interest in Qinglian Company held by Spring Sun. In order to use a newly established project company to hold the 25% equity interest, the Group may direct Spring Sun to transfer 25% out of its 42.1% equity interest in Qinglian Company to Maxprofit, a newly incorporated company with the sole purpose of holding the 25% equity interest in Qinglian Company.

### ***CONSIDERATION***

The consideration of the Mei Wah Acquisition is RMB 390,000,000 (approximately HK\$367,924,528) payable in one lump sum in Hong Kong dollars within 15 working days after fulfillment of the conditions precedents described in the following paragraph.

The consideration shall be fully deducted by the following amounts:

- (1) any amount paid by Mei Wah or the Company under its absolute discretion to Wuyang ICBC to secure the release of the existing charge in favour of Wuyang ICBC over Spring Sun's 42.1% equity and debt interest in Qinglian Company;
- (2) any liabilities incurred by Mei Wah or the Company as a result of any liabilities (debt, tax or otherwise) of Spring Sun and/or Maxprofit; and
- (3) any damages or losses incurred by the Company or Mei Wah as a result of the breach of the Framework Agreement or any of its underlining agreements by the other parties to the Framework Agreement.

Under any one of the following situations the remaining consideration after deductions made as aforesaid may be reduced by not more than HK\$200 million:

- (a) If on or before 31 March 2005 (or such later date as agreed by the Company), the Sun Yue Acquisition is not completed for whatever reason, the consideration shall be reduced by HK\$20,000,000;
- (b) If the consideration the Company has to pay for completion of the Great Eagle Acquisition is more than RMB339,200,000 (approximately HK\$320,000,000), the consideration shall be reduced by the difference;

- (c) If on or before completion of the Mei Wah Acquisition, the Qinglian Class One Highway cannot be granted the approval for reconstruction into an expressway, Mei Wah shall withhold HK\$100,000,000 and if within 6 months after completion of the Mei Wah Acquisition (or a date agreed by the Company or Mei Wah) such condition is fulfilled, the Company shall pay such withholding amount to Mr. Chung;
- (d) If on or before completion of the Mei Wah Acquisition, the Qinglian Class One Highway cannot be granted the approval to charge its toll fees according to the expressway standards, which must specify the toll collection period approved, Mei Wah shall withhold HK\$50,000,000 and if within 6 months after completion of the Mei Wah Acquisition (or a date agreed by the Company or Mei Wah) such condition is fulfilled, the Company shall pay such withholding amount to Mr. Chung, or if the term of approval as a toll-collecting expressway is less than 25 years, each less year shall be deducted by HK\$20,000,000;
- (e) If on or before completion of the Mei Wah Acquisition the Company does not successfully become an investor (with an interest of no less than 20%) in the Lianzhou — Yizhang Section so as to integrate it with the Qinglian Class One Highway, Mei Wah shall withhold HK\$50,000,000 and if within 6 months after completion of the Mei Wah Acquisition (or a date agreed by the Company or Mei Wah) such condition is fulfilled, the Company shall pay such withholding amount to Mr. Chung.

***CONDITIONS PRECEDENT***

The Mei Wah Acquisition Agreement is conditional upon fulfillment of the conditions including but not limited to the following:

- (a) The release of the existing charge over Spring Sun's 42.1% equity and debt interest in Qinglian Company according to the Wuyang ICBC Undertaking;
- (b) Approvals of the Shareholders in general meeting of the Company being given for the Mei Wah Acquisition Agreement;
- (c) All necessary consents and approvals being given for the share transfer contemplated under the Mei Wah Acquisition Agreement, including the approval from the relevant PRC authority if required;
- (d) Mei Wah has completed the due diligence in relation to, inter alia, the finance, taxation, business and other legal aspects of Spring Sun and Qinglian Company and Mei Wah in its absolute discretion is satisfied with the due diligence results;
- (e) The successful completion of the Spring Sun Acquisition Agreement;
- (f) The relevant government authority grants approval for Qinglian Class One Highway to be reconstructed as an expressway and charge its toll fees according to the expressway standards, which must specify the toll collection period approved;
- (g) The Company has obtained the relevant governmental approval for the increase in registered capital of Mei Wah to complete the Mei Wah Acquisition on or before 31 December 2005; and

- (h) If so directed by Mei Wah, completion of the transfer of 25% equity interest in Qinglian Company from Spring Sun to Maxprofit.

Should any of the aforesaid conditions not be fulfilled within 12 months from the date of execution of the Mei Wah Acquisition Agreement (or such later date as the vendor and the purchaser hereunder mutually agreed), unless Mei Wah in its absolute discretion waive any of the conditions precedent, the Mei Wah Acquisition Agreement shall become void.

## **THE GREAT EAGLE ACQUISITION AGREEMENT**

### ***DATE OF THE AGREEMENT***

3 February 2005

### ***PARTIES***

Purchaser:           The Company

Vendor:               Great Eagle

Guarantors:         (1) Mr. Chung

                              (2) Maxprofit

                              (2) Spring Sun

                              (3) Zhuhai New Chang Jiang

### ***THE TRANSACTION***

The Company will acquire from Great Eagle the 14.18% equity interest in Qinglian Company and the shareholder's loans of US\$16,875,488 (approximately HK\$131,628,806) and accrued interest of US\$9,418,473 (approximately HK\$73,464,089) as at 31 December 2004 owed by Qinglian Company thereon, which Great Eagle will acquire from Sun Yue Traffic under the Sun Yue Acquisition. Great Eagle is providing such full warranties as are customary for similar such transactions, including warranties that it has title to such acquired assets and the freedom of such acquired assets from any encumbrances whatsoever.

### ***CONSIDERATION***

The consideration for the Great Eagle Acquisition is RMB339,200,000 (approximately HK\$320,000,000). Within 15 working days from completion of the approval procedures for the transfer of equity interest in Qinglian Company as contemplated under the Great Eagle Acquisition and the Spring Sun Acquisition, the Company will pay the entire consideration to Wuyang ICBC as directed by Great Eagle. Payment to Wuyang ICBC shall be full and final settlement of all consideration due from the Company to Great Eagle under the Great Eagle Acquisition Agreement.

## ***CONDITIONS PRECEDENT***

The Great Eagle Acquisition Agreement is conditional upon fulfillment of the conditions including but not limited to the following:

- (a) Completion of the registration procedure for the transfer of the 14.18% equity interest in Qinglian Company by Sun Yue Traffic to Great Eagle at the original registration authority on or before 31 March 2005 (or such later date as agreed by the Company);
- (b) The tendering by Great Eagle to the Company of true, complete and valid legal documents and figures in relation to the finance, taxation, business and other legal aspects of Qinglian Company and the status of the equity and debt interest held by Great Eagle in Qinglian Company and the Company in its absolute discretion is satisfied with the due diligence results of Qinglian Company;
- (c) Approval of the Shareholders in general meeting of the Company being given for the Great Eagle Acquisition Agreement;
- (d) All other necessary consents, approvals and filings for the Great Eagle Acquisition Agreement, including but not limited to those required from the original approval authority; and
- (e) The relevant government authority grants approval for Qinglian Class One Highway to be reconstructed as an expressway and charge its toll fees according to the expressway standards, which must specify the toll collection period approved.

Should any of the aforesaid conditions not be fulfilled, the Company will have the option to terminate the Great Eagle Acquisition Agreement and Great Eagle will be obliged to return all payments received from the Company (including the down-payments paid under the Spring Sun Acquisition Agreement in the amount of RMB345,466,100 (approximately HK\$325,911,415) which are specified to be used for the Sun Yue Acquisition) together with interest computed on the basis of the interest rate as adopted by the People's Bank of China for loan of over 5 years from time to time.

## **REASONS FOR THE ACQUISITION**

The Directors consider that the Acquisition is consistent with the Company's overall business strategy to invest in toll road projects. Leveraging on the Company's investment experience in other expressway projects, the Directors believe that the Group has the expertise to assess and manage the operation of the assets acquired. The Company has engaged a PRC consultant to project the traffic flow forecast of Qinglian Highways and the Company has prepared an estimated valuation of Qinglian Company of RMB3.0 billion to RMB3.6 billion taking into account of this forecast. The estimated valuation of Qinglian Highways so prepared is one of the factors for the determination of the consideration for the Acquisition.

The Directors are optimistic on the expressway industry in the PRC, given the facts that:

- Continuous economic growth in the PRC has triggered the demand for transportation infrastructure;

- Globalization of world economies has increased trade activities and China has become the hub for manufacturing business. Accordingly the position of China in international container transportation market has become more and more important, thereby bringing rapid development of logistic business and thus the highways industry will be benefited;
- Urbanization of the PRC has been accelerated and the increases in the number, scale, population and income of cities have brought to a strong demand for traffic in both quantity and quality aspects, the highways industry will thus be benefited; and
- The robust growth rate in car sales recently experienced in the PRC may drive the usage of highways in the future accordingly. Although the level of car ownership is increasing, the low car ownership per capita, coupled with increasing income level, implies that there is ample room for car ownership to rise and the highways industry will thus be benefited.

Qinglian Class One Highway is located in the northern part of Guangdong Province. Together with the Qinglian Class 2 Road which acts as an auxiliary line, the Qinglian Highways collectively constitute a major highway transport corridor connecting the less developed areas in the northwestern part of Guangdong Province with the developed areas of the Pearl River Delta region. Considering the continued economic growth along the Pearl River Delta, the Directors believe that the economic and trading activities in the area will continue to prosper resulting in rapid growth and demand for road transport in the northwestern part of Guangdong Province. Since the existing road conditions and the respective traffic flows of Qinglian Class One Highway are less than optimal, it could not cope with the future demand for road transport and accordingly the Qinglian Class One Highway is expected to be reconstructed into an expressway. The Directors consider that the then expressway will be the arterial highway in the Guangdong Province, connecting the northern and the southern highway framework in the province and moving the trading and economic activities from Pearl River Delta region to the Mainland. In the south, it will connect with Guangqing Expressway, thereby linking up the transportation network of the Pearl River Delta region. In the north, it will connect with the proposed Tai-ao Expressway (Taiyuan — Macau section) in Lian Zhou and further extend to Yizhang of Hunan Province where it will connect with Beijing-Zhuhai Expressway. In addition, it intersects with the Shantou-Kunming Expressway, which is one of the most important projects of the PRC government connecting the western part with the eastern part of Guangdong Province. Being the essential corridor to link up the developed areas in Pearl River Delta region and the central and northern parts of the PRC with the Hunan Province and the Mainland, the then expressway will become the only way to connect the Mainland to Hong Kong and Macau regions. Therefore, it will be an important transportation infrastructure for the development of “Pan-Pearl River Delta Economic Circle”.

The aggregate consideration of the Acquisition was arrived at after arm’s length negotiations between the Group and the Vendors, taking into account the valuation of Qinglian Company of approximately RMB3.0 billion to RMB3.6 billion estimated by the Directors (assuming the Qinglian Class One Highway will be successfully reconstructed into an expressway). The Directors made the estimation mainly based on their past experience and expertise on highway projects to estimate the value of Qinglian Company. The Directors have taken into account the traffic flow of Qinglian Class One Highway, the highway network of Guangdong

Province, the road conditions of similar highway projects and the rare opportunity for other relevant alternative expressway projects in the PRC to evaluate the value of Qinglian Company. An independent valuation will be prepared by qualified professional in Hong Kong pursuant to the requirements of the Listing Rules. The Directors consider that the then expressway will bring decent investment return for the Group and the average cost per kilometer after reconstruction is expected to be not more than RMB40,000,000, which is estimated to be on the lower end in terms of cost of construction in Guangdong Province. In view of the future economic return and strategic importance of the then expressway (i.e. the main trunk of expressway framework in the northwestern part of Guangdong Province), the Directors consider that the consideration and average cost of the reconstruction are fairly reasonable for the expressway.

The Qinglian Class One Highway held by Qinglian Company is proposed to be reconstructed into an expressway and of the estimated aggregate capital expenditure of approximately RMB3,900,000,000 (approximately HK\$3,679,245,283). It is estimated that such capital expenditure is to be financed by Qinglian Company through general banking facilities after completion of the Acquisition. Subject to the approval of relevant government authorities, reconstruction is expected to commence in the second half of 2005 and is expected to be completed within two years.

#### **INFORMATION ON THE COMPANY**

The Company is principally engaged in the investment, construction, operation and management of toll highways and expressways in the PRC.

#### **INFORMATION ON VENDORS AND GUARANTORS**

Mr. Chung is the registered and beneficial owner of Spring Sun and Maxprofit.

Spring Sun is a company incorporated in the BVI with limited liability. Its only business activity is the holding of the 42.1% equity interest in Qinglian Company.

Maxprofit is a company newly incorporated in the BVI with limited liability. It is incorporated with the sole purpose of holding the 25% equity interest in Qinglian Company pursuant to the Mei Wah Acquisition, and it is not intended that Maxprofit shall be doing any business or enter into any other transactions by Mr. Chung. Therefore, although Max Profit is wholly owned by Mr. Chung, its director(s) is/are to be appointed by the Company. As directed by Mei Wah, Spring Sun shall transfer 25% out of its 42.1% equity interest in Qinglian Company to Maxprofit and Mei Wah shall acquire the entire issued share capital of Maxprofit under the Mei Wah Acquisition.

Great Eagle is a company incorporated in the PRC with limited liability. It is principally engaged in the business of project investment, investment and product information consulting businesses.

Zhuhai New Chang Jiang is a company incorporated in the PRC with limited liability. It is principally engaged in the investment in property, hotel and transportation businesses. It is also engaged in the trading of building materials, chemicals, metals and electronic equipment.



To the best of the Directors' knowledge, information and belief having made all reasonable enquiry and save to the extent disclosed in this announcement, the Vendors and the Guarantors are Independent Third Parties.

## **GENERAL**

The Acquisition constitutes a major transaction for the Company under the Listing Rules. Sun Yue Traffic is an associate of Guangdong Roads and Bridges Construction Development Company Limited (廣東省路橋建設發展有限公司), which is a promoter of the Company. By virtue of Sun Yue Traffic's interests in Qinglian Company and the close relationship between Sun Yue Acquisition and Great Eagle Acquisition, the Great Eagle Acquisition constitutes a connected transaction under the Listing Rules. Therefore, the Acquisition contemplated under the Agreements is subject to the reporting, announcement and independent shareholders' approval requirements under the Listing Rules. Since Guangdong Roads and Bridges Construction Development Company Limited (廣東省路橋建設發展有限公司) holds approximately 2.96% equity interest in the Company, it will abstain from voting at the extraordinary general meeting on the relevant resolution(s) approving the Acquisition. Apart from Guangdong Roads and Bridges Construction Development Company (廣東省路橋建設發展有限公司) and its associates, no other Shareholder is interested in the Great Eagle Acquisition and is required to abstain from voting at the relevant general meeting.

The Company has formed an independent board committee comprising all independent non-executive Directors to advise the independent Shareholders with respect to the Acquisition contemplated thereunder. An independent financial adviser will be appointed to advise the independent board committee and the independent Shareholders in respect of the Acquisition thereafter. A Circular containing, among other things, details of the Acquisition the recommendation from the independent board committee in relation to the Acquisition, the opinion from the independent financial adviser and a notice of extraordinary general meeting will be dispatched to the Shareholders as soon as practicable in accordance with the requirements of the Listing Rules.

The H shares of the Company were suspended from trading on the Stock Exchange from 9:30 a.m. on 4 February 2005 at the request of the Company pending the release of this announcement. The Company has made an application to the Stock Exchange to resume trading of its H shares on the Stock Exchange from 9:30 a.m. on 16 February 2005.

## **DEFINITIONS**

“Acquisition”	The Spring Sun Acquisition, the Mei Wah Acquisition and the Great Eagle Acquisition
“Agreements”	The Framework Agreement, the Spring Sun Acquisition Agreement, the Mei Wah Acquisition Agreement and the Great Eagle Acquisition Agreement
“associate(s)”	has the meaning ascribed thereto under the Listing Rules

“Circular”	the Circular to the Shareholders to be dispatched by the Company pursuant to the Listing Rules containing information relating to the Acquisition
“Company”	Shenzhen Expressway Company Limited (深圳高速公路股份有限公司), a joint stock limited company incorporated in the PRC with limited liability and the H shares of which are listed on the Stock Exchange and the A Shares of which are listed on the Shanghai Stock Exchange
“Directors”	the directors of the Company
“Framework Agreement”	The agreement entered into by (1) Mr. Chung; (2) Spring Sun; (3) Great Eagle; (4) Maxprofit; (5) Zhuhai New Chang Jiang; (6) Mei Wah; and (7) the Company on 3 February 2005 for the Acquisition and pursuant to which the Agreements are signed
“Great Eagle”	Guangdong Yingjun Investment Holding Co Ltd (廣東鷹君投資控股有限公司), a company incorporated in the PRC with limited liability and is an Independent Third Party
“Great Eagle Acquisition”	The acquisition of the 14.18% equity and the debt interest of Great Eagle in Qinglian Company (as acquired from Sun Yue Traffic) by the Company from Great Eagle
“Great Eagle Acquisition Agreement”	The agreement entered into by Great Eagle, the Company, Mr. Chung, Maxprofit, Spring Sun and Zhuhai New Chang Jiang on 3 February 2005 relating to the Great Eagle Acquisition
“the Group”	The Company and its subsidiaries
“Guangzhou Cement”	Guangzhou Cement Joint Stock Limited Company (廣州水泥股份有限公司), a company incorporated in the PRC with limited liability
“Guarantors”	All the guarantors under the Agreements
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	Hong Kong Special Administrative Region of the PRC
“ICBC Bank Loan”	a bank loan in the sum of RMB1,010,000,000 extended by Wuyang ICBC to Zhuhai New Chang Jiang and secured by, inter alia, a charge in favour of Wuyang ICBC over Spring Sun’s 42.1% equity and debt interest in Qinglian Company. The ICBC Bank Loan is for a term of 180 months from 27 May 2003;

“Independent Third Party or Parties”	person(s) who, to the best of the Directors’ knowledge, information and belief, having made all reasonable enquires, is/are third party independent of and is/are not connected person(s) of the Company and its subsidiaries, its directors, chief executive, promoters, supervisors or substantial shareholders or their respective associates
“Lianzhou — Yizhang Section (連州-宜章路段)”	A class 2 road with 68 kilometers connecting the northern part of Qinglian Class One Highway with the southern part of Beijing-Zhuhai Expressway
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Maxprofit”	Maxprofit Gain Limited (高匯有限公司), a company incorporated in the British Virgin Islands with limited liability with the sole purpose of holding 25% equity interest in Qinglian Company
“Mei Wah”	Mei Wah Industrial (Hong Kong) Limited (美華實業(香港)有限公司), a company incorporated in Hong Kong with limited liability and wholly-owned by the Company
“Mei Wah Acquisition”	The acquisition of the entire issued share capital of Spring Sun from Mr. Chung, or if so directed by Mei Wah, Spring Sun shall transfer 25% out of its 42.1% equity interest in Qinglian Company to a company designated by Mei Wah and Mei Wah shall acquire the entire issued share capital of such company
“Mei Wah Acquisition Agreement”	The agreement entered into by Mei Wah, Mr. Chung, Zhuhai New Chang Jiang and Great Eagle on 3 February 2005 relating to the Mei Wah Acquisition
“Mr. Chung”	Chung Chi Fai (鍾志輝), the beneficial and registered shareholder of Spring Sun holding 100% of its issued share capital
“PRC”	the People’s Republic of China other than the special administrative regions of Hong Kong and Macau
“Qinglian Class One Highway”	a first grade highway which runs for 215.846 kilometers from Lian Zhou City Feng Tou Ling (連州市鳳頭嶺) to Qing Xin County Jing Kou Town (清新縣迳口鎮)
“Qinglian Class 2 Road”	the Qinglian section of the original National Highway 107 which runs parallel to Qinglian Class One Highway for 253 kilometers from Lian Zhou City Feng Tou Ling (連州市鳳頭嶺) to Qing Xin County Jing Kou Town (清新縣迳口鎮)

“Qinglian Company”	Guangdong Qinglian Highway Development Company Limited (廣東清連公路發展有限公司), a Sino-foreign cooperative joint venture established in the PRC with limited liability
“Qinglian Highways”	The Qinglian Class One Highway and Qinglian Class 2 Road
“RMB”	renminbi, the lawful currency of the PRC
“Share(s)”	Share(s) of the Company
“Shareholder(s)”	Shareholders of the Company
“Spring Sun”	Spring Sun International Limited (春陽國際有限公司), a company incorporated in the British Virgin Islands with limited liability
“Spring Sun Acquisition”	The acquisition of the 17.1% equity and all the debt interest of Spring Sun in Qinglian Company by the Company from Spring Sun
“Spring Sun Acquisition Agreement”	The agreement entered into by Spring Sun, the Company, Mr. Chung, Maxprofit, Great Eagle and Zhuhai New Chang Jiang on 3 February 2005 relating to the Spring Sun Acquisition
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Sun Yue Acquisition”	The acquisition of the 14.18% equity and the debt interest of Sun Yue Traffic in Qinglian Company by Great Eagle from Sun Yue Traffic
“Sun Yue Traffic”	Sun Yue Traffic Development Limited (新粵交通發展有限公司), a company incorporated in Hong Kong with limited liability
“Vendors”	All of the vendors, namely Mr. Chung, Spring Sun and Great Eagle, under the Agreements
“Wuyang ICBC”	The Wuyang, Guangzhou Branch of the Industrial and Commercial Bank of China (中國工商銀行廣州五羊支行) is the lender under the ICBC Bank Loan. Part of the consideration paid under the Acquisition will be paid directly to Wuyang ICBC to secure the release of the existing charge in its favour over Spring Sun’s 42.1% equity and debt interest in Qinglian Company
“Wuyang ICBC Undertaking”	the undertaking issued by Wuyang ICBC that immediately upon the payment of RMB1,010,000,000 and all accrued interest thereon, the existing charge in its favor over Spring Sun’s 42.1% equity and debt interest in Qinglian Company shall be completely and unconditionally released
“Yueqing”	Qingyuan City Yueqing Public Road Construction and Development Co Ltd (清遠市粵清公路建設發展有限公司), a company incorporated in the PRC with limited liability

“Zhuhai New Chang Jiang”      Zhuhai New Chang Jiang Construction Investment Co Ltd  
( 珠海市新長江建設投資有限公司 ) a company incorporated in the PRC with  
limited liability, an Independent Third Party and the borrower under  
the ICBC Bank Loan

*Foreign currency amounts have been converted into Hong Kong dollars for the purpose of  
this announcement using an exchange rate of HK\$1 = RMB1.06 and HK\$7.80 = US\$1.*

By Order of the Board  
**Shenzhen Expressway Company Limited**  
**Wu Qian**  
*Joint Company Secretary*

Shenzhen, the PRC, 15 February 2005

*The directors of the Company at the date of this announcement are: Mr. Chen Chao (Chairman of the Board); Mr. Wu Ya De (Director and General Manager); Mr. Zhang Rong Xing (Director); Mr. Zhong Shan Qun (Director); Ms. Tao Hong (Director); Mr. Lin Xiang Ke (Director); Ms. Zhang Yang (Director); Mr. Chiu Chi Cheong, Clifton (Director); Mr. Ho Pak Cho, Denis Morgie (Independent Director); Mr. Li Zhi Zheng (Independent Director); Mr. Zhang Zhi Xue (Independent Director) and Mr. Poon Kai Leung, James (Independent Director).*

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