

*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.*



## **SHENZHEN EXPRESSWAY COMPANY LIMITED**

### **深圳高速公路股份有限公司**

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

#### **PROPOSED ISSUE OF A SHARES IN THE PRC APPOINTMENT OF DIRECTOR RESIGNATION AND ELECTION OF SUPERVISOR**

The Company intends to apply to CSRC for the allotment and issue of A Shares to institutional and public investors in the PRC and the listing of such A Shares on the Shanghai Stock Exchange in the PRC.

Mr. Zhang Rong Xing was proposed to be appointed as executive Director. Mr. Huang Jian Jun tendered his resignation as Supervisor and Mr. Li Jian was elected to replace Mr. Huang Jian Jun.

#### **A Share Issue**

The Company intends to apply to CSRC for the allotment and issue of not more than 180 million new A Shares to institutional and public investors in the PRC and such A Shares are proposed to be listed on the Shanghai Stock Exchange. At present, the H Shares of the Company are listed on the HKSE.

#### **Structure of A Share Issue**

The proposed structure of the A Share Issue is set out below:

Type of Securities: Renminbi denominated ordinary shares;

Number of A shares to be issued:	not more than 180 million shares representing 14.19% of the existing aggregate issued state owned shares and domestic legal person shares;
Par value:	RMB1.00 per share;
Target subscribers:	Natural persons and institutional investors (except those restricted by PRC laws and regulations);
Issue price and pricing process:	The issue price of A Shares will be set according to the "price-to-earnings" ratio valuation method. "Book-building" process will be conducted to determine an appropriate issue price for the A Share Issue. The issue price of A Shares will be fixed by agreement between the lead underwriter of the A Share Issue and the Company with reference to market demand for the A Share Issue.
Use of proceeds:	The net proceeds of the issue of the A Shares are presently intended to be used to finance the construction of Sections B and C of Yanba Expressway, the total construction costs of which is estimated to be around RMB1,043 million. The construction of Section B of Yanba Expressway is expected to be commenced in the second half of 2001 and to be completed by 2003. The construction of Section C of Yanba Expressway is expected to be commenced in the second half of 2003 and to be completed by 2005. If the net proceeds from the A Share Issue cannot meet the funding requirements of the above projects, the shortfall will be funded by the internal resources of the Company. If the net proceeds exceed such construction costs, the balance would be used for its general working capital requirements.

## Reasons for and benefits of the A Share Issue

The A Share Issue will facilitate the financing of the construction of the Sections B and C of the Yanba Expressway project and will enhance the shareholder base and capital base of the Company. Following the completion of the Yanba Expressway, the road network operated by the Company in Shenzhen would be further broadened and the Company's position in Shenzhen's highway transportation will be strengthened accordingly. The A Share Issue will not have any adverse impact on the Company and its shareholders.

## Effects of the A Share Issue on the Company's capital structure

Set out below is a summary of the changes in the shareholding percentage of the Company prior to and immediately upon the completion of the A Share Issue based on the assumption that the entire 180 million A Shares will be issued:

Type of shares	Prior to the A Share Issue	Shareholding percentage (%) (Approximate)	Immediately upon the completion of the A Share Issue	Shareholding Percentage (%) (Approximate)
1. Unlisted Shares				
State owned shares	654,780,000	32.49	654,780,000	29.82
Domestic legal person shares	613,420,000	30.43	613,420,000	27.94
2. Listed Shares				
A Shares	-	-	180,000,000	8.20
H Shares	747,500,000	37.08	747,500,000	34.04
Total	2,015,700,000	100.00	2,195,700,000	100.00

## Extraordinary general meeting

The EGM will be held on 28 December, 2000 at which special resolutions will be proposed to consider and, if thought fit, to approve, inter alia, the A Share Issue. The Company Register will close from 28 November, 2000 to 28 December, 2000 (both days inclusive). In order to qualify for attendance and voting at the EGM, transfers accompanied by share certificates and other appropriate documents must be lodged with the Company's branch share registrar and transfer office in Hong Kong, HKSCC Registrars Limited at 2nd Floor,

Vicwood Plaza, 199 Des Voeux Road Central, Hong Kong by 4:00 p.m. on 27 November, 2000. Shareholders whose names appear on the Company Register of the Company on 27 November, 2000, or their proxies, will be entitled to attend and vote at the EGM. A circular containing, inter alia, further details of the A Share Issue will be despatched to holders of the shares of the Company as soon as practicable. It should be noted that the A Share Issue, upon the approval from the shareholders of the Company at the EGM, is still subject to the approval of CSRC and approval of the Shanghai Stock Exchange to the listing and trading of the A Shares on the Shanghai Stock Exchange.

At the EGM, special resolutions will be tabled to authorise the Board to make such amendments to the articles of association of the Company as it thinks fit, so as to, inter alia, increase the registered share capital of the Company and to reflect the new capital structure of the Company.

The approval to make the A Share Issue and mandate authorising the Board to do all relevant matters in connection therewith shall be valid for one year from the date of passing of such resolutions at the EGM of the Company.

### **Appointment of executive Director and replacement of Supervisor**

The Board announces that Mr. Zhang Rong Xing was proposed to be appointed as executive Director. Resolution to approve the appointment of Mr. Zhang Rong Xing as executive Director of the Company will be proposed in the EGM.

Mr. Huang Jian Jun tendered his resignation from the office of Supervisor of the Company. In addition, Mr. Li Jian was elected by the employees of the Company as Supervisor representing the employees of the Company to replace Mr. Huang Jian Jun with a term of office from 1 September, 2000 to 31 December 2002.

The Company expresses its sincere thanks to Mr. Huang Jian Jun for his past contributions.

### **General**

A notice of the EGM and the attendance reply slip and proxy form will be despatched to holders of H Shares as soon as practicable after this announcement and a circular containing, inter alia, details of the A Share Issue will be despatched to holders of H Shares in due course.

Further details about the A Share Issue will be disclosed in the newspapers in the PRC when the A Share Issue materialises and an extract of which will be disclosed in the newspapers of Hong Kong.

## **Definitions**

In this announcement, the following expressions have the meanings set out below unless the context requires otherwise:

"A Share(s)"	the domestic ordinary share(s) of the Company with a nominal value of RMB1.00 each proposed to be issued to institutional and public investors in the PRC by the Company
"A Share Issue"	the proposed issue of A Shares to institutional and public investors in the PRC by the Company, in which such A Shares are proposed to be listed on the Shanghai Stock Exchange
"Board"	the board of directors of the Company
"Company"	Shenzhen Expressway Company Limited, a joint stock limited company established in the PRC with limited liability on 30 December, 1996, the H Shares of which are listed on the HKSE
"Company Register"	the Register of Members of the Company
"CSRC"	China Securities Regulatory Commission
"Directors"	the Directors of the Company
"H Shares"	the overseas listed foreign shares of the Company with a nominal value of RMB1.00 each and listed on the HKSE
"HKSE"	The Stock Exchange of Hong Kong Limited
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC

"PRC" the People's Republic of China excluding, for the purpose of this announcement, Hong Kong, Macau and Taiwan

"EGM" the Extraordinary General Meeting of the Company to be held at 10:00 a.m. on 28 December, 2000

"RMB" Renminbi, the lawful currency of the PRC

By the order of the Board  
**Zhang Rong Xing**  
*Company Secretary*

Shenzhen, the PRC, 12 November, 2000