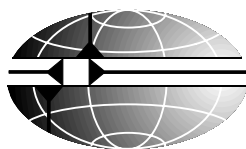


*The Stock Exchange of Hong Kong Limited takes no responsibility for the contents of this announcement, makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents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

**THIRD QUARTERLY REPORT OF 2003**

This announcement is made pursuant to the disclosure obligation under paragraph 2(2) of the Listing Agreement between Shenzhen Expressway Company Limited (the "Company") and the Stock Exchange of Hong Kong Limited.

All the financial information contained in the Third Quarterly Report of 2003 of the Company has been prepared in accordance with the PRC accounting standards and has not been audited.

**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 Mr. Denis P.C. Ho and Mr. James K.L. Poon, who are independent non-executive directors of the Company, could not attend the 3rd board meeting of the Seventh Section of the Board of Directors of the Company, and they have appointed Mr. Chiu Chi Cheong, Clifton, director to attend the meeting on behalf of them.
- 1.3 This report is prepared in accordance with the relevant rules of disclosure of information in quarterly reports of listed companies by the China Securities Regulatory Commission.

- 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 Yade, the general manager, Ms. Gong Taotao, 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.
- 1.5 This announcement is made pursuant to the disclosure obligation under paragraph 2(2) of the Listing Agreement between the Company and The Stock Exchange of Hong Kong Limited. This announcement is published simultaneously in Shanghai and Hong Kong. Shareholders of the Company and public investors should exercise caution when dealing in shares of the Company.

## **2. CORPORATE INFORMATION**

### **2.1 Basic Information**

Share	Shenzhen	Shenzhen
Abbreviations	Expressway(A Shares)	Expressway(H Shares)
Stock Code	600548	0548(HK)
	Company Secretary	Securities Officer
Name	Zhang Rong Xing	Lu Rui
Address	19/F., Tower A, United Plaza, No. 5022 Binhe Road North, Shezhen 518026, PRC	19/F., Tower A, United Plaza, No. 5022 Binhe Road North, Shezhen 518026, PRC
Telephone	86 755-82945608	86 755-82945618
Fax	86 755-82910696	86 755-82910696
Email	johnson@sz-expressway.com	secretary@sz-expressway.com

## 2.2 Financial Information

### 2.2.1 Principal accounting data and financial indices

	As at 30 September 2003	As at 31 December 2002	Unit: RMB Increase (decrease) at the end of the Period as compared with 31 December 2002 (%)
Total assets	7,498,785,421	6,922,502,651	8.32
Shareholders' funds (excluding minority interests)	5,960,780,480	5,160,312,772	15.51
Net asset per share	2.733	2.366	15.51
Adjusted net asset per share	2.726	2.354	15.83
	The Period	January- September 2003	Increase (decrease) at the end of the Period as compared with the same period of 2002 (%)
Net cash flow from operating activities	N/A	311,280,620	N/A
Earnings per share	0.043	0.367	(14.88)
Return on net assets	1.58%	13.44%	(23.57)
Return on net assets after extraordinary items	1.42%	4.50%	(31.14)
<b>Extraordinary items(January-September)</b>			<b>Amount</b>
1. Gains on disposal of assets			646,272,353
2. Other extraordinary items			(95,264,034)
Include : Government subsidies			12,048,600
Income from non-operating activities			7,182
Expenses for non-operating activities			(424,572)
Impact of the income tax			(106,895,244)
Total			<u>551,008,319</u>

## 2.2.2 Income statement

*Unit: RMB*

Items	July-September 2003		July-September 2002	
	Consolidated	The Company	Consolidated	The Company
1. Income from				
principal operations	152,792,050	56,911,096	170,300,228	97,278,364
Less: costs for				
principal operations	34,350,394	15,167,040	37,855,397	26,256,480
Taxes and surcharges				
for principal operations	7,896,684	2,959,377	8,830,843	5,058,460
2. Profit from principal				
operations	110,544,972	38,784,679	123,613,988	65,963,424
Add: other				
operating profit	1,854,781	738,172	2,417,985	1,485,532
Less: Administrative				
expenses	15,178,699	9,431,502	13,808,970	8,714,116
Finance costs	2,803,320	-303,947	2,245,327	2,549,863
3. Operating profit	94,417,734	30,395,296	109,977,676	56,184,977
Add: investment				
income	-710,734	58,203,965	7,823,686	53,413,604
Subsidy income	16,769,719	10,340,120	7,680,535	7,680,535
Non-operating income	-58,788	-59,000	31,865	—
Less: non-operating				
expenses	6,543	—	71,338	125,105
4. Total profit	110,411,388	98,880,381	125,442,424	117,154,011
Less: income tax	14,302,619	4,955,129	13,723,057	6,826,327
Less: minority				
interests	2,194,318	—	1,391,683	—
<b>5. Net profit</b>	<b>93,914,451</b>	<b>93,925,252</b>	<b>110,327,684</b>	<b>110,327,684</b>

*Unit: RMB*

Items	January-September 2003		January-September 2002	
	Consolidated	The Company	Consolidated	The Company
1. Income from				
principal operations	441,693,230	184,132,690	478,690,545	274,858,460
Less: costs for				
principal operations	101,311,404	50,015,039	110,276,517	75,235,392
Taxes and surcharges				
for principal				
operations	22,835,612	9,574,831	24,813,637	14,291,926
2. Profit from principal				
operations	317,546,214	124,542,820	343,600,391	185,331,142
Add: other				
operating profit	2,664,885	995,843	5,349,179	3,946,503
Less: Administrative				
expenses	40,343,629	23,787,588	46,030,458	31,222,588
Finance costs	12,571,054	3,345,829	11,554,869	12,265,932
3. Operating profit	267,296,416	98,405,246	291,364,243	145,789,125
Add: investment				
income	3,603,721	150,907,417	10,643,418	131,229,503
Subsidy income	32,270,852	25,841,253	25,789,789	25,789,789
Non-operating				
income	646,279,535	646,273,354	60,095	—
Less: non-operating				
expenses	424,572	399,108	102,349	125,300
4. Total profit	949,025,952	921,028,162	327,755,196	302,683,117
Less: income tax	142,647,178	119,660,454	41,866,882	21,141,985
Less: minority				
interests	5,011,066	—	4,347,182	—
<b>5. Net profit</b>	<b>801,367,708</b>	<b>801,367,708</b>	<b>281,541,132</b>	<b>281,541,132</b>

2.3 As at 30 September 2003, the number of the shareholders whose names appeared on the registers of shareholders of the Company amounted to 24,227, out of which 23,588 were A-share holders and the remaining 639 were H-share holders.

### 3. MANAGEMENT DISCUSSION AND ANALYSIS

#### 3.1 Overview and Brief Analysis of the Company's Operations during the Period

During the Period, the Company maintained a rapid growth in traffic volume and toll revenue generated from its toll roads. The Group achieved an aggregated principal operating income of RMB152,792,100 for the Period. Without taking into account the Company's transfer of NH107 and NH205 in March 2003, the principal operating income from expressways increased by 34.2%, of which toll revenue from Meiguan Expressway, Jihe Expressway (West Section) and Jihe Expressway (East Section) way increased by 14.4%, 20.1% and 30.4% respectively over the corresponding period last year. Toll revenue from Shuiguan Expressway increased by 10.39% over the corresponding period last year, hitting a record daily average toll of RMB330,000 in September. Since no toll revenue was generated from NH107 and NH205 upon completion of their transfer, the principal operating income decreased by 10.28% over the corresponding period last year.

During the Period the Group achieved a net profit of RMB93,914,500, representing a decrease of 14.88% over the corresponding period last year due to the absence of profits contributed by NH107 and NH205.

Principal sectors or products representing 10% or more of the total principal income or principal operating profit

		<i>Unit: RMB</i>		
By sector or product		Principal operating income July-Septmber 2003	Principal operating cost July-Septmber 2003	Profit margin (%)
Toll road sector		152,792,050	34,350,394	77.52
Including:	Meiguan Expressway	55,720,635	8,778,818	84.24
	Jihe Expressway (West Section)	48,430,835	6,859,406	85.84
	Jihe Expressway (East Section)	26,623,101	4,081,791	84.67
Including:	Connected transaction	Nil	Nil	Nil

#### 3.2 Analysis of significant events, their effects and solutions

- 3.2.1 On 15 September 2003, Shenzhen Arbitration Commission made an arbitrament in respect of the Company's loss arising from its entrusted financial management by Huarong Trade (Group) Co., Ltd. that Huarong Trade (Group) Co., Ltd. refund the Company's entrusted amount of RMB34,803,884 and accordingly compensate the Company an interest of RMB1,647,635 thereon. The liquidation committee of Anshan Securities Co., Ltd. [鞍山證券公司] should assume the additional indemnity liability for one third of the outstanding amount of the entrusted fund repayable by Huarong Trade (Group) Co., Ltd. and the interests thereon. As at the date of this announcement, no compensation for the Company's loss has been received.
- 3.2.2 On 3 September 2003, Shenzhen Qinglong Expressway Company Limited, a joint-venture of the Company, was granted an exemption by the Shenzhen Local Taxation Bureau from the payment of an enterprise income tax for the first and second years and a 50% reduction in enterprise income tax from the third to the fifth years, commencing the first profit-yielding year.
- 3.2.3 A subsidy of RMB12,048,600 entitled to by the Company under the relevant preferential policies during the Period has been credited to the subsidies for the Period. The subsidy was granted by Shenzhen Municipal Government in consideration of the cancellation of the preferential income tax policy enjoyed by the Group in 2002.
- 3.2.4 During the Period, the Group received a subsidy of RMB50,000,000 from the Shenzhen Municipal Government for the construction of section B of the Yanba Expressway. As at the end of the Period, such subsidy accumulated to an amount of RMB150,000,000 as included in the amount payables.
- 3.2.5 On 27 August 2003, all approvals for the Contract for the Transfer of Equity Interests entered into between Jin Teng Investment Company Limited [金騰投資有限公司] ("Jin Teng Investment") and the Company were granted. Pursuant to the contract, Jin Teng Investment has transferred to the Company 100% of its interests in Mei Wah Industrial (Hong Kong) Limited [美華實業(香港)有限公司] ("Mei Wah Industrial") at a consideration of US\$3,200,000. Mei Wah Industrial owned 42% interests in Hubei Yungang Traffic Development Company Limited [湖北雲港交通發展有限公司], being all of its assets. The Company has paid Jin Teng Investment for the transfer. The relevant formalities in respect of the alteration in ownership are in progress.

- 3.3 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

In accordance with Hong Kong and PRC accounting standards, the profit arising from transfer of HN107 and NH205 was recognized during the last period ended June 30. It is expected that the Group's net profit for the year 2003 will substantially increase over that of 2002.

*The Board of Directors*  
**Shenzhen Expressway Company Limited**

Shenzhen, the PRC, 30 October 2003

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