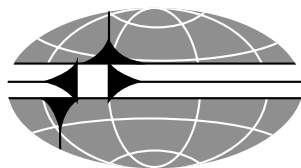


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# 深圳高速公路股份有限公司

## SHENZHEN EXPRESSWAY COMPANY LIMITED

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

### ANNOUNCEMENT

#### TERMINATION OF PREFERENTIAL INCOME TAX TREATMENTS

The Company announces that due to a recent change in tax policy, the Local Tax Bureau of Shenzhen City has notified the Company that the preferential income tax treatments previously enjoyed by the Company, four of its branch companies, its subsidiary and a jointly controlled entity will be terminated with effect from 1 January 2002 and their applicable enterprise income tax rate will be 15% of the assessable profits.

Based on the unaudited interim results of the Group for the six months ended 30 June 2002, an additional enterprise income tax payment of approximately RMB19,960,000 (approximately HK\$18,830,000) will be incurred for the six months ended 30 June 2002 as a result of the termination of the preferential income tax treatments.

Pursuant to the approval previously granted by the Local Tax Bureau of Shenzhen City ("Previous Approval") in 1997, Shenzhen Expressway Company Limited (the "Company"), its branch companies, its subsidiary and a jointly controlled entity were granted exemption from PRC enterprise income tax for five years starting from the first year in which they firstly recorded assessable profits and a 50% reduction of the PRC enterprise income tax for the five consecutive years thereafter.

Under the Previous Approval, two of the branch companies of the Company operating western section of Jihe Expressway (Jihe Expressway (Western Section) Branch Company, first year of recording assessable profits: 1999) and Section A of Yanba Expressway (Yanba Expressway Branch Company, first year of recording assessable profits: 2002) respectively and a jointly controlled entity, Shenzhen Airport-Heao Expressway (Eastern Section) Company Limited (first year of recording assessable profits: 1998), are currently exempted from PRC enterprise income tax for five years starting from the first year in which they firstly recorded assessable profits while two of its branch companies operating National Highway 107 (Shenzhen Section) (Guangshen Branch Company, first year of recording assessable profits: 1997) and National Highway 205 (Shenzhen Section) (Huishen Branch Company, first year of recording assessable profits: 1997) respectively and its subsidiary, Shenzhen Meiguan Expressway Company Limited (first year of recording assessable profits: 1997), are currently subject to PRC enterprise income tax at a rate of 7.5% after a 50% reduction of the PRC enterprise income tax.

The State Tax Bureau of the PRC has recently further tightened its control over the preferential income tax treatments granted by the local governments. Accordingly, the Local Tax Bureau of Shenzhen City has notified the Company on 8 October 2002 that the preferential income tax treatments enjoyed by the above-mentioned entities under the Previous Approval will be terminated with effect from 1 January 2002. Accordingly, commencing from 1 January 2002, the enterprise income tax rate applicable to the aforesaid entities will be 15% of the assessable profits. Based on the unaudited interim results of the Group for the six months ended 30 June 2002, an additional enterprise income tax payment of approximately RMB19,960,000 (approximately HK\$18,830,000) will be incurred for the six months ended 30 June 2002 as a result of the termination of the preferential income tax treatments.

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

Shenzhen, the PRC, 10 October 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**)*