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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 11 February 2004, the Company and SCB on behalf of the Shenzhen Municipal Government, 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 RMB2.268 billion (approximately HK\$2.14 billion). As appointed by SCB and contemplated under the Project Management Agreement, the Company, on behalf of SCB, 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 Municipal Government in accordance with the relevant arrangement under the Project Management Agreement. 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 transactions 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: 11 February 2004

Parties: the Company and SCB on behalf of the Shenzhen Municipal Government

Pursuant to the Project Management Agreement, the Company has been appointed as the project manager of the Project and will be responsible for, the preparation and submission of the environmental report of the Project, preparation of the feasibility studies of the Project, tenders of the Project (construction, supervision and suppliers), coordination and management of the construction and during warranty period of the Project, controlling costs and quality of materials and works performed by contractors and monitoring of development progress, but excluding the obtaining and approving of the design plan of the Project, land resumption and relocation, organising handover and examination (on completion), operation and management, maintenance upon handover and works related to the organisation, coordination, approval responsibility of the relevant

government departments of Shenzhen Municipal Government.

The estimated construction cost of the Project is RMB2.268 billion (approximately HK\$2.14 billion), 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 and the difference is within the range of 2.5% of the estimated construction cost of the Project, the Company will be entitled to all the costs saved or obliged to bear all the extra costs incurred, and for any extra cost saved or incurred outside the 2.5% range, the additional amount will be equally shared by the Company and SCB or borne equally by them, as the case may be. 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).

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- (1) RMB400 million (approximately HK\$377million) 28 days upon approval of the Project by the Bureau of Development and Planning Commission of Shenzhen City (深圳市發展計劃局);
- (2) subsequently by instalments and no less than an aggregate of 95% of the construction cost of the Project 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 construction project invested by Shenzhen Municipal Government with a major road of approximately 13.9 kilometers from Tang Lang Shan University City (塘朗山大學城) to the crossover of Shui Guan Expressway (水官高速公路) and Shen Ping Expressway (深平快速路) and a subsidiary road of approximately 4.17 kilometers from Tang Lang Shan University City (塘朗山大學城) to the crossover of Shen Yun Lu (深雲路) and the Guang Shen Expressway (廣深高速公路). The construction of the Project was deemed to have been commenced on 30 December 2003 for its tenders. The construction period of the major road is 12 months (365 calendar days) and the construction period of the subsidiary road development is 18 months (548 calendar days).

## **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.

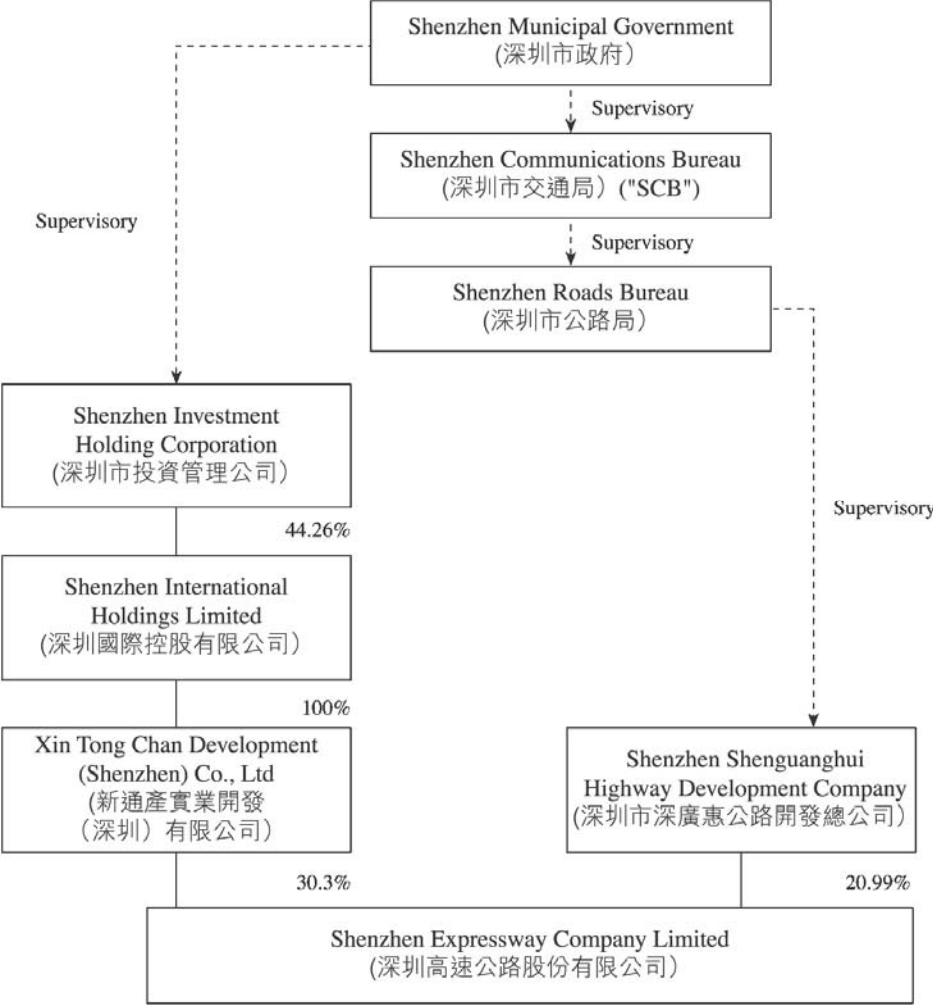
## **RELATIONSHIP BETWEEN THE COMPANY AND SCB**

SCB is a transportation department of the Shenzhen Municipal Government and is responsible for transportation matters in Shenzhen. SCB does not engage in any commercial business or operate any commercial entities.

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 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 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, SCB 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 11 February 2004 between the Company and SCB in relation to the Project
“Project”	Project for the first phase of Nan Ping expressway in Shenzhen (深圳市南坪快速路一期工程項目)
“PRC”	the People's Republic of China
“RMB”	Renminbi, the lawful currency of the PRC
“SCB”	Shenzhen Communications Bureau (深圳市交通局), which is a branch of the Shenzhen Municipal Government and which is responsible for transportation matters in Shenzhen
“ Stock Exchange”	The Stock Exchange of Hong Kong Limited

By Order of the Board

**Zhang Rong Xing**

*Director & Company Secretary*

Shenzhen, the PRC, 11 February 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.