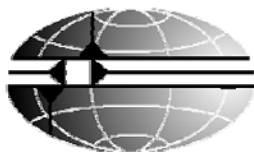


*The Stock Exchange of Hong Kong Limited takes no responsibility for the contents of this announcement, makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or part of the contents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

**ANNOUNCEMENT  
CONNECTED TRANSACTIONS**

The Directors are pleased to announce that on 5 March 2004, the Company as purchaser, entered into the Acquisition Agreement I with GD Expressway (the associate of GD Roads Company which is a promoter and shareholder of the Company) as vendor, for the acquisition of a 25% equity interest in YM Expressway. Pursuant to the Acquisition Agreement I, the Company agreed to acquire from GD Expressway its 25% equity interest in YM Expressway and GD Expressway agreed to transfer its 25% equity interest in YM Expressway to the Company. The consideration involved is RMB271,680,000 (equivalent to approximately HK\$256,300,000).

Further, the Company as purchaser and GD Highway (the associate of GD Roads Company) as vendor have reached agreement in principle and is about to enter into the Acquisition Agreement II for the acquisition of a 25% equity interest in JZ Expressway as soon as possible. Pursuant to the Acquisition Agreement II, the Company agreed to acquire from GD Highway its 25% equity interest in JZ Expressway and GD Highway agreed to transfer its 25% equity interest in JZ Expressway to the Company. The consideration involved is RMB167,500,000 (equivalent to approximately HK\$158,000,000).

GD Highway and GD Expressway are connected persons of the Company under Chapter 14 of the Listing Rules.

As the amount of consideration for RMB271,680,000 (equivalent to approximately HK\$256,300,000) for Acquisition I and RMB167,500,000 (equivalent to approximately HK\$158,000,000) for Acquisition II is more than 3% of the consolidated net tangible assets of the Group as at 31 December 2003, the Acquisitions are subject to the approval of the independent shareholders of the Company.

Apart from GD Roads Company and its associates, no other Shareholder is interested in the Acquisition Agreements and is required to refrain from voting in shareholders' meeting accordingly. A circular containing, among other things, details of the Acquisition Agreements, the recommendation from the independent directors in relation to the Acquisition Agreements and the opinion from an independent financial adviser would be dispatched to the Shareholders as soon as possible. A notice to hold a special general meeting for approval of the Acquisition Agreement I and if possible, together with the Acquisition Agreement II (in case it has been signed) will be dispatched to the Shareholders together with the circular as soon as possible.

The Company shall issue further announcement in respect of the Acquisition Agreement II as and when it is signed by the parties. The Company expects that the Acquisition Agreement II will be signed prior to the date of issue of the circular, in which case both the Acquisition Agreement I and the Acquisition Agreement II will be subject to the approval of the Shareholders in the same special general meeting.

The Directors are pleased to announce that on 5 March 2004, the Company as purchaser and GD Expressway as vendor, entered into the Acquisition Agreement I for the acquisition of a 25% equity interest in YM Expressway.

Further, the Company as purchaser and GD Highway as vendor have reached agreement in principle and is about to enter into the Acquisition Agreement II for the acquisition of a 25% equity interest in JZ Expressway as soon as possible.

## **BACKGROUND**

Pursuant to the 'Notice of Pre-approval procedures for investment in Guangdong Province Expressway Projects' 《廣東省高速公路項目招商資格預審須知》 issued by GD Communications Group (the parent company of one of the promoters of the Company, GD Roads Company), 29 expressway projects are being put on the market for investment by private investors.

GD Communications Group is inviting tenders for equity interests in the 29 expressway projects from investors. The relevant asset holding companies in GD Communications Group will then enter into acquisition agreements with those investors which are awarded with the relevant tender.

The subject matters of the Acquisitions, being equity interests in each of YM Expressway and JZ Expressway respectively, are two of the aforesaid expressway projects.

## **THE ACQUISITION AGREEMENT I**

**Date** : 5 March 2004

**Parties**

Vendor : GD Expressway

Purchaser : the Company

### **Assets to be acquired**

25% equity interest in YM Expressway

### **Consideration and Payment**

Consideration for the Acquisition I is RMB271,680,000 (equivalent to approximately HK\$256,300,000). A deposit of RMB1,000,000 (equivalent to approximately HK\$943,000) has been paid by the Company to GD Expressway. The balance of the consideration, i.e. RMB270,680,000 (equivalent to approximately HK\$255,300,000) shall be payable by the Company to GD Expressway within 5 working days from the effective date of the Acquisition Agreement I, i.e. the date when the Acquisition Agreement I becomes effective upon fulfillment of the conditions as described below.

The consideration of the Acquisition I has been determined on the basis of the shareholders' investments of RMB225,510,000 (equivalent to approximately HK\$212,700,000) attributable to such 25% equity interest in YM Expressway plus a premium of RMB46,170,000 (equivalent to approximately HK\$43,600,000) and shall be satisfied by the Company's internal source of funds.

### **Effective Date**

The Acquisition Agreement I shall become effective upon fulfillment of the following conditions:

- (i) obtaining of approval by GD Expressway from the GD Communications Group in relation to the Acquisition I; and
- (ii) obtaining of approval by the Shareholders in general meeting of the Company of the Acquisition I.

## **INFORMATION ON YM EXPRESSWAY**

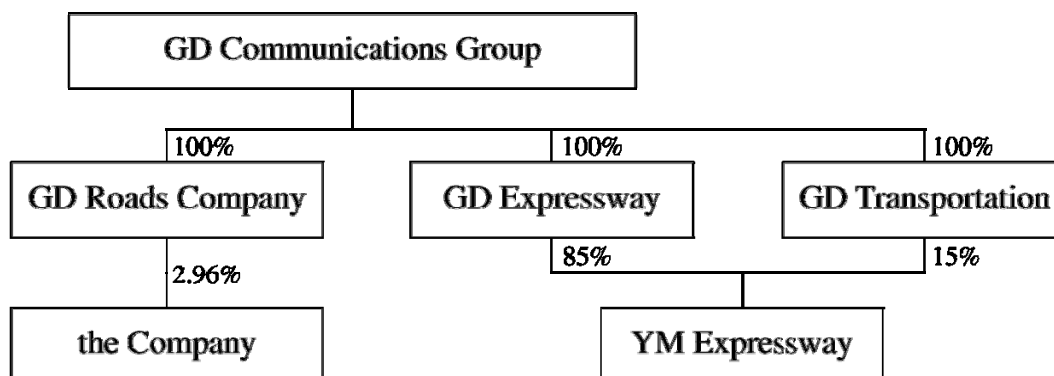
YM Expressway is a subsidiary of Guangdong Communications Group. One of the 29 expressway projects offered by Guangdong Communications Group comprises 25% equity interest in YM Expressway, the subject matter of the Acquisition I.

### **Registered Capital and Shareholding Structure**

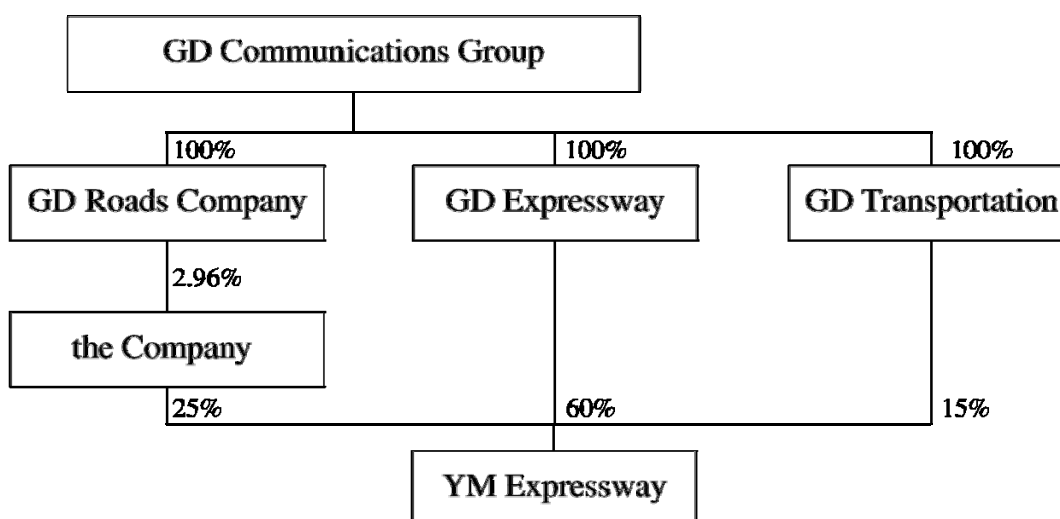
YM Expressway was incorporated on 23 July 2002 in the PRC. The registered capital of YM Expressway is RMB200,000,000 (equivalent to approximately HK\$189,000,000) which has already been fully paid up. Set out below is the shareholding structure of YM Expressway before and after completion of the Acquisition I.

As YM Expressway is in its initial stage of investment, it has not recorded any profit since its incorporation. As at 30 September 2003, the net asset value of YM Expressway is RMB237,000,000 (equivalent to approximately HK\$223,585,000).

Before completion of the Acquisition I:



After completion of the Acquisition I:



### Scope of Business

YM Expressway is a project company incorporated to carry out the fund raising, construction, operation and management of the project of Yangmao Expressway (陽茂高速公路). The Company is entitled to appoint two directors on the board of directors of YM Expressway which is comprised of a total of 7 directors. As per the approved preliminary estimated project costs of Yangmao Project, its total investment is estimated to be RMB2,577,000,000 (equivalent to approximately HK\$2,431,132,000), out of which RMB960,000,000 (equivalent to approximately HK\$905,660,377) shall be funded by the shareholders of YM Expressway by way of registered capital of RMB200,000,000 (equivalent to approximately HK\$189,000,000) and capital reserve fund of RMB760,000,000 (equivalent to approximately HK\$716,981,000). The difference between the total investment amount of RMB2,577,000,000 (equivalent to approximately HK\$2,431,132,000) and the shareholders' funds of RMB960,000,000 (equivalent to approximately HK\$905,660,377) shall be funded by way of bank finance. Two PRC banks have already committed to provide such finance to YM Expressway. The construction of the Yangmao Project is expected to be completed by the end of 2004.

## **THE ACQUISITION AGREEMENT II**

JZ Expressway is an indirect subsidiary of Guangdong Communications Group. One of the 29 expressway projects offered by Guangdong Communications Group comprises 25% equity interest in JZ Expressway, the subject matter of the Acquisitions II. The Company submitted the bid on 15 December 2003, it is expected that the Company is about to enter into the Acquisition Agreement II with GD Highway on the terms set out below. The Company does not expect that there will be any material change to the terms of the Acquisitions Agreement II set out below.

The Company shall issue further announcement in respect of the Acquisition Agreement II as and when it is signed by the parties. The Company expects that the Acquisition Agreement II will be signed prior to the date of issue of the circular, in which case both the Acquisition Agreement I and the Acquisition Agreement II will be subject to the approval of the Shareholders in the same special general meeting.

**Date** : To be signed as soon as possible  
**Parties**  
**Vendor** : GD Highway  
**Purchaser** : the Company

### **Assets to be acquired**

25% equity interest in JZ Expressway

### **Consideration and Payment**

Consideration for the Acquisition II is RMB167,500,000 (equivalent to approximately HK\$158,000,000). A deposit of RMB1,000,000 (equivalent to approximately HK\$943,000) has been paid by the Company to GD Highway. The balance of the consideration, i.e. RMB166,500,000 (equivalent to approximately HK\$157,000,000) shall be payable by the Company to GD Highway within 5 working days from the effective date of the Acquisition Agreement II, i.e. the date when the Acquisition Agreement II becomes effective upon fulfillment of the conditions as described below. Completion of the Acquisition II shall fall upon the date of payment of the consideration in full.

The consideration of the Acquisition II has been determined on the basis of the shareholders' investments of RMB138,820,000 (equivalent to HK\$130,962,264) in JZ Expressway attributable to such 25% equity interest plus a premium of RMB28,680,000 (equivalent to approximately HK\$27,056,603) and shall be satisfied by the Company's internal source of funds.

### **Effective Date**

The Acquisition Agreement II shall become effective upon fulfillment of the following conditions:

- (i) obtaining of approval by GD Highway from GD Communications Group in relation to the Acquisition II; and
- (ii) obtaining of approval by the Shareholders in general meeting of the Company of the Acquisition II.

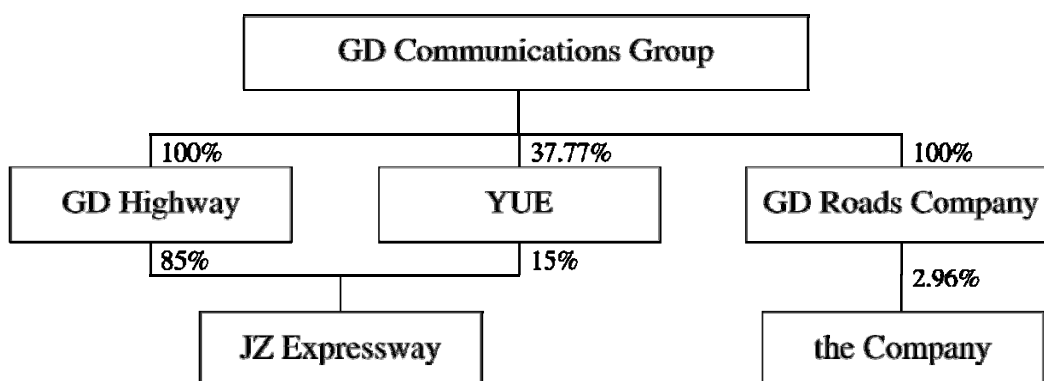
## **INFORMATION ON JZ EXPRESSWAY**

### **Registered Capital and Shareholding Structure**

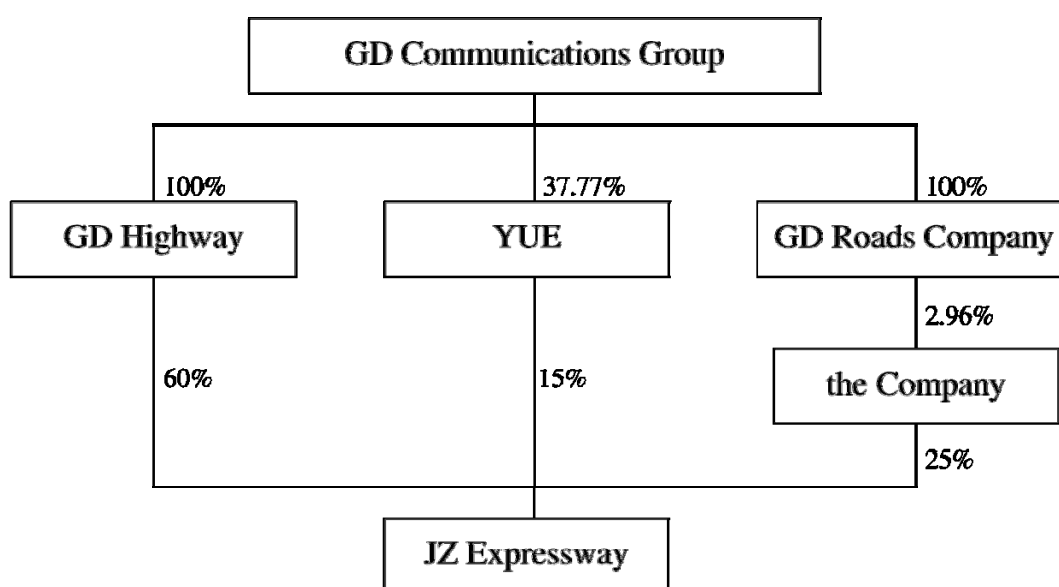
JZ Expressway was incorporated on 26 August 2002 in the PRC. The registered capital of JZ Expressway is RMB343,520,000 (equivalent to approximately HK\$324,000,000) which has already been fully paid up. Set out below is the shareholding structure of JZ Expressway before and after completion of the Acquisition II.

As JZ Expressway is in its initial stage of investment, it has not recorded any profit since its incorporation. As at 31 August 2003, the net asset value of JZ Expressway is RMB530,580,000 (equivalent to approximately HK\$500,547,000).

Before completion of the Acquisition II:



After completion of the Acquisition II:



### Scope of Business

JZ Expressway is a project company incorporated to carry out the fund raising, planning, design, construction and operational management of the projects of Zhongjiang Expressway (中江高速公路) and Jianghe Expressway Phase II (江鹤高速公路二期) and the ancillary facilities and services facilities for the enhancement of the economic development of the Pearl River Delta region (珠江三角洲地区) in the Guangdong Province. The Company shall be entitled to appoint two directors on the board of directors of JZ Expressway which is comprised of a total of 11 directors. As per the approved preliminary estimated project costs of the Zhongjiang Project and the Jianghe Project, its total investment is estimated to be RMB3,231,070,000, (equivalent to approximately HK\$3,048,179,245), out of which RMB1,130,874,500 (equivalent to approximately HK\$1,066,862,735) shall be funded by the shareholders of JZ Expressway. The difference between the total investment amount of RMB3,231,070,000, (equivalent to approximately HK\$3,048,179,245) and the shareholders' funds of RMB1,130,874,500 (equivalent to approximately HK\$1,066,862,735) shall be funded by way of bank finance. Three PRC banks have already committed to provide such finance to JZ Expressway. The construction of the Zhongjiang Project and the Jianghe Project is expected to be completed by the end of 2005.

## **REASONS FOR THE ACQUISITIONS**

The participation in the fund raising, planning, design, construction and operational management of expressways is the ordinary and usual course of business of the Company. The Directors believe that entering into the Acquisition Agreements will allow the Company to participate in the Projects via its shareholdings in JZ Expressway and YM Expressway, hence will further consolidate the Company's participation in the investment, construction and operational management of toll highways and expressways in Shenzhen, the Pearl River Delta region as well as other regions of the Guangdong Province.

## **INFORMATION ON THE COMPANY**

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

## **CONNECTED TRANSACTION**

Since GD Highway and GD Expressway are associates of GD Roads Company, which is the promoter of the Company, they are connected persons of the Company and the Acquisitions constitute connected transactions of the Company which are subject to disclosure and Shareholders' approval requirements.

Apart from GD Roads Company and its associates, no director, supervisor, chief executive, substantial shareholders of the Company and/or its subsidiaries or any of their respective associates is interested in the Acquisition Agreements. GD Roads Company and its associates are required to refrain from voting in shareholders' meeting accordingly. A circular containing, among other things, details of the Acquisition Agreements, the recommendation from the independent directors in relation to the Acquisition Agreements and the opinion from an independent financial adviser will be dispatched to the Shareholders as soon as possible. A notice to hold a special meeting for approval of the Acquisition Agreement I and if possible, together with the Acquisition Agreement II (in case it has been signed) will be dispatched to the Shareholders together with the circular as soon as possible.

The details of the Acquisitions will be included in the next published annual report and accounts of the Company.

The Company shall issue further announcement in respect of the Acquisition Agreement II as and when it is signed by the parties. The Company expects that the Acquisition Agreement II will be signed prior to the date of issue of the circular, in which case both the Acquisition Agreement I and the Acquisition Agreement II will be subject to the approval of the Shareholders in the same special general meeting.

## **DEFINITIONS:**

“Acquisition I”	The acquisition and transfer of a 25% equity interest in YM Expressway under the Acquisition Agreement I
“Acquisition II”	The acquisition and transfer of a 25% equity interest in JZ Expressway under the Acquisition Agreement II
“Acquisitions”	Acquisition I and Acquisition II
“Acquisition Agreement I”	The agreement entered into between the Company and GD Expressway on 5 March 2004 for the acquisition of a 25% equity interest in YM Expressway
“Acquisition Agreement II”	The agreement to be entered into between the Company and GD Highway soon for the acquisition of a 25% equity interest in JZ Expressway
“Acquisition Agreements”	Acquisition Agreement I and Acquisition Agreement II
“associates”	has the same meaning as ascribed thereto in the Listing Rules

“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
“GD Communications Group”	廣東省交通集團有限公司 (Guangdong Communications Group Company), a company incorporated in the PRC with limited liability
“GD Expressway”	廣東省高速公路有限公司 (Guangdong Expressway Company Limited), a company incorporated in the PRC with limited liability
“GD Highway”	廣東省公路建設有限公司 (Guangdong Province Highway Construction Company Limited), a company incorporated in the PRC with limited liability
“GD Roads Company”	廣東省路橋建設發展有限公司 (Guangdong Roads and Bridges Construction Development Company Limited), a company incorporated in the PRC with limited liability
“GD Transportation”	廣東交通實業投資有限公司 (Guangdong Transportation Investment Company Limited), a company incorporated in the PRC with limited liability
“Group”	the Company and its subsidiaries
“Hong Kong”	Hong Kong Special Administrative Region of the PRC
“HK\$”	Hong Kong dollars
“Jianghe Project”	the project for the construction of Jianghe Expressway Phase II (江鶴高速公路二期) which has a length of 6.44 km from Lilesicun of Jiangmun City (江門市禮樂四村) to the westbound of Tiansha River (天沙河西岸)
“JZ Expressway”	江中高速公路有限公司 (Jiangzhong Expressway Company Limited), a company incorporated in the PRC with limited liability
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Projects”	Zhongjiang Project, Jianghe Project and Yangmao Project
“PRC”	the People’s Republic of China
“RMB”	Renminbi, the lawful currency of the PRC
“Shareholders”	holder(s) of shares of the Company
“Shen Guang Hui”	深圳市深廣惠公路開發總公司 (Shenzhen Shen Guang Hui Highway Development Company Limited), a substantial shareholder of the Company holding 20.99% of the Company under the supervision of Shenzhen Roads Bureau
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Xin Tong Chan”	新通產實業開發(深圳)有限公司 (Xin Tong Chan Development (Shenzhen Company Limited), a substantial shareholder of the Company holding 30.03% of the equity interest of the Company under the indirect supervision of Shenzhen Municipal Government
“Yangmao Project”	the project for the construction of the Yangmao Expressway (陽茂高速公路) which has a length of 79.76 km from Yangdong of Yangjiang City (陽光市陽東) to Dianbai of Maoming City (茂名市電白) and is a section of the national main road from Tongjiang to Sanya Expressway (國道主幹線同江至三亞高速公路的一段)

“YM Expressway”	陽茂高速公路有限公司 (Yangmao Expressway Company Limited), a company incorporated in the PRC with limited liability
“YUE”	廣東省高速公路發展股份有限公司 (Yue Expressway Development Company Limited), a company incorporated in the PRC with limited liability
“Zhongjiang Project”	the project for the construction of the Zhongjiang Expressway (中江高速公路) which has a length of 32.382 km from Xinlong of Zhongshan City (中山市新隆) to Sicun of Jiangmen City (江門市四村)

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

Shenzhen, the PRC, 8 March 2004

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