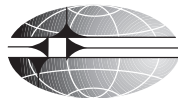


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深圳高速公路股份有限公司

SHENZHEN EXPRESSWAY COMPANY LIMITED

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

(Stock Code: 548)

FIRST QUARTERLY REPORT OF 2007

This announcement is published simultaneously in Hong Kong and Shanghai on 30 April 2007. This quarterly report is prepared in accordance with the regulations of the China Securities Regulatory Commission on Disclosure of Information in Quarterly Reports for Listed Companies. All financial information set out in this report has been prepared in accordance with the PRC Accounting Standards for Business Enterprise and has not been audited. Shareholders of the Company and public investors should exercise caution when trading in the shares of the Company.

This announcement is made pursuant to the disclosure obligation under Rule 13.09 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

1. IMPORTANT NOTICE

- 1.1 The board of directors, the supervisory committee and the directors, the supervisors, the senior management of Shenzhen Expressway Company Limited (the "Company") warrant that the information in this report does not contain any false information, misleading statements or material omissions, and accept joint and several responsibilities for the truthfulness, accuracy and completeness of the content.
- 1.2 Mr. Li Zhi Zheng, an independent non-executive director, was unable to attend this board meeting because he is on duty, and had appointed Mr. Zhang Zhi Xue, an independent non-executive director, to attend the meeting and vote on his behalf.
- 1.3 The financial information for the three months ended 31 March 2007 (the "Reporting Period" or the "Period") contained in the first quarterly report of 2007 has not been audited.

The financial information for the Period of the Company has been prepared in accordance with the PRC Accounting Standards for Business Enterprise (the "PRC ASBE"). The net profit of the Period excluding non-recurring items increased by 28.89% as compared to the corresponding period of 2006 (please refer to 3.1 for details). The major differences between the financial statements prepared under PRC ASBE and Hong Kong Financial Reporting Standards (the "HKFRS") are stated in 2.1.2.

1.4 Mr. Yang Hai, Chairman, Mr. Wu Ya De, General Manager, Ms. Gong Tao Tao, Financial Controller and Mr. Sun Bin, Finance Manager, warrant the truthfulness and completeness of the financial statements contained in this quarterly report.

2. CORPORATE INFORMATION

2.1 Principal accounting data and financial indicators (prepared in accordance with PRC ASBE)

<i>(Unit: RMB)</i>	As at the end of the Reporting Period	As at the end of the previous year	Change at the end of the Reporting Period as compared to the end of the previous year
Total assets	12,878,446,659.06	9,896,311,467.29	30.13%
Equity holders' funds	6,802,167,719.00	6,630,315,401.96	2.59%
Net assets per share	3.12	3.04	2.59%

<i>(Unit: RMB)</i>	Beginning of the year to the end of the Reporting Period	Change as compared to the corresponding period of the previous year
Net cash flow from operating activities	220,511,871.26	106.38%
Net cash flow from operating activities per share	0.10	106.38%

<i>(Unit: RMB)</i>	The Reporting Period	Beginning of the year to the end of the Reporting Period	Change of the Reporting Period as compared to the corresponding period of the previous year
Net profit	299,058,655.55	299,058,655.55	120.17%
Earnings per share-basic	0.137	0.137	120.17%
Earnings per share-diluted	0.137	0.137	120.17%
Return on equity	4.40%	4.40%	increase 2.35 percentage point
Return on equity excluding non-recurring items	2.45%	2.45%	increase 0.50 percentage point

Non-recurring items <i>(Unit: RMB)</i>	Beginning of the year to the end of the Reporting Period
Gains arising from acquisition of a subsidiary — fair value of identifiable net assets acquired over purchase consideration (Please refer to 3.1 for details)	127,206,338.51
Subsidy Income	5,242,587.44
Net amount of other non-operating income and expenses	219.60
Income tax effect on non-recurring items	(32.94)
Total	132,449,112.61

2.1.1 Principal operation data

Toll highway	Percentage of interests held by the Group	Average daily mixed traffic volume (number of vehicles in thousands)		Average daily toll revenue (RMB'000)	
		Q1 2007	Change as compared to Q1 2006	Q1 2007	Change as compared to Q1 2006
Projects consolidated into the Group's financial statements:					
Meiguan Expressway	100%	89	10.3%	848	7.5%
Jihe West	100%	58	17.3%	821	13.5%
Yanba A and B	100%	11	3.4%	145	25.3%
Yanpai Expressway ^{*1}	100%	19	N/A	293	N/A
Qinglian Project ^{*2}	76.37%	23	5.2%	370	5.3%
Projects unconsolidated into the Group's financial statements:					
Jihe East	55%	78	26.0%	984	13.6%
Shuiguan Expressway	40%	84	35.9%	778	42.0%
Shuiguan Extension	40%	24	-14.5%	156	-11.3%
Yangmao Expressway	25%	19	28.7%	1,055	34.5%
Guangwu Expressway	30%	10	12.3%	268	7.8%
Jiangzhong Expressway	25%	36	74.9%	547	70.3%
GZ W2 Expressway ^{*1}	25%	4.6	N/A	129	N/A
Wuhuang Expressway	55%	26	10.3%	969	26.8%
Changsha Ring Road	51%	5.8	-1.0%	53	-3.3%
Nanjing Third Bridge	25%	17	29.6%	625	23.2%

*1. Yanpai Expressway and GZ W2 Expressway commenced toll operation from May 2006 and December 2006 respectively. There were no operating figures for the corresponding period of 2006.

*2. Qinglian Class 1 Highway is being reconstructed into an expressway. During the reconstruction, the highway will be closed by section for construction works, subject to project progress, while the sections which remain open will still allow traffic and generate toll revenue at the standard of a Class 1 highway.

*3. Mei Wah Company, a subsidiary of the Company, entered into an agreement with an independent third party in January 2007 for the proposed disposal of 42% interests in Geputan Bridge at the consideration of RMB 10,800,000. As at the end of this quarterly report, relevant formalities relating to the transaction are still processing.

2.1.2 Major differences between financial statements prepared under different accounting standards

The major differences between the financial statements prepared under the PRC ASBE and HKFRS are summarised as follows:

<i>Unit: RMB'000 (Unaudited)</i>	For the three months ended 31 Mar 2007	As at 31 Mar 2007 Capital & reserves attributable to equity holders of the Company
As reported under PRC ASBE	299,059	6,802,168
Impact of HKFRS adjustments:		
Government subsidies recognized as deferred income, which were included as capital reserves under the PRC ASBE	144	(25,533)
The decrease in fair value of net assets of the original interests between the original acquisition date and the acquisition date occurred in corporate mergers which took place in stages through multiple transactions, now recognized as loss (Note)	<u>(127,206)</u>	<u>—</u>
Net amount of adjustments	<u>(127,062)</u>	<u>(25,533)</u>
As restated after HKFRS adjustments	<u>171,997</u>	<u>6,776,635</u>

Note: According to the HKFRS, as at the acquisition date of Qinglian Company, the decrease in the fair value of net assets for the 56.28% interests originally held by the Group between the original acquisition date and the acquisition date shall be treated as an impairment loss arising from assets revaluation. In accordance with PRC ASBE, the above-mentioned decrease will lead to an adjustment on the capital reserve (please refer to 3.1 for details). Accordingly, this will cause a difference in profit attributable to equity holders of the Company for the Reporting Period, but there will be no impact on capital and reserves attributable to equity holders of the Company as at the end of the Reporting Period.

2.2 Total number of shareholders and top ten holders of non-restricted circulating shares at the end of the Reporting Period

As at the end of the Reporting Period, the total numbers of shareholders and the top ten holders of non-restricted circulating shares of the Company based on the shareholders' registers supplied by the share registrar and the transfer offices of the Company in Hong Kong and the PRC were as follows:

Total numbers of shareholders at the end of the Reporting Period were 28,089, of whom 27,745 were holders of domestic shares and 344 were holders of H shares.

(Unit: share)

Top ten holders of non-restricted circulating shares		
Name of shareholder (full name)	Number of non-restricted circulating shares held	Type of shares
HKSCC Nominees Limited (Note)	722,701,098	H Share
ABC—Baoying Strategic Growth Securities Investment Fund	17,023,498	A Share
CCB—Bosera Thematic Sector Securities Investment Fund	13,000,000	A Share
ICBC—China Universal Balanced Growth Securities Investment Fund	11,999,010	A Share
Social Insurance Fund Portfolio 102	11,996,445	A Share
CCB—Bosera Value Appreciation Securities Investment Fund No.2	10,000,000	A Share
Social Insurance Fund Portfolio 103	9,239,432	A Share
Kingboard Investments Limited	5,736,000	H Share
ABC—ChinaAMC Stable Growth Mixed Securities Investment Fund	5,400,000	A Share
CCB—First State Cinda Leading Growth Securities Investment Fund	5,363,646	A Share

Note: The H shares held by HKSCC Nominees Limited were held on behalf of various clients.

3. SIGNIFICANT EVENTS

3.1 Significant changes of key accounting items and financial indicators of the Company and the reasons for the changes:

Applicable Not applicable

(1) General explanations

During the Reporting Period, the Group recorded a net profit of RMB299,059,000 (corresponding period of 2006: RMB135,834,000), representing a 120.17% increase as compared to the corresponding period of 2006. After deducting the impact of non-recurring items, the growth in net profit was approximately 28.89%.

During the Reporting Period, the Company completed the acquisition of the 20.09% interests in Guangdong Qinglian Highway Development Company Limited (the “Qinglian Company”). Accordingly, the Group holds 76.37% interests in Qinglian Company in aggregate and Qinglian Company has changed from an associate of the Company into a subsidiary of the Company. According to the requirements of relevant accounting standards, the Company has preliminarily recognised the fair value of the identifiable assets, liabilities and corresponding net assets of Qinglian Company and has conducted the relevant accounting treatment in accordance with the requirements of relevant accounting standards on the acquisition date, as well as consolidating Qinglian Company’s financial statements into those of the Group from January 2007 onwards.

In accordance with the requirements of relevant accounting standards, the Company preliminarily recognised in this quarterly consolidated financial statements the fair value of Qinglian Company's net assets as at the acquisition date as RMB3,042 million based on the valuation report prepared by a professional valuer. The fair value attributable to the 76.37% interests held by the Group was RMB2,323 million, which was basically with the same as the cumulative acquisition cost of the Group. The amount of the acquisition cost for this 20.09% interests is lower than the corresponding fair value of the net assets (the "negative goodwill") by the amount of approximately RMB127 million, and according to PRC ASBE, the amount was recognised as a non-operating income. The RMB127 million decrease in the fair value of the original 56.28% interests between the original acquisition date and the acquisition date was offset against capital reserves. Such accounting treatment has a material impact on certain items at the Group's financial statement, such as non-operating income, total profit and net profit, and certain financial indicators such as earnings per share and return on equity.

As at the end of the Reporting Period, the total assets of Qinglian Company amounted to RMB4,464 million, of which fixed assets amounted to RMB3,869 million and construction in progress amounted to RMB516 million. Total liabilities amounted to RMB1,417 million, of which notes payable amounted to RMB224 million, long-term borrowings amounted to RMB741 million and deferred income tax liabilities amounted to RMB358 million. Net assets amounted to RMB3,047 million. During the Reporting Period, the revenue from operations and the costs of operations of Qinglian Company were RMB33 million and RMB19 million respectively. The consolidation of Qinglian Company into the Group's financial statements has led to impacts, to various extents, to the major items in the financial statements and financial indicators of the Group.

(2) **Changes of key financial statements items and explanations**

Unit: RMB'000

	2007.3.31	2006.12.31 (Restated*)	Change	Reasons for the Change
Cash and bank deposits	469,187	335,366	39.90%	An increase in operating cash inflow and the consolidation of Qinglian Company
Long-term equity investments	2,841,773	4,702,332	-39.56%	Offsetting the relevant investment in the consolidation of Qinglian Company
Fixed assets	7,473,772	3,633,873	105.67%	The consolidation of Qinglian Company
Construction in progress	1,777,409	857,525	107.27%	The consolidation of Qinglian Company and increases in construction costs in Nanguang Expressway and Yanba C

	2007.3.31	2006.12.31 (Restated*)	Change	Reasons for the Change
Notes payable	667,955	359,242	85.93%	The consolidation Qinglian Company and increases in the balance of commercial bills for the settlement of construction costs for projects such as Nanguang Expressway
Long-term borrowings	2,482,679	855,789	190.01%	The consolidation of Qinglian Company and an increase in borrowings of RMB888 million for the Company's capital expenditure
Deferred income tax liabilities	384,714	26,867	1,331.92%	Deferred income tax liabilities recognised for acquisition of Qinglian Company
Minority interest	720,167	—	N/A	The minority interest of Qinglian Company
Debt-to-asset ratio	41.8%	35.3%	Increased 6.5 percentage point	The consolidation of Qinglian Company and increases in borrowings due to the process of project construction

	2007Q1	2006Q1 (Restated*)	Change	Reasons for the Change
Revenue from operations	231,879	167,884	38.12%	Increases in traffic volume in existing toll highways, the consolidation of Qinglian Company and Yanpai Expressway was not open to traffic in the corresponding period of the previous year, among these, the consolidation of Qinglian Company increased revenue by 19.88%
- Toll revenue	222,900	146,472	52.18%	
- Other operating income	8,978	21,412	-58.07%	Decrease in income from entrusted construction management services recognised on the basis of percentage of completion

	2007Q1	2006Q1 (Restated*)	Change	Reasons for the Change
Cost of operations	66,778	37,824	76.55%	Increases in costs for existing toll highways alongside increased revenues, the consolidation of Qinglian Company and that Yanpai Expressway was not open to traffic in the corresponding period of the previous year; among these, the consolidation of Qinglian Company increased the costs by 50.23%
Business tax and surcharges	8,151	5,424	50.28%	Increased revenue from operations
Financial expenses	28,142	21,189	32.81%	The consolidation of Qinglian Company and the increase in the borrowing of the Company
Write-back of asset impairment losses	1,587	—	N/A	The write-back of bad debt provisions due to the receipt of government compensation for Wutongling Ropeway Project
Investment gains	66,276	50,481	31.29%	Increases in profits for toll highways operated by the joint ventures and associates owing to increases in traffic volumes and revenues
Non-operating income	132,458	6,610	1,904.90%	The recognition of a RMB127 million negative goodwill for the acquisition of 20.09% interests in Qinglian Company
Net profit attributable to equity holders of the parent company	299,059	135,834	120.17%	The increase in the Group's operating profit owing to increases in traffic volumes and revenues of the toll highways, and the negative goodwill recognised for the acquisition of the interests in Qinglian Company

	2007Q1	2006Q1 (Restated*)	Change	Reasons for the Change
Net cash flow from operating activities	220,512	106,849	106.38%	The increase in the Group's revenue from operations and the increase in other operation-related cash inflows such as the receipt of government compensation for the Wutongling Ropeway Project

* According to requirements of relevant documents from Ministry of Finance, the Company fully adopted the newly released PRC ASBE in 2007. The comparative figures in previous year have been restated in accordance with the relevant requirements. Please refer to the announcement of the resolutions of the board of directors of the Company published at the same date of this report for related matters of adopting the newly released PRC ASBE.

3.2 Progress of major events and the analysis on the relative impacts and/or solutions

Applicable Not applicable

- (1) Progress of major investment projects: as at the end of the Period, aggregate investment amounts of approximately RMB1,050 million (At the end of 2006: RMB750 million) have been utilised for Nanguang Expressway and RMB515 million (At the end of 2006: RMB330 million) have been utilized for reconstructing Qinglian Project into an expressway respectively. The Company will further enhance management to ensure full completion of annual investment targets.
- (2) In January 2007, the acquisition of 20.09% interests in Qinglian Company was completed. As for the impact of the recognition of and relevant accounting treatment regarding the fair value of Qinglian Company, please refer to 3.1 above. As Qinglian Class 1 Highway is being reconstructed into an expressway and the reconstruction funding is mainly satisfied by methods such as Qinglian Company's external borrowings, the Group's total capital expenditure plans and gearing ratio would increase accordingly after the consolidation of Qinglian Company. According to the recent revised project design budget, the Company estimated that the capital expenditure (capitalized interests included) for reconstruction Qinglian Project into an expressway would be approximately RMB4.77 billion. The Group plans to satisfy the funding requirement by methods such as borrowings and bond issuance. The annual capital expenditure arrangement for the project is as follows:

(Unit: RMB million)

Year	2005	2006	2007	2008	2009	2010
Capital expenditure arrangement for reconstructing Qinglian Project into an expressway	22	333	1,986	2,226	21	178

- (3) In March 2007, the Company has formally submitted to CSRC the application of the proposed issuance of Bonds With Warrants in amount of not more than RMB1.5 billion. The relevant regulatory authorities are reviewing the documents for application according to the procedure.
- (4) On 2 April 2007, the board of directors of the Company passed resolutions of proposal to issue the Long-Term Corporate Bonds in amount of RMB800 million for a term of 15 years. On 20 April 2007, the relevant resolutions were approved by shareholders as special resolutions. The relevant application have been submitted to relevant regulatory authorities for approval.
- (5) The former Technical Controller of the Company, Mr. Fan Li Pin, resigned due to personal reason. The resignation has been affirmed by the board of directors of the Company and was effective from 30 March 2007.

3.3 The undertakings and the fulfillment made by the Company, the shareholders and the actual controller

Applicable Not applicable

- (1) The shareholders of the Company, Xin Tong Chan Development (Shenzhen) Company Limited and Shenzhen Shen Guang Hui Highway Development Company, each of which has more than 5% shareholding, have undertaken in the promoters' agreement that they will not engage in Shenzhen in any industry or business in any form, which, directly or indirectly, competes with the Company. As at the end of the Reporting Period, the Company did not notice violation of such undertaking by the above shareholders.

(2) Special undertakings and the fulfillment made by holders of former non-circulating shares during the process of Share Segregation Reform:

Name of shareholder	Undertakings	Fulfillment
Xin Tong Chan Development (Shenzhen) Company Limited	1. Within 36 months from the day of granting listing status to the unlisted shares of the Company held by them, they shall not trade such shares on the stock exchange;	The Company is not aware of any violation by these shareholders on such undertakings during the Reporting Period.
Shenzhen Shen Guang Hui Highway Development Company	2. During three continuous years immediately following the completion of implementation of the Share Segregation Reform, they shall propose resolutions at the annual general meeting of the Company to distribute at least 50% of the profit available for distribution in the corresponding periods as cash dividends to the shareholders and to vote for such resolutions at the annual general meeting;	
Huajian Transportation and Economic Development Centre		
Guangdong Roads and Bridges Construction Development Company Limited	3. They would pay all relevant expenses arising from the Share Segregation Reform in proportionate to their shareholdings.	

Note: The “undertakings” refer to undertakings made during the Share Segregation Reform other than statutory undertakings.

3.4 Profit warning, with reasons therefor, that the cumulative net profit from the beginning of the year to the end of the next reporting period may be a loss or a substantial change when compared to the corresponding period of the previous year

Applicable Not applicable

As stated in 3.1 above, as the negative goodwill for acquisition of 20.09% interests in Qinglian Company with an amount of RMB127 million was recognised, it is estimated that the net profit of the Company for the first half of 2007 will increase more than 50% but not more than 100% as compared to the corresponding period of the previous year.

3.5 Explanation for the difference between shareholders' equity at the beginning of 2007 in the balance sheet of this quarterly report and "Adjustment Table for Shareholders' Equity Prepared in Accordance with New and Old Accounting Standards"

Applicable Not applicable

Note: The 2007 first quarterly financial statements of the Group are available on the website of Shanghai Stock Exchange (www.sse.com.cn) or the Company (www.sz-expressway.com).

By order of the Board
Yang Hai
Chairman

Shenzhen, the PRC, 27 April 2007

As at the date of this announcement, the directors of the Company are Mr. Yang Hai (Chairman of the Board), Mr. Wu Ya De (Director and General Manager), Mr. Li Jing Qi (Non-executive Director), Mr. Wang Ji Zhong (Non-executive Director), Mr. Liu Jun (Non-executive Director), Mr. Lin Xiang Ke (Non-executive Director), Ms. Zhang Yang (Non-executive Director), Mr. Chiu Chi Cheong, Clifton (Non-executive Director), Mr. Li Zhi Zheng (Independent non-executive Director), Mr. Zhang Zhi Xue (Independent non-executive Director), Mr. Poon Kai Leung, James (Independent non-executive Director) and Mr. Wong Kam Ling (Independent non-executive Director).

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