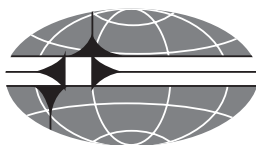


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深圳高速公路股份有限公司

SHENZHEN EXPRESSWAY COMPANY LIMITED

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

2003 FIRST QUARTERLY REPORT

Important Notice

The Board of Directors and the Directors of the Company confirm that the information in this report does not contain any false information, misleading statements or material omissions, and accept joint and several responsibilities for the truthfulness, accuracy and completeness of the content.

This quarterly report is prepared in accordance with the regulations on Disclosure of Information in Quarterly Reports for Listed Companies by China Securities Regulatory Commission. All financial information set out in this quarterly report has been prepared in accordance with the PRC accounting standards and has not been audited. This announcement is published simultaneously in Shanghai and Hong Kong. Shareholders of the Company and public investors should exercise caution when trading in shares of the Company.

This announcement is made pursuant to the disclosure obligation under Paragraph 2(2) of the Listing Agreement.

Results Highlights

The Group's income from principal operations for the three months ended 31 March 2003 (the "Period") amounted to RMB166,101,046, with an increase of 12.45% as compared with the corresponding period of 2002. Its net profit was RMB92,044,936, 3.68% up as compared with the same period of 2002.

1. IMPORTANT NOTICE

- 1.1 The Board of Directors and the Directors of the Company confirm that the information in this report does not contain any false information, misleading statements or material omissions, and accept joint and several responsibilities for the truthfulness, accuracy and completeness of the content.
- 1.2 No director has made any statement that he cannot guarantee or he has any objection to the truthfulness, accuracy or completeness of the information contained in this report.

- 1.3 Mr. Ho Pak Cho, Denis Morgie, an independent director and Ms. Zhang Yang, an director of the Company could not attend the 3rd board meeting of the Third Section of the Board of Directors of the Company, and they have appointed Messrs. Chiu Chi Cheong, Clifton and Zhang Rong Xing, the directors, as their alternates, respectively.
- 1.4 All the financial information contained in this report has been prepared in accordance with the PRC accounting standards and has not been audited. Mr. Chen Chao, the chairman, Mr. Wu Ya De, the general manager, Ms. Gong Tao Tao, the chief financial officer and Mr. Sun Bin, the finance manager, undertake to guarantee the truthfulness and completeness of the financial statements contained in this quarterly report.

2. CORPORATE INFORMATION

2.1 Basic Information

Share Abbreviations	Shenzhen Expressway (A Shares)	Shenzhen Expressway (H Shares)
Stock Code	600548	0548(HK)
Name	Company Secretary Zhang Rong Xing	Securities Officer Lu Rui
Address	19/F., Tower A, United Plaza, No. 5022 Binhe Road North, Shenzhen 518026, PRC	19/F., Tower A, United Plaza, No. 5022 Binhe Road North, Shenzhen 518026, PRC
Telephone	755-82945608	755-82945618
Fax	755-82910696	755-82910696
Email	Johnson@sz-expressway.com	secretary@sz-expressway.com

2.2 Financial Information

2.2.1 Principal accounting data and financial indices

	As at 31 March 2003 RMB	As at 31 December 2002 RMB	Increase (decrease) at the end of the Period as compared with 31 December 2002 (%)
Total assets	7,222,062,452	6,922,502,651	4.33
Shareholders' funds (excluding minority interests)	5,252,357,709	5,160,312,772	1.78
Net asset per share	2.41	2.37	1.69
Adjusted net asset per share	2.40	2.35	2.13

			Increase (decrease) at the end of the Period 1 January 2003 as compared with to the same period of The Period 31 March 2003 2002 (%)
Net cash flow from operating activities	119,849,674	119,849,674	—
Earnings per share	0.04	0.04	3.68
Return on net assets	1.75%	1.75%	1.74
Return on net assets after extraordinary items	1.77%	1.77%	1.33
Extraordinary items			Amount
Income from non-operating activities			308,299
Expenses for non-operating activities			(171,588)
Impact of the income tax			<u>(20,507)</u>
Total			<u><u>116,204</u></u>

2.2.2 Income statement

Items	1 January 2003 to 31 March 2003		1 January 2002 to 31 March 2002	
	Consolidated RMB	The Company RMB	Consolidated RMB	The Company RMB
1. Income from principal operations	166,101,046	84,032,504	147,711,373	84,642,842
Less: costs for principal operations	39,313,953	22,560,333	35,512,083	24,694,515
Taxes and surcharges for principal operations	8,593,637	4,369,667	7,653,952	4,401,595
2. Profit from principal operations	118,193,456	57,102,504	104,545,338	55,546,732
Add: other operating profit	484,417	140,875	2,777,151	2,469,693
Less: operating expenses	—	—	—	—
Administrative expenses	14,253,137	7,955,920	11,348,859	6,667,100
Finance costs	8,027,778	4,966,939	7,484,609	7,712,998
3. Operating profit	96,396,958	44,320,520	88,489,021	43,636,327
Add: investment income	1,592,126	45,277,443	2,246,781	39,861,589
Subsidy income	8,542,392	8,542,392	10,861,902	10,861,902
Non-operating income	308,299	47,992	26	—
Less: non-operating expenses	171,588	166,590	—	—
4. Total profit	106,668,187	98,021,757	101,597,730	94,359,818
Less: income tax	13,215,731	5,976,821	11,449,814	5,579,476
Less: minority interests	1,407,520	—	1,367,574	—
5. Net profit	92,044,936	92,044,936	88,780,342	88,780,342

2.3 As at 31 March 2003, the number of the shareholders whose names appeared on the registers of shareholders of the Company amounted to 29,611, out of which 4 were legal person shareholders, 28,854 were A share holders and the remaining 753 were H share holders.

3. MANAGEMENT DISCUSSION AND ANALYSIS

3.1 Overview and Brief Analysis on the Company's Operation during the Period

During the Period, the traffic volume and toll revenue of Meiguan Expressway, Jihe Expressway (Eastern & Western Sections) and Yanba Expressway continued to grow. Shuiguan Expressway has been performing well in its traffic volume and toll revenue since it was consolidated into the Company in January 2003. Its average daily toll revenue in March 2003 hit historical records, amounting to RMB318,000. The total revenue of National Highway 107 (Shenzhen Section) and National Highway 205 (Shenzhen Section) for the period from 1 January 2003 to 18 March 2003 amounted to RMB40,920,000.

As at 31 March 2003, the Group achieved an income from principal operations of RMB166,101,000, with an increase of 12.45% as compared with the corresponding period of 2002. Its operating profit grew by 13.05% as compared with the same period of 2002. The net profit of Group for the Period was RMB92,044,900, 3.68% up as compared with the same period of 2002.

3.1.1 Principal industries or products accounting for 10% or above of the income or total profit from principal operations

Industries or products	Income from principal operations RMB	Costs of principal operations RMB	Gross profit margin (%)
Toll road sector:	164,669,046	38,468,219	76.64
Include: National Highway 107 (Shenzhen Section)	16,721,843	5,763,901	65.53
National Highway 205 (Shenzhen Section)	24,199,682	5,614,107	76.80
Meiguan Expressway	44,438,339	6,615,400	85.11
Jihe Expressway (Western Section)	40,166,405	6,346,567	84.20
Jihe Expressway (Eastern Section)	23,781,067	3,355,255	85.89
Include: connected transactions	Nil	—	—

The figures in the above chart are provided on the consolidated basis. The figure of Jihe Expressway (Eastern Section) is displayed at the proportion of 55% owned by the Company.

3.1.2 The seasonal or cyclical features in the Company's operation

applicable not applicable

3.1.3 The composition of the Company's profit contributions during the Period (circumstances and reasons for significant changes in the proportions of profit from principal operations, profit from other operations, expenses for the Period, investment income, subsidy income and net amount from non-operating activities out of the total profit as compared with the previous reporting period)

applicable not applicable

3.1.4 *Circumstances and reasons for significant changes in principal business and its structure as compared with the previous reporting period*

1. The Company's toll collection in National Highway 107 (Shenzhen Section) and National Highway 205 (Shenzhen Section) terminated on 18 March 2003. The above two highways were taken over by Shenzhen Communications Bureau on 19 March 2003.
2. The Company acquired 40% equity interest in Shenzhen Fountain Infrastructure Corporation, which is mainly engaged in the operation and management of Shuiguan Expressway. With effect from 1 January 2003, the result of Shenzhen Fountain Infrastructure Corporation has been consolidated into the Company's results.
3. During the Period, the 70% owned Shenzhen Engineering Consulting Company Limited of the Company commenced operation.

3.1.5 *Circumstances and reasons for significant changes and reasons in the profitability (gross profit margin) of the principal business of the Company as compared with the previous reporting period*

applicable not applicable

3.2 Analysis on the Impact of Major Events and their Solutions

The Company entered into *The Agreement on the Transfer of the Interests and Rights in Guangshen Branch Company and Huishen Branch Company of Shenzhen Expressway Company Limited* (the "Transfer Agreement") with Shenzhen Communications Bureau on behalf of the Shenzhen Municipal Government on 18 March 2003, pursuant to which the Company transferred all its interests and rights in National Highway 107 (Shenzhen Section) and National Highway 205 (Shenzhen Section) to Shenzhen Communications Bureau at the consideration of RMB1.93 billion. Details of the above transfer were published in *Shanghai Securities News*, *Securities Times*, *Hong Kong Economic Times* and *The Standard* on 19 March 2003 and 11 April 2003, respectively. During the Period, the first installment of the consideration of RMB482.5 million has been received. In accordance with the Transfer Agreement and the valuation reports on the transferred assets, the final consideration of the transfer was fixed at RMB1.93 billion on 11 April 2003 and a supplemental announcement concerning the final consideration of the transfer was made. Formalities for approvals of such transfer by relevant authorities are being carried out. Shenzhen Communications Bureau took over National Highway 107 (Shenzhen Section) and National Highway 205 (Shenzhen Section) on 19 March 2003.

3.3 Circumstances and Reasons for Changes in Accounting Policies, Accounting Estimates, Scope of Consolidation and Significant Accounting Errors during the Period

During the Period, the accounting policies and accounting estimates remained unchanged. During the Period, the Company's jointly controlled entity namely Shenzhen Fountain Infrastructure Corporation was added into the scope of consolidation and its result was consolidated into the financial statements of the Company on the basis of 40% equity interest owned by the Company.

The 2002 comparative figures stated in the income statement have been restated according to the taxes payable in 2002 after the termination of the preferential income tax treatments previously enjoyed by the Company, its Meiguan Expressway Company and Airport-Heao Expressway (Eastern Section) Company.

3.4 Statement made by the Board of Directors and the Supervisory Committee on qualified opinion in respect of audited financial statements

applicable not applicable

3.5 Profit warning with reasons on a possible reversal to losses of the accumulated net profit from the beginning of the year to the end of the next reporting period or on a substantial change when compared to the corresponding period in the previous year

applicable not applicable

3.6 Ongoing adjustments by the Company on announced annual business plan or budget

applicable not applicable

The Board of Directors
Shenzhen Expressway Company Limited

Shenzhen, the PRC, 29 April 2003

Note: The full version of the Company's balance sheet, income statement and cash flow statement is published on the website of the Shanghai Stock Exchange at <http://www.sse.com.cn>

*Please also refer to the published version of this announcement in the (**The Standard**)*