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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)

PROJECT MANAGEMENT AGREEMENT

The Directors announce that on 12 March 2004, the Company and LGCB on behalf of the Shenzhen City Long Gang People's Government (深圳市龍崗區人民政府), entered into the Project Management Agreement in relation to the Project. Pursuant to the Project Management Agreement, the Company has been appointed as the project manager of the Project.

The estimated construction costs of the Project is RMB450 million (approximately HK\$424.5 million). As appointed by LGCB and contemplated under the Project Management Agreement, the Company, on behalf of LGCB, will enter into contract(s) directly with relevant contractors that will actually carry out the Project. The construction cost of the Project will be financed by the Shenzhen City Long Gang People's Government (深圳市龍崗區人民政府) in accordance with the relevant arrangement under the Project Management Agreement:

- (1) RMB45 million (approximately HK\$42.45 million) 28 days upon the signing of the Project Management Agreement;
- (2) subsequently by instalments and no less than an aggregate of 95% of the construction cost of the Project (including the aforesaid RMB45 million (approximately HK\$42.45 million) and any costs incurred by the Company on behalf of LGCB) within 28 days upon examination and handover of the Project; and
- (3) remaining amount of the construction cost of the Project within 28 days upon expiry of the warranty period of the Project (1 year after examination and handover of the Project).

As the Company is handling the tenders of the Project (construction, supervision and suppliers), the Company is required and authorized by LGCB to enter into contracts with the successful bidders, which is a usual practice for project management agreements of this type in Shenzhen. It will be disclosed in the tender documents and the contracts to be signed that the Company is acting on behalf of LGCB. Provided that such disclosure has been made, the Company will not be liable under such contracts and such contracts will be binding between LGCB and the successful bidders.

If the Company enters into such contract(s) that constitutes a notifiable transaction for the Company under the Listing Rules, a more detailed announcement setting out the particulars of the transaction will be made by the Company pursuant to the Listing Rules.

This announcement is made pursuant to the disclosure obligations of the Company under paragraph 2 (1) of the Listing Agreement. Shareholders and investors are advised to exercise caution when dealing in the shares of the Company.

THE PROJECT MANAGEMENT AGREEMENT

Date : 12 March 2004

Parties : the Company and LGCB on behalf of the Shenzhen City Long Gang People's Government (深圳市龍崗區人民政府)

Pursuant to the Project Management Agreement, the Company has been appointed as the project manager of the Project and will be responsible for, inter alia, submission of the working reports of the Project, tenders of the Project (construction, supervision and suppliers), coordination and management of the construction of the Project during the construction period, management of the Project during warranty period of the Project, supervision of the quality and safety of the construction works, monitoring of the construction plans, assisting the handover of the completed Project but excluding the obtaining and approving of the design plan of the Project, land resumption and relocation, organising handover and examination (on completion), maintenance upon handover and works related to the organisation, coordination, approval responsibility of the relevant government departments.

The estimated construction cost of the Project is RMB450 million (approximately HK\$424.5 million), the Company will be entitled to a management fee by reference to the construction cost saved. If the actual construction cost of the Project is different from its estimated construction cost the Company will be entitled to any of the costs saved as management fee or obliged to bear any of the extra costs incurred. The Company will be responsible for the estimation of the construction costs of the Project for the approval of the Audit Bureau of the Shenzhen City (深圳市審計局).

As appointed by LGCB and contemplated under the Project Management Agreement, the Company, on behalf of LGCB, will enter into contract(s) directly with relevant contractors that will actually carry out the Project. If LGCB cannot provide funds to the Company timely for the expenses of the Project, the Company may (but is not obliged to) incur costs up to a maximum of RMB65 million (approximately HK\$61.32 million) on behalf of LGCB for the Project.

As the Company is handling the tenders of the Project (construction, supervision and suppliers), the Company is required and authorized by LGCB to enter into contracts with the successful bidders, which is a usual practice for project management agreements of this type in Shenzhen. It will be disclosed in the tender documents and the contracts to be signed that the Company is acting on behalf of LGCB. Provided that such disclosure has been made, the Company will not be liable under such contracts and such contracts will be binding between LGCB and the successful bidders. Under the Project Management Agreement, the Company is obliged to maintain insurance for all construction works and third party liabilities. The insurance expenses is part of the expenses of the Project and will be reimbursed by LGCB.

If the Company enters into such contract(s) that constitutes a notifiable transaction for the Company under the Listing Rules, a more detailed announcement setting out the particulars of the transaction will be made by the Company pursuant to the Listing Rules. The construction cost of the Project will be financed by the Shenzhen Municipal People's Government and the Shenzhen City Long Gang People's Government (深圳市龍崗區人民政府) in accordance with the relevant arrangement under the Project Management Agreement:

- (1) RMB45 million (approximately HK\$42.45 million) 28 days upon the signing of the Project Management Agreement;
- (2) subsequently by instalments and no less than an aggregate of 95% of the construction cost of the Project (including the aforesaid RMB45 million (approximately HK\$42.25 million) and any costs incurred by the Company on behalf of LGCB) within 28 days upon examination and handover of the Project; and
- (3) remaining amount of the construction cost of the Project within 28 days upon expiry of the warranty period of the Project (1 year after examination and handover of the Project).

THE PROJECT

The Project is a major section of the main road of the construction project, Hengping Highway (橫坪公路) invested by Shenzhen City Long Gang People's Government (深圳市龍崗區人民政府) with a length of approximately 17.182 kilometers from the Henggang (橫崗) exit of Shuiguan Expressway (水官高速公路) to the outbound road of Longgang City (龍崗中心城外環路) in the west and to the crossover of Hanggangzhen Xikengcun (龍崗鎮西坑村) and Weiyian Expressway (惠鹽高速公路) in the southwest. Hengping Highway (橫坪公路) has a main road of approximately 45.842 kilometers and a subsidiary road of approximately 4.546 kilometers. The construction of the Project will be commenced after

tendering of all the road base, bridges and tunnels for the Project has been completed and the notice for acceptance of the tenders have been issued. The construction period of the Project is 18 months after commencement, which is expected to be on 1 June 2004.

REASONS FOR THE PROJECT MANAGEMENT AGREEMENT

Project management is in the ordinary and usual course of business of the Company. Entering into the Project Management Agreement would allow the Company to tap into the developing project management business for roads projects invested by the government. Based on the experience of the Company in construction, operation and management of toll highways and expressways in the PRC, the Directors consider that the Company will be able to make a profit out of the Project Management Agreement. The Directors consider that the Project Management Agreement is in the interest of the Company and its shareholders.

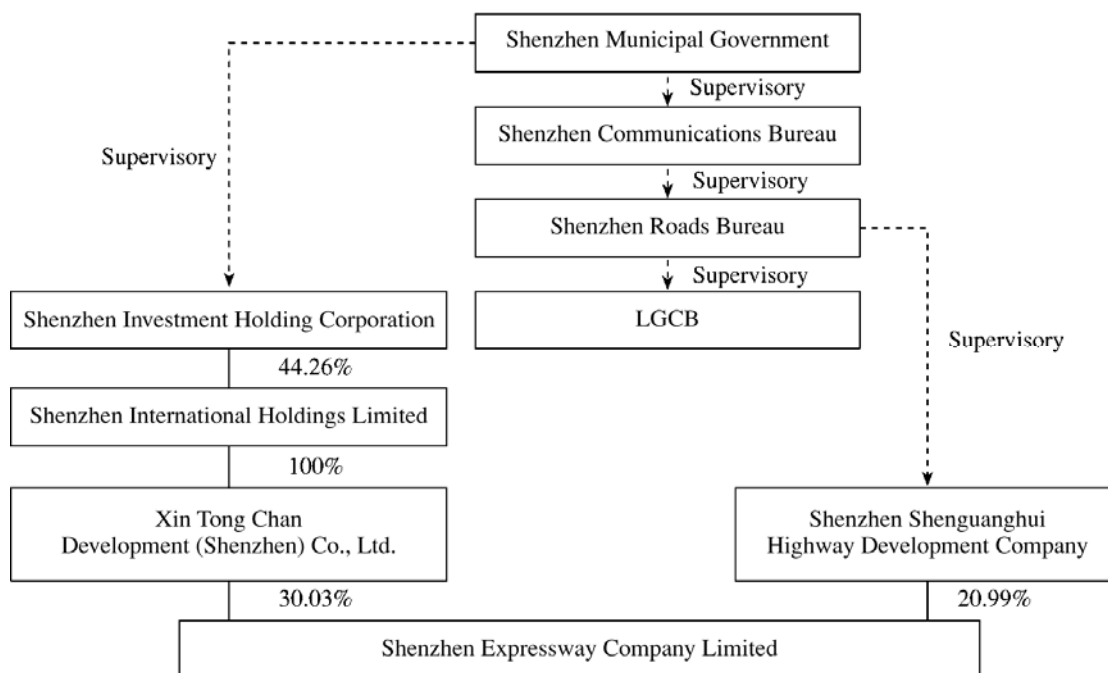
RELATIONSHIP BETWEEN THE COMPANY AND LGCB

LGCB is a transportation department of the Shenzhen City Long Gang People's Government (深圳市龍崗區人民政府) and is responsible for transportation matters in Shenzhen City Long Gang Area. LGCB does not engage in any commercial business or operate any commercial entities. LGCB is subject to the supervision of Shenzhen Roads Bureau.

The controlling shareholder of the Company, Xin Tong Chan Development (Shenzhen) Co., Ltd (新通產實業開發(深圳)有限公司), holding approximately 30.03% of the existing issued share capital of the Company, is a wholly owned subsidiary of Shenzhen International Holdings Limited, which is a company listed in Hong Kong and is owned by Shenzhen Investment Holding Corporation as to 44.26%. Shenzhen Investment Holding Corporation is the state-owned assets management company of the Shenzhen Municipal People's Government.

Shenzhen Shenguanhui Highway Development Company is a substantial shareholder of the Company holding 20.99% of the shares of the Company. This substantial shareholder is an enterprise under the supervision of the Shenzhen Roads Bureau, which is another arm of the Shenzhen Municipal People's Government. The Shenzhen Roads Bureau is itself under the supervision of the Shenzhen Communications Bureau.

The following is a diagram showing the relationships of these entities. Save for the relationships disclosed there, LGCB is independent of and not connected with any director, chief executive or substantial shareholder of the Company or any of its subsidiaries or their respective associates.



INFORMATION ABOUT THE COMPANY

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

GENERAL

This announcement is made pursuant to the disclosure obligations of the Company under paragraph 2 (1) of the Listing Agreement. Shareholders and investors are advised to exercise caution when dealing in the shares of the Company.

DEFINITIONS:

“Company”	深圳高速公路股份有限公司 (Shenzhen Expressway Company Limited), a joint stock limited company incorporated in the PRC with limited liability, the H shares of which are listed on the Stock Exchange and A Shares of which are listed on the Shanghai Stock Exchange
“Directors”	the directors of the Company
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	Hong Kong Special Administrative Region of the PRC
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Project Management Agreement”	the management agreement entered into on 12 March 2004 between the Company and LGCB in relation to the Project
“Project”	the project for the construction of section k28+660.37-k45+842, which is the major section of Hengping Highway (橫坪公路) (深圳市橫坪公路工程项目主線 k28+660.37-k45+842 段)
“PRC”	the People's Republic of China
“RMB”	Renminbi, the lawful currency of the PRC

“LGCB” Long Gang Roads Bureau (深圳市龍崗區公路局), a branch of the Shenzhen City Long Gang People's Government (深圳市龍崗區人民政府) which is responsible for transportation matters in Shenzhen City Gong Gang Area, an independent third party not connected with any director, chief executive or substantial shareholder of the Company or any of its subsidiaries or their respective associates

“Stock Exchange” The Stock Exchange of Hong Kong Limited

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

Shenzhen, the PRC, 12 March 2004

Note: For the purpose of this announcement, the exchange rate between HK\$ and RMB of HK\$1 to RMB1.06 has been used.

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