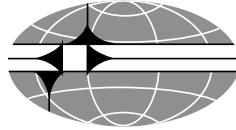


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深圳高速公路股份有限公司
SHENZHEN EXPRESSWAY COMPANY LIMITED

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

**Announcement on the Maintenance of
the Existing Classification of Vehicles and Toll Rates
and the Acquisition of, in Aggregate, 40% Equity Interests in Shenzhen Fountain**

The Company has, on 23 December 2002, received a notice from the relevant authorities of Guangdong Province that expressways with toll rates charged in accordance with the head height of the motor vehicles and the number of wheel axis implemented before 31 July 2001 shall maintain the existing toll rates until 31 July 2006. The existing classification of vehicles and toll rates for Jihe Expressway and Meiguan Expressway of the Company remains unchanged until 31 July 2006.

The Company has, on 18 December 2002, entered into the Agreement with Shenzhen Huayu and Fameluxe pursuant to which the Company has agreed to purchase from Shenzhen Huayu and Fameluxe respectively 10% and 30% equity interests in Shenzhen Fountain, a company principally engaged in the operation and management of Shuiguan Expressway, at the consideration of RMB10,000,000 (approximately HK\$9,433,962) and RMB30,000,000 (approximately HK\$28,301,887) respectively. Shenzhen Fountain is currently owned as to 40% by Shenzhen Huayu and as to 60% by Fameluxe respectively. The Company shall also provide an unsecured interest free shareholder's loan of RMB290,000,000 (approximately HK\$273,584,906) to Shenzhen Fountain within seven working days of the approval of the Agreement by Shenzhen Foreign Trade and Economics Bureau (obtained on 27 December 2002) together with an additional unsecured interest free shareholder's loan of RMB40,000,000 (approximately HK\$37,735,849) within one year after the advance of the shareholder's loan of RMB290,000,000 to Shenzhen Fountain. The total outstanding amount of the shareholder's loans is expected to be repaid on or before 17 December 2010. The considerations and the shareholder's loans will both be satisfied in cash by the internal resources or bank borrowings of the Company.

The consideration for the Agreement is less than 15% of the consolidated net tangible assets of the Company and does not constitute a notifiable transaction under the Listing Rules. This announcement is made pursuant to the requirements under paragraph 2(2) of the Listing Agreement which requires simultaneous disclosure of information in the PRC and Hong Kong.

THE MAINTENANCE OF THE EXISTING CLASSIFICATION OF VEHICLES AND TOLL RATES

Shenzhen Expressway Company Limited (the “Company”) announced, upon the receipt of the notice by relevant authorities of Guangdong Province, on 15 March 2002 in respect of the approval by the Guangdong Provincial Government on the unification of vehicles classification and toll rates and the implementation of a uniform toll network system applicable for all the expressways in the province. The Company has, on 23 December 2002, received a notice (the “Notice”) from the Guangdong Price Bureau and the Communications Bureau that expressways with toll rates charged in accordance with the head height of the motor vehicles and the number of wheel axis implemented before 31 July 2001 shall maintain the existing toll rates until 31 July 2006. From 1 August 2006, the Guangdong Province shall implement a unification system for vehicles classification and toll rates for tolls of all the expressways in the province.

According to the Notice, the existing classification of vehicles and toll rates for Jihe Expressway and Meiguan Expressway (a copy of the same was published in the 2001 annual report of the Company) of the Company remains unchanged until 31 July 2006 and the existing classification of vehicles and toll rates for Yanba Expressway of the Company (a copy of the same was published in the 2001 annual report of the Company) is the same as the new standard promulgated in the Notice. As such, the Directors of the Company believes that the tolls from expressways and profit for the Company during the period before 31 July 2006 will not be affected by the unification of classification of vehicles and toll rate in Guangdong Province.

AGREEMENT FOR ACQUISITION OF, IN AGGREGATE, 40% EQUITY INTERESTS IN SHENZHEN FOUNTAIN

The Company has, on 18 December 2002, entered into an equity interests transfer agreement (the “Agreement”) with Shenzhen Huayu Investment Company Limited (“Shenzhen Huayu”) and Fameluxe Investment Limited (“Fameluxe”) pursuant to which the Company has agreed to purchase from Shenzhen Huayu and Fameluxe 10% and 30% equity interests respectively in Shenzhen Fountain Infrastructure Corporation (“Shenzhen Fountain”) (“Acquisition”). Shenzhen Fountain (a sino-foreign equity joint venture company prior to the completion of the Acquisition but will become, upon completion of the Acquisition, a sino-foreign co-operative joint venture company) established in the PRC with a registered capital of RMB100,000,000 (approximately HK\$94,339,623), is mainly engaged in the operation and management of Shenzhen Shuiguan Expressway (“Shuiguan Expressway”). As at 30 September 2002, the unaudited net tangible assets of Shenzhen Fountain is RMB71,470,000 (approximately HK\$67,424,528) with a shareholder’s fund of RMB71,470,000 (approximately HK\$67,424,528) and no profit has yet been recorded up to the date hereof. Pursuant to the valuation dated 15 December 2002 of Shenzhen De Zheng Xin Asset Valuation Co., Limited (深圳市德正信資產評估有限公司), an independent valuer to the parties to the Agreement, the value of the investment in Shenzhen Fountain of the Company amounts to RMB405,520,000 (approximately HK\$382,566,037) as at 30 September 2002. Shuiguan Expressway, with a length of 20.14 kilometers, commenced operation in February 2002. The aggregated tolls received for Shuiguan Expressway up to 30 November 2002 is RMB70,180,000 (approximately HK\$66,207,547).

CONSIDERATION

The considerations for the Acquisition will be RMB10,000,000 (approximately HK\$9,433,962) and RMB30,000,000 (approximately HK\$28,301,887) for 10% and 30% of equity interests in Shenzhen Fountain respectively. The considerations for the Acquisition were arrived at after arm's length negotiation between the Company, and each of Shenzhen Huayu and Fameluxe respectively, and were determined with reference to the face value of the registered capital attributable to 10% and 30% of equity interests in Shenzhen Fountain respectively and the agreement of the Company in provision of shareholder's loans of RMB330,000,000 (approximately HK\$311,320,754) in aggregate to Shenzhen Fountain (as set out below). Shenzhen Fountain is currently owned as to 40% by Shenzhen Huayu and as to 60% by Fameluxe respectively. The considerations and the shareholder's loans will both be satisfied by internal resources or bank borrowings of the Company. In the opinion of the Directors of the Company, the considerations of the Agreement and terms of the shareholder's loans are fair and reasonable as regards to the Company and that the Acquisition and the provision of the shareholder's loans are in the interest of the Company and its shareholders as a whole.

COMPLETION

Within seven working days of the approval of the Agreement by Shenzhen Foreign Trade and Economics Bureau (obtained on 27 December 2002), the Company shall pay in cash RMB10,000,000 (approximately HK\$9,433,962) to Shenzhen Huayu for 10% of equity interests in Shenzhen Fountain and RMB30,000,000 (approximately HK\$28,301,887) to Fameluxe for 30% of equity interests in Shenzhen Fountain and at the same time provide an unsecured interest free shareholder's loan of RMB290,000,000 (approximately HK\$273,584,906) to Shenzhen Fountain together with an additional unsecured interest free shareholder's loan of RMB40,000,000 (approximately HK\$37,735,849) within one year after the advance of the shareholder's loan of RMB290,000,000 to Shenzhen Fountain. If the Company fails to make the aforesaid payments to Shenzhen Huayu and Fameluxe on or before 7 January 2003, a deferral charge at the rate of 0.018% per day of the amount due and payable shall be charged against the Company. If such payments to either Shenzhen Huayu or Fameluxe are overdue for a period of 60 days (consecutive) or more, Shenzhen Huayu or Fameluxe, as the case may be, has the right to terminate the Agreement and sue the Company for breach of the Agreement and seek for damages against the Company. If either Shenzhen Huayu or Fameluxe terminates the Agreement for the Company's failure to pay the relevant consideration to the relevant party in accordance with the Agreement, the Agreement will lapse and the other party may also sue the Company for breach of the Agreement and seek for damages against the Company for any losses suffered as a result thereof. Both of the shareholders' loans will be used mainly (but not limited) to repay the amount due and owing by Shenzhen Fountain for the construction of Shuiguan Expressway (amounted to RMB148,000,000 (approximately HK\$139,622,641) as at the date of the Agreement) and other liabilities (amounted to short term liabilities of RMB27,000,000 (approximately HK\$25,471,698) as at the date of the Agreement and accrued bank interest of RMB40,000,000 (approximately HK\$37,735,849) as at the date of the Agreement). The balance of the shareholder's loans will be used as general working capital or for other needs of Shenzhen Fountain. The shareholder's loans will be repaid by Shenzhen Fountain to the Company from time to time from Shenzhen Fountain's distributable reserves after completion of the Acquisition. Such part repayment of the shareholder's loans is expected to commence in April 2003. The shareholder's loan of RMB290,000,000 (approximately HK\$273,584,906) will be advanced to Shenzhen Fountain

within seven working days of 27 December 2002. The repayment of the shareholder's loan of RMB40,000,000 (approximately HK\$37,735,849) will commence after the repayment in full of the shareholder's loan of RMB290,000,000 (approximately HK\$273,584,906). The shareholder's loans are not payable on demand and the outstanding balance of the shareholder's loans is expected to be repaid on or before 17 December 2010. Shenzhen Huayu and Fameluxe are independent third parties not connected with the Directors, chief executive, substantial shareholders of the Company or its subsidiaries or any of their respective associates. Upon the completion of the acquisition, the Company, Shenzhen Huayu and Fameluxe shall hold 40%, 30% and 30% of equity interests in Shenzhen Fountain, respectively. The Company shall be entitled to appoint three directors to the board of directors of Shenzhen Fountain whilst each of Shenzhen Huayu and Fameluxe shall be entitled to appoint two directors.

The Directors consider that the acquisition of equity interests in Shenzhen Fountain is in line with the business direction of the Group in managing and operating toll roads and will provide synergies with the existing interests of the Group in the toll road business as the Company can have a bigger market share of toll roads business in Shenzhen and the network covered by the Company's toll roads can be bigger as a result of the Acquisition. The Directors believe that the Acquisition will provide a good investment return and result in the broadening of the income and asset bases of the Group.

The consideration for the Agreement is less than 15% of the consolidated net tangible assets of the Company and does not constitute a notifiable transaction under the Listing Rules. This announcement is made pursuant to the requirements under paragraph 2(2) of the Listing Agreement which requires simultaneous disclosure of information in the PRC and Hong Kong.

By Order of the Board
Zhang Rong Xing
Director & Company Secretary

Shenzhen, the PRC, 31 December 2002

Note: For the purpose of this announcement, the exchange rate between HK\$ and RMB at HK\$1.00 to RMB1.06 is used.

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