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)

2005 Annual Results Announcement

The Board is pleased to announce the audited results of the Group for the year ended 31 December 2005, prepared in accordance with generally accepted accounting principles in Hong Kong, together with comparative figures for the corresponding year in 2004, as follows:

Consolidated Income Statement

	Note	**Year ended 31 December 2005** *RMB'000*	2004 *RMB'000* *(Restated)*
Turnover	3	**911,482**	705,776
Other income	4	**191,930**	114,861
Business tax and surcharges	3	**(38,361)**	(37,566)
Depreciation and amortisation		**(167,634)**	(131,686)
Employee benefit expenses		**(67,163)**	(48,748)
Road maintenance expenses		**(15,181)**	(14,451)
Other operating expenses		**(48,157)**	(64,703)
Operating profit		**766,916**	523,483
Finance costs	5	**(100,621)**	(24,052)
Share of loss of associates		**(24,015)**	(706)
Profit before income tax		**642,280**	498,725
Income tax expenses	6	**(80,071)**	(76,019)
Profit for the year		**562,209**	422,706
Attributable to:			
Equity holders of the Company		**552,622**	414,888
Minority interest		**9,587**	7,818
		562,209	422,706
Earnings per share for profit attributable to the equity holders of the Company during the year (expressed in RMB per share)			
— Basic	7	**0.25**	0.19
Dividends		**261,684**	239,877

Consolidated Balance Sheet

	As at 31 December	
	2005	2004
	RMB'000	*RMB'000*
		(Restated)
ASSETS		
Non-current assets		
Property, plant and equipment	**4,055,081**	4,130,363
Construction in progress	**693,443**	286,584
Land use rights	**368,830**	386,468
Intangible assets	**824,585**	6,815
Interests in associates	**2,966,903**	870,698
Deferred income tax assets	**6,764**	9,473
Loan to a jointly controlled entity	**78,240**	123,359
	8,993,846	5,813,760
Current assets		
Inventories	**3,540**	7,367
Trade and other receivables	**157,829**	408,810
Restricted cash	**31,615**	55,988
Cash and cash equivalents	**892,485**	1,241,838
	1,085,469	1,714,003
Total assets	**10,079,315**	7,527,763
EQUITY		
Capital and reserves attributable to the Company's equity holders		
Share capital	**2,180,700**	2,180,700
Other reserves	**3,376,930**	3,247,852
Retained earnings		
— Proposed final dividend	**261,684**	239,877
— Others	**510,307**	358,636
	6,329,621	6,027,065
Minority interest	**43,138**	41,700
Total equity	**6,372,759**	6,068,765
LIABILITIES		
Non-current liabilities		
Borrowings	**2,230,602**	142,911
Deferred income tax liabilities	**155,030**	59,767
Government grants	**364,388**	372,764
	2,750,020	575,442
Current liabilities		
Other payables and accrued expenses	**670,692**	283,443
Current income tax liabilities	**15,736**	17,031
Borrowings	**270,108**	583,082
	956,536	883,556
Total liabilities	**3,706,556**	1,458,998
Total equity and liabilities	**10,079,315**	7,527,763
Net current assets	**128,933**	830,447
Total assets less current liabilities	**9,122,779**	6,644,207

Notes:

1. **Basis of preparation**

This consolidated financial statements of the Company have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRS"). This basis of accounting differs in certain respects from that used in the preparation of the Group's PRC statutory financial statements. The PRC statutory financial statements of the Group have been prepared in accordance with accounting principles and financial regulations applicable to the Group in the PRC (the "PRC GAAP"). Appropriate restatements have been made to the PRC statutory financial statements to conform with HKFRS. Differences arising from the restatements are not incorporated in the Group's accounting records.

2. **Changes in accounting policies**

In 2005, the Group adopted the new / revised standards of HKFRS below, which are relevant to its operations, including HKASs 1, 2, 7, 8, 10, 16, 17, 21, 23, 24, 27, 28, 31, 32, 33, 36, 38 and 39 and HKFRSs 2 and 3. The 2004 comparatives have been amended as required, in accordance with the relevant requirements.

The adoption of new / revised HKASs 1, 2, 7, 8, 10, 16, 21, 23, 24, 27, 28 and 33 did not result in substantial changes to the Group's accounting policies.

Full details on the Group's changes in accounting policies following the adoption of new/revised HKASs 17, 31, 32, 36, 38 and 39 and HKFRSs 2 and 3 will be set out in the 2005 Annual Report.

The effect on adoption of new / revised HKASs 17, 31, 32, 38 and 39 and HKFRS 3 and HKAS 38 are summarised as follows:

(1) The adoption of revised HKAS 17 resulted in a decrease in opening retained earnings at 1 January 2004 by RMB55,559,000 and the impact on the balance sheets and income statements as at and for the years ended 31 December 2004 and 2005 is as follows:

RMB'000	**2005**	2004
Decrease in property, plant and equipment	**449,788**	465,092
Increase in land use rights	**368,830**	386,468
Decrease in deferred income tax liabilities	**11,069**	10,717
Decrease in minority interest	**8,376**	8,366
Decrease in retained earnings	**61,513**	59,541
Increase in depreciation and amortisation	**2,344**	4,721
Decrease in income tax expenses	**352**	708
Decrease in minority interest	**10**	31
Decrease in basic earnings per share (RMB per share)	**0.001**	0.002

The effect of adopting HKAS 17 in relation to the classification and amortisation of the land use rights owned by jointly controlled entities of the Group, to the extent which is attributable to the Group, has been included in the above by applying proportionate consolidation under HKAS 31 in the accounting for the Group's interests in the jointly controlled entities. This effect has also been included in the impact on the adoption of HKAS 31 as presented below.

(2) The adoption of HKAS 31 resulted in:

RMB'000	2005	2004
Decrease in interests in jointly controlled entities	**1,814,431**	1,224,720
Increase in other non-current assets	**2,164,796**	1,436,488
Increase in current assets	**109,132**	44,573
Increase in long-term liabilities	**375,599**	15,541
Increase in current liabilities	**83,898**	240,800
Decrease in share of profit of jointly controlled entities	**152,486**	99,893
Increase in turnover	**309,119**	198,113
Increase in other income	**4,665**	2,906
Increase in expenses	**161,298**	101,126

There was no impact on basic earnings per share and there was no impact on opening retained earnings at 1 January 2004 from the adoption of HKAS 31.

(3) The adoption of HKFRS 3 and HKAS 38 resulted in:

RMB'000	2005
Increase in intangible assets - amortisation of goodwill	**512**
Increase in interest in associates	**3,090**
Increase in retained earnings	**3,602**
Decrease in depreciation and amortisation	**512**
Decrease in share of loss of associates	**3,090**
Increase in basic earnings per share (RMB per share)	**0.002**

There was no impact on opening retained earnings at 1 January 2004 from the adoption of HKFRS 3.

(4) The adoption of HKAS 39 resulted in a decrease in opening retained earnings at 1 January 2005 by RMB11,342,000 and the impact on the balance sheet at 31 December 2005 and the income statement for the year then ended is as follows:

RMB'000	2005
Decrease in loan to a jointly controlled entity	**5,027**
Decrease in retained earnings	**5,027**
Increase in other income	**6,315**
Increase in basic earnings per share (RMB per share)	**0.003**

This represents the impact for the measurement of the loan made to a jointly controlled entity at amortised cost using the effective interest method in accordance with HKAS 39.

3. **Turnover and business tax and surcharges**

RMB'000	2005	2004 (Restated)
Income from toll roads	**911,482**	705,776

No segment information is presented as all turnover of the Group is toll income earned in the PRC.

The taxes and surcharges on turnover of RMB34,956,000 (2004: RMB36,460,000), which is included in business tax and surcharges of the consolidated income statement, comprise the following:

— PRC business tax at 3% or 5% of toll income. Before 31 May 2005, the toll income derived from expressways is subject to PRC business tax at 5%. Pursuant to the relevant tax regulations, effective from 1 June 2005, PRC business tax of the toll income from expressways is charged at 3%;

— City development tax at 1% of the PRC business tax; and

— Education supplementary fee at 3% of the PRC business tax.

4. **Other income**

RMB'000	*Note*	**2005**	2004 (Restated)
Interest income from bank deposits		**9,798**	12,444
Interest income from discounting of long-term receivables		**13,054**	35,779
Interest income from a loan extended to a jointly controlled entity		**6,315**	—
Income derived from construction management services	(1)	**72,830**	17,868
Government subsidy income		**27,356**	35,708
Subsidies from local governments	(2)	**10,309**	—
Advertising income		**10,914**	6,473
Excess of fair value of the share of net assets acquired in a jointly controlled entity over the cost of acquisition	(3)	**34,955**	—
Others		**6,399**	6,589
		191,930	114,861

(1) The Company was engaged to manage the construction of the Nanping Project and the Hengping Project by the local government authorities. The management service income is determined based on the savings achieved in managing these construction management projects according to the provisions of these contracts. The construction management service income for the Nanping Project recognised using the percentage of completion method amounted to approximately RMB67,323,000 (2004: RMB6,333,000) during the year. As at 31 December 2005, the outcome of Hengping Project could not be estimated reliably. As a result, the Company had recognised revenue of RMB5,507,000 (RMB: Nil) to the extent of the project management expenses incurred by the Company, which are expected by the directors to be recovered with certainty from the project.

(2) This represents government subsidies granted by the Shenzhen Municipal Government in relation to the cancellation of certain preferential policies on the PRC enterprise income tax of the Group.

(3) The Group acquired 55% issued share capital of JEL Company on 5 August 2005. Details of net assets acquired are as follows:

	RMB'000
Purchase consideration:	
— Cash consideration (HKD653,632,000)	**681,215**
— Dividend up to 31 December 2004 received	**(16,825)**
— Adjustments made to the consideration	**(4,673)**
Total purchase consideration, net	**659,717**
Fair value of net assets acquired	**694,672**
Difference recognised as other income	**(34,955)**

5. **Finance costs**

RMB'000	2005	2004 (Restated)
Interest on bank borrowings	**94,845**	22,221
Interest on other borrowings	**1,186**	1,549
Less: interest expenses capitalised in construction in progress	**(11,782)**	(38)
	84,249	23,732
Other borrowing costs	**16,409**	—
Net foreign exchange transaction (gains)/losses	**(37)**	320
	100,621	24,052

6. **Income tax expenses**

RMB'000	2005	2004 (Restated)
Current income tax — PRC enterprise income tax	**73,057**	64,330
Deferred income tax	**7,014**	11,689
	80,071	76,019

(a) In 2005, the Company is subject to PRC enterprise income tax at a rate of 15% (2004: 15%), the preferential tax rate for enterprises established in the Shenzhen Special Economic Zone.

(b) Pursuant to the approvals of the relevant authorities, two jointly controlled entities of the Company, Qinglong Company and Yungang Company, are exempt from PRC enterprise income tax for the first two profit-making years and are entitled to a 50% reduction of their PRC enterprise income tax for the three consecutive years thereafter. It is the second profit making year for Qinglong Company and the fourth profit-making year for Yungang Company, as a result, Qinglong Company is exempt from PRC enterprise income tax while Yungang Company is entitled to a 50% reduction of its PRC enterprise income tax in 2005.

The PRC enterprise income tax charged to the consolidated income statement have been calculated based on the assessable profits of the Company and its subsidiaries and jointly controlled entities located in the PRC of the year at rates of tax applicable to the respective companies of 15% to 33% (2004: 15% to 33%).

(c) The applicable tax rate to Mei Wah, a subsidiary of the Company incorporated in Hong Kong, is 17.5% (2004: 17.5%). No provision for Hong Kong profits tax has been made in the financial statements since the Company has no income assessable under Hong Kong profits tax. Maxprofit Gain Limited and JEL Company are incorporated in the British Virgin Islands and Cayman Islands which are not subject to profit tax.

7. **Earnings per share**

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the Company by the number of ordinary shares in issue during the year.

	2005	2004 (Restated)
Profit attributable to equity holders of the Company (RMB'000)	**552,622**	414,888
Number of ordinary shares in issue (thousands)	**2,180,700**	2,180,700
Basic earnings per share (RMB per share)	**0.25**	0.19

No fully diluted earnings per share is presented as the Company has no dilutive potential shares.

8. **Reconciliation of financial statements**

The Group has prepared a separate set of financial statements for the year ended 31 December 2005 in accordance with the PRC GAAP. The differences between the financial statements prepared under the PRC GAAP and HKFRS are summarised as follows:

RMB'000	Profitattributable to equityholders of the Company for the year ended 31 December 2005	Capital andreserve attributableto theCompany's equityholders as at 31 December 2005
As per PRC statutory financial statements	**485,043**	**6,269,421**
Impact of HKFRS adjustments:		
Adjustment on interest in an associate based on the far value of the net assets acquired	**13,902**	**13,902**
Depreciation of property, plant and equipment	**(311)**	**16,706**
Amortisation of intangible assets and related deferred tax	**(848)**	**(848)**
Adjustment on a loan to a jointly controlled entity at amortised cost	**6,315**	**(5,027)**
Recognition of the excess of fair value of the share of the acquired net assets of a jointly controlled entity over cost of acquisition	**34,955**	**34,955**
Interest adjustments on discounting long-term receivables	**13,054**	**—**
Reversal of amortisation of equity investment differences under PRC GAAP	**512**	**512**
Net amount of adjustments	**67,579**	**60,200**
As restated after HKFRS adjustments	**552,622**	**6,329,621**

ANNUAL RESULTS AND DIVIDENDS

In accordance with the HKFRS, the Group achieved a turnover of RMB911,482,000 for the Reporting Period (2004: RMB705,776,000), an increase of 29.15% as compared with the corresponding period of 2004. Profit attributable to equity holders of the Company for the Year amounted to RMB552,622,000 (2004: RMB414,888,000). Earnings per share for the Year was RMB0.25 (2004: RMB0.19), an increase of 33.2% as compared with the corresponding period of 2004.

The Board recommended the payment of a dividend of RMB0.12 per share (2004: RMB0.11), totaling RMB261,684,000, for the year ended 31 December 2005. Such dividend shall be subject to approval by shareholders at the 2005 annual general meeting of the Company. The date of annual general meeting, the book closing date, dividend payment procedures and payment date will be notified separately.

MANAGEMENT DISCUSSION AND ANALYSIS

The Company is principally engaged in the investment, construction, operation and management of toll highways and roads. In 2005, the Group continued to capitalize on the opportunities arising from the demand for quality transportation facilities driven by a sound macro-economic environment, with a remarkable progress made in the operation, investment, construction and other areas and achieved planned operating results.

Business Review

1. **Operating Performance**

Toll revenue is the main source of the Group's profit. Owing to the strong economic growth in China, particularly in the Pearl River Delta and its neighboring areas, there have been higher demands for greater capacity and better quality of expressways arising from business commuting, logistics flow and the people' travel, and these provided a strong driving force for the Group's growth in toll highway operations. The traffic flow and toll revenues of the toll highways which operated and invested in by the Group inherited the growth trend of 2004 and recorded an average growth rate topping 31% and 29% respectively. It formed a solid basis for the Group's profit growth.

Main Toll road	Proportion of interest	Contributions to turnover	Average daily mixed traffic volume (number of vehicles) 2005	2004	Change	Average daily toll revenue (RMB) 2005	2004	Change
Meiguan Expressway	95%	31.85%	76,343	64,199	18.92%	795,315	707,711	12.38%
Jihe East	55%	17.32%	56,468	44,446	27.05%	786,573	631,107	24.63%
Jihe West	100%	29.63%	46,462	35,257	31.78%	739,855	593,856	24.58%
Yanba A and B	100%	4.61%	11,572	9,427	22.75%	115,139	89,165	29.13%
Shuiguan Expressway	40%	8.07%	54,747	39,733	37.79%	504,054	382,291	31.85%
Wuhuang Expressway*	55%	6.99%	22,895	20,837	9.88%	728,039	622,127	17.02%

* *Wuhuang Expressway was proportionate consolidated into the Group from August 2005, and its datum on the average daily traffic flow and toll revenues are the datum for the whole year.*

Small vehicles accounted for the main share of traffic flow on Jihe Expressway and contributed significantly to the increase in traffic flow on Jihe Expressway. Traffic flow of Class 4 and 5 vehicles increased remarkably and higher than the increase in mixed traffic flow, reflecting the positive impact of the construction and development of industrial centers and logistics parks in the surrounding areas on the operating performance of Jihe Expressway. Yanpai Expressway, a Yantian Port feeder road of Jihe Expressway, is scheduled to be completed and opened to traffic by the middle of 2006 and is set to contribute further traffic growth on Jihe Expressway.

In the latter half of 2005, Shuiguan Expressway registered a rapid increase of approximately 50% in its traffic flow over the same period of the previous year as a result of the speedy development of the Longgang Industrial Zone and its neighboring counties and towns, coupled with the opening of Shuiguan Extension in July 2005. It demonstrated a strong driving force to traffic flow upon the formation of a highway network. In addition, in the year of its opening, Shuiguan Extension already registered satisfactory performance with daily average traffic flow and daily toll revenues of 31,739 vehicles and RMB229,452 respectively, thus suggesting a huge traffic demand from the neighboring areas as well. Upon the full operation of Nanping Freeway, which will connect Shuiguan Expressway and Shuiguan Extension, the improved highway network in the surrounding area is expected to stimulate further traffic growth for Shuiguan Expressway and Shuiguan Extension.

Yanba Expressway's toll revenues under-performed in the short-term due to the absence of holistic network coverage in the eastern part of Shenzhen. The Company sought to identify a large batch of potential customers through the launch of aggressive marketing activities and to lure traffic flow by providing quality and smooth travel services. Besides, members of the community have been upbeat about the traffic convenience brought about by the opening of Yanba Expressway (A and B), as construction works in the surrounding areas of the expressway have been increased and vehicles related to construction works have brought additional traffic flow to Yanba Expressway. As a result, the rate of increase in toll revenues of Yanba Expressway in 2005 was higher than the average level of roads in the Shenzhen area. The construction of Shenhui Coastal Expressway in Huizhou has already commenced, and Yanba C is scheduled to be completed corresponding with Shenhui Coastal Expressway. With increased development in the eastern part of Shenzhen and Huizhou and an improving highway network forthcoming, Yanba Expressway is expected to continue to enjoy a growth in traffic flow and toll revenues.

In 2005, Meiguan Expressway was able to maintain a growth in traffic flow and toll revenues but the growth began to slow down, partly because the expressway was entering a mature phase of its operation. Furthermore, since the middle of the year, the reconstruction works of a municipal road connecting with Meiguan Expressway had affected the travel efficiency on the connected section, forcing large trucks to switch to other roads. The opening of Shuiguan Extension has also diverted some traffic to Shuiguan Expressway. While Yanpai Expressway, Nanguang Expressway and Longda (Longhua-Dalingshan) Expressway have been completed and opened to traffic, and improvements are being made to the highway network in the Dongguan and Huizhou areas, traffic flows on the various toll roads in Shenzhen are expected to be redistributed. In light of the sound economic environment in Shenzhen and its neighbouring areas, the management remains optimistic about the overall growth in traffic flow on the toll roads in the region.

Wuhuang Expressway is a highway trunk connecting with Wuhan and Huangshi and exiting from Hubei Province. The expressway forms an integral part of Hurong (Shanghai-Chengdu) National Highway and commands a superior and strategic location. Wuhuang Expressway's satisfactory operating performance in 2005 was attributable to the economic growth and improving highway networks in Hubei Province. Besides, certain toll rates for trucks have been increased in actuality as a result of government's measures against vehicle overloading, and so the rate of increase in Wuhuang Expressway's toll revenues was higher than that in traffic volume for the same period.

Pursuant to the "Notice Concerning Adjustments of the Toll Rates of Vehicles on Expressways" jointly issued by Guangdong Provincial Price Index Bureau (廣東省物價局) and Guangdong Provincial Communications Department (廣東省交通廳), from 1 June 2005 the toll coefficient for Class 5 vehicles travelling on Meiguan Expressway and Jihe Expressway was amended from 6 to 5, representing a 16.7% decrease; the toll coefficient for Class 5 vehicles travelling on Yanba Expressway, Shuiguan Expressway, Yangmao Expressway and Guangwu Expressway was amended from 4 to 3.5, representing a 12.5% decrease; while the toll coefficient for Class 1 to 4 vehicles traveling on all expressways remain unchanged. Considering that toll revenues from Class 5 vehicles accounted for a small proportion of the Group's total revenues and the decrease in toll coefficient will have positive effect on traffic flow, the aforesaid changes did not have a material impact on the Group's revenues or profits. A toll-by-weight pilot scheme for Guangdong Province is being tried out but not throughout the province yet. The toll-by-weight system will be implemented in Hubei Province in April 2006, which is expected to be conducive for the operating performance of Wuhuang Expressway.

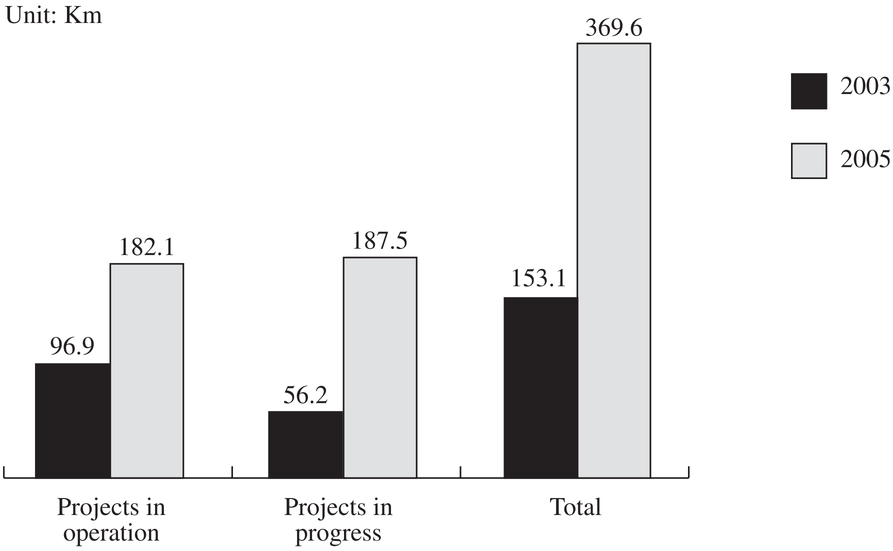
2. **Investment and Acquisition**

The Group incessantly seeks suitable opportunities to invest in toll highway projects situated in superior geographical locations so as to expand its principal operations and achieve its strategic objectives. Following the progress made in the previous year on investing beyond Shenzhen, the Group entered into agreements in 2005 to invest in the Qinglian Project and the Wuhuang Expressway, for which the total capitals amounted to about RMB2.5 billion and the total mileage of high-grade toll highways acquired was 280 km. And the Group also plans to re-construct the Qinglian Project into an expressway. Yangmao Expressway, Guangwu Expressway, Shuiguan Extension, Nanjing Third Bridge and Jiangzhong Expressway, in which the Group invested in 2004, were all open to traffic since the end of 2004. Wuhuang Expressway has been consolidated into the Group since August 2005 and the Group's share of its profit reached approximately RMB20,565,000. The above investments have built a good foundation for a continued growth of the Group's profits in future.

Yangmao Expressway, Guangwu Expressway and Jiangzhong Expressway, in which the Company does not have controls, have not contributed substantially to the Company's revenues and profits at the moment since they are still at the initial stage of operation. Blessed by the sound macro-economic environment, these expressways showed a sign of growth in both traffic volume and toll revenues. Yangmao Expressway has outperformed, as its daily average traffic flow and daily average toll revenues were 10,362 vehicles and RMB547,000 respectively, representing increases of 27% and 39% respectively in 2005 compared to the month when operation commenced. The commencement of operation of the Guangdong section of Yuzhan (Chongqing-Zhanjiang) Expressway at the end of 2005 will further enhance the operating performance of Yangmao Expressway in future. The daily average toll revenue of

Guangwu Expressway in 2005 was RMB165,000, registering a slight growth against the period of initial stage of operation, which is within the Company's expectations. Upon completion of the Guangwu Phase II (under planning) connecting with its western end, Guangwu Expressway, which forms an integral part of an express passage linking the Pearl River Delta with Guangxi and southwestern provinces, is expected to have an improved performance. Jiangzhong Expressway was completed and commenced operation in November 2005, and the daily average toll revenue was RMB201,000. Jiangzhong Expressway, once operated, has shortened the travelling distance between the eastern and western parts of the Pearl River Delta (with Guangzhou as centre) by almost 80 km. Jiangzhong Expressway is expected to see steadily rising traffic volume and toll revenue. Nanjing Third Bridge was opened to traffic in October 2005, about two years ahead of schedule. Its daily average mixed traffic volume and daily average toll revenue amounted to 8,276 vehicles and RMB325,000 respectively in the first three months since its opening.

Since 2004, the Company's management has been implementing the development strategies and objectives devised by the Board and actively proceeding with investment in and acquisition of quality toll highway projects. As such, the Group's business has expanded from Shenzhen to Guangdong Province and other areas across China, recording a breakthrough increase in total equity-based mileage of the Group's toll highways at the end of 2005 as compared to the end of 2003.



In view of the rapidly expanding investment size and the substantial proportion of projects-in-progress within the Company's existing investment portfolio, the Company will be even more prudent than before in decision making as regards project investment and acquisition. The management has recently focused on the integration of existing resources and will conduct a thorough assessment of the impact of new projects on the development of the Company as a whole, as well as the impact on the compatibility of these projects with the Company's strategic objectives and on the security of the Company's financial resources. Such assessment work aims to further rationalize the Company's investment portfolio to enhance the overall returns of the projects.

3. **Construction of Projects**

The Company is currently carrying out the construction of Yanpai Expressway and Nanguang Expressway as well as preliminary preparation work on Yanba C. For Yanpai Expressway, as per the progress of the physical completion of the project, an accumulated amount of approximately RMB915 million had been utilized as contruction costs as at the end of the Reporting Period, representing approximately 80% of the estimated investment. Foundation, bridge-culvert and tunnel works have basically been completed. As for Nanguang Expressway, land requisition, demolition and relocation are underway, while tenders have already been invited for the construction of some sub-contracted sections of the expressway. Constructions on the main roads of the two expressways are scheduled for completion by the middle of 2006 and by the end of 2007 respectively. For Yanba C, the preliminary design has been reviewed and the Municipal Environmental Protection Bureau has given a reply in respect of the environmental assessment report. With a construction plan being drawn up, the project is scheduled for completion concurrently with Shenhui Coastal Expressway, now under construction in Huizhou. Meanwhile, for GZ W2 Expressway, a project being constructed by an associated company, an accumulated amount of RMB1,434 million had been utilized as construction costs representing approximately 48% of the estimated investment. The whole project is scheduled for completion by the first half of 2007.

The reconstruction of Qinglian Class I Highway into an expressway proceeded smoothly during 2005. Senior management members and key technical and management staff of the Company have been assigned to set up a construction management head office to actively push forward relevant work. Tenders have been invited for project designs and for the construction of the project management office. Land requisition, demolition and relocation is all underway as well. The reconstruction of an experimental section started in full wing in December 2005, marking the commencement of a special research on foundation works and laying a sound platform for achieving the objective of successfully completing Qinglian Expressway and opening it to traffic in 2008. The main purpose of the Company's investment in the Qinglian Project is to reconstruct the Qinglian Class 1 Highway into an expressway so as to enhance the effectiveness of the existing highways and to fully perform its functions as a main route. It will be the arterial highway in Guangdong Province, connecting the northern and the southern highway framework in the province and moving the trading and economic activities from Pearl River Delta region to the Mainland. It will bring decent investment return for the Group and has strategic importance to the Group's development.

4. **Entrusted Construction Management — Business of Entrusted Construction System**

The Group's entrusted construction management business in Shenzhen is contributing new profits to the Group. The construction of the western section of the Nanping Project, appointed by the Shenzhen Municipal Government, has been completed and was widely acclaimed by the government and other members of the community. It demonstrated public recognition to the Group's extensive project construction management experience accumulated over the past decade. This also demonstrated the Group's competitive advantages in developing government-invested highways and in "exporting" its project management techniques and experiences.

The Company has been appointed by the government as administrators for the Nanping and Hengping projects in 2004. As at the end of the Reporting Period, as per the progress of the physical completion, an accumulated amount of approximately RMB1,908 million had been utilized as construction costs in the Nanping Project. The western section was opened to traffic on 3 December 2005 while the whole project is scheduled for completion by the first half of 2006. During the Reporting Period, the Nanping Project contributed a profit of approximately RMB59,968,000 to the Company, which is within the Company's expectations. The Hengping Project is lagging behind schedule due to land requisition, demolition and relocation works, and the whole project is scheduled for completion by 2007. As at the end of the Reporting Period, as per the progress of the physical completion, an accumulated amount of approximately RMB137 million had been utilized as construction costs in the Hengping Project, representing approximately 30% of estimated investment. As the Company is not required by the agreement to be responsible for land requisition, demolition or relocation, the Company's performance in accordance with the construction schedules as stipulated in the agreement will not be affected.

Analysis of Operating Results

During the Reporting Period, benefited from the continuous growth of the PRC economy and the increase in the number of vehicles, the source of growth in the Group's turnover was mainly from the increase of traffic flow on the Group's major toll highways. The composite traffic flow of the Group's toll highways recorded an overall increase of 30.95% as compared to the corresponding period of the previous year. Without taking into account the effect brought by Wuhuang Expressway, the composite traffic flow of the Group's toll rate increased by 26.15% as compared to the corresponding period of the previous year. Due to the slight increase in the proportion of small vehicles in the Group's toll vehicle composition as compared to the corresponding period of the previous year, and the moderate decrease in the toll co-efficient for Class 5 vehicles since 1 June 2005, and without taking into account the effect brought by the newly acquired Wuhuang Expressway, the average toll revenue per vehicle for the Group's toll highways dropped slightly by 3.83% as compared to the corresponding period of the previous year. As a result, the growth rate of toll revenue was slightly lower than that of traffic flow for the Reporting Period.

In accordance with the "Notice Concerning Policies Regarding Business Tax on Toll Fee Income of Highway Operation Enterprises by the Ministry of Finance and the State Administration of Taxation" jointly promulgated by the Ministry of Finance and the State Administration of Taxation, starting from 1 June 2005, the business tax on the Group's toll revenue derived from expressways has been reduced to 3% (before adjustment: 5%). Hence, during the Reporting Period, the rate of increase in business tax and surcharges was lower than the rate of increase in turnover.

Due to the growth in traffic volume on the Group's major toll highways and the increase of operating expenses in relation to new projects during the Reporting Period, operating expenses of the Group during the Reporting Period amounted to RMB298,135,000, representing an increase of 14.85% as compared to the corresponding period of the previous year, among which: as a result of traffic growth, depreciation charges increased by 27.30% as compared to the corresponding period of the previous year to RMB167,634,000; employee benefit expenses increased by 37.78% as compared to the corresponding period of the previous year to RMB67,163,000, mainly due to the increases in toll stations and toll collection staff as a result of traffic growth, rise of wage standards on toll collection staff and the provision of incentive cash bonus under the share appreciation rights scheme of RMB4,412,000 during the Reporting Period; road maintenance expenses increased by 5.05% as compared to the corresponding period of the previous year to RMB15,181,000 due to the growth of traffic volume and aging of roads, which led to more resources put on maintenance to ensure good road conditions and traffic environment; and other operating expenses decreased by 25.57% as compared to the corresponding period of the previous year to RMB48,157,000. During the Reporting Period, there were new expenses of settlement service charges incurred for the new inter-road network toll collection system of Guangdong Province, and business expenses on new projects also increased as compared to the corresponding period of the previous year, but total other operating expenses decreased as compared to the responding period of the previous year mainly due to the write-back of impairment provision of RMB40 million for the ropeway project made in previous years.

As a result of growth in toll revenues and other revenues, the Group recorded an operating profit of RMB766,916,000 during the Reporting Period, representing an increase of 46.50% as compared to the corresponding period of the previous year. During the Reporting Period, operating profit ratio of toll highway (excluding government allowances) was 68.57%, representing an increase of 2.21 percentage point as compared to the corresponding period of the previous year. Such increase was mainly attributable to the decrease in business tax rate in the Reporting Period.

During the Reporting Period, the Group's share of results of associates amounted to RMB-24,015,000, including the shares of profits/losses after tax of Yangmao Company, Guangyun Company, Jiangzhong Company, Huayu Company, Nanjing Third Bridge Company, Consulting Company and Qinglian Company.

During the Reporting Period, the Group's finance costs amounted to RMB 100,621,000, representing an increase of 318.34%. Such increase was mainly attributable to the increased scale of borrowings as compared to the corresponding period of the previous year.

Analysis of Financial Position

1. **Current Assets and Liabilities**

As at 31 December 2005, the Group's current assets amounted to RMB1,085,469,000 (2004: RMB1,714,003,000), including cash and cash equivalents of RMB892,485,000, restricted cash of RMB31,615,000 and accounts and other receivables of RMB157,829,000. During the Reporting Period, the Company recieved the balance of consideration of RMB386 million for the transfer of ownerships in two Class 1 highways in previous years. As such, the accounts receivable arising from the transfer of the two Class 1 highways had been fully received. The cash of the Group is generally placed in commercial banks as current or short term fixed deposits. No deposit is placed with financial institutions other than banks or used for securities investment.

As at 31 December 2005, the Group's current liabilities amounted to RMB956,536,000 (2004: RMB883,556,000), including RMB253,900,000 as short-term borrowings, RMB16,208,000 as long-term liabilities due within one year, RMB141,760,000 as construction costs payable and deposits, RMB27,901,000 as performance bonds and RMB384,062,000 as balances outstanding for the acquisition of equity interests in Qinglian Company and JEL Company under the agreements. On the basis of the Group's existing liquidity position and the Group's arrangements and plans on future cash flow, the Group expects to have adequate funds for satisfying the relevant payments.

2. **Cash Flow of the Group**

As at 31 December 2005, the Group's cash and cash equivalents amounted to RMB892,485,000 (2004: RMB1,241,838,000), representing a decrease of RMB349,353,000 as compared to the beginning at the Reporting Period. During 2005, the Group's net operating cash inflow amounted to RMB564,752,000 (2004: RMB470,487,000), representing an increase of 20.04% as compared to corresponding period of the previous year. Such increase was mainly attributable to the continuous growth in toll revenue from the major toll highways operated by the Group during the Reporting Period. During the Reporting Period, the net increase of the borrowings of the Group was RMB1,691,113,000, and a special financial allocation to Yanpai Expressway from the government amounting to RMB18,980,000 was received.

During the Reporting Period, the Group's main cash outflows comprised capital expenditure of RMB2,793,516,000 on Yanpai Expressway, Nanguang Expressway, Qinglian Project, Jiangzhong Expressway, GZ W2 Expressway, Guangwu Expressway, Wuhuang Expressway, etc. (excluding interests capitalised) as well as the payment of dividend and interest of RMB328,869,000 in total.

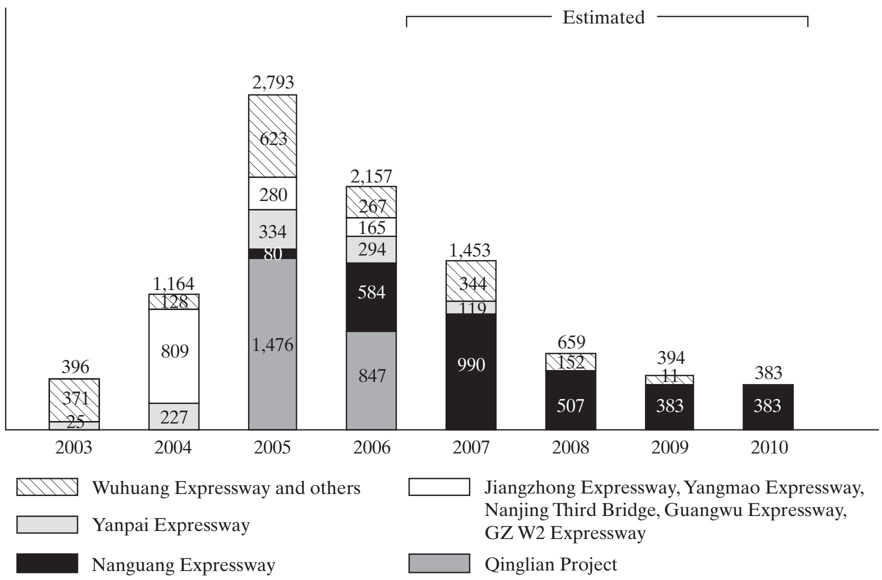
3. **Capital Structure**

As at 31 December 2005, the Group's debt-to-asset ratio (total liabilities/total assets) was 36.77% (2004: 19.38%), net borrowings-to-equity ratio ((total borrowings-cash and cash equivalents)/equity) was 25.24% (2004: not applicable, net borrowings amounted to RMB-515,845,000), gross liabilities-to-equity ratio (total liability/total equity) was 58.16% (2004: 24.04%); interest coverage (profits before interest and taxation/interest expenses) during the Reporting Period was 7.74 times (2004: 21.99). At the end of the Reporting Period, the proportion of liabilities of the Group increased significantly as compared to the beginning of the period but still maintained at a secure level.

4. **Capital Expenditures**

As at 31 December 2005, the Group's capital expenditure plans comprised mainly construction expenditures for Yanpai Expressway, Nanguang Expressway and Yanba C and investment amounts in acquiring the interests of the Qinglian Project, GZ W2 Expressway and Jiangzhong Expressway. Total capital expenditures to be incurred for the next five years are estimated to amount to RMB5,046 million. The Company plans to fund the capital expenditures of the Group for the next five years by both internal resources and borrowings. At present, according to the assessment of the directors, the Group is able to meet the capital expenditures given the Group's financial resources and financing capabilities.

Plan for Capital Expenditures (RMB' Million)



Apart from the aforesaid capital expenditure of the Company, funds for the reconstruction of Qinglian Class I Highway into an expressway amounting to RMB4.2 billion (including interests) is expected to be satisfied by external borrowings by Qinglian Company.

5. **Contingent Liabilities**

According to the construction contracts of the Nanping Project and the Hengping Project, the Company shall bear the administrative responsibility for overrun costs. For the Hengping Project, the Company shall be liable for all the costs exceeding the estimated cost of the project. For the Nanping Project, if the actual construction cost exceeds the estimated construction cost by 2.5% or less, the Company shall bear all the cost exceeding such estimated cost of the project. If the overrun costs are more than 2.5%, the Company together with the relevant government department shall bear the portion that exceeds the 2.5% threshold. In addition, pursuant to the requirements of the contracts, the Company has provided the Longgang Highway Bureau and the Shenzhen Communications Bureau with irrevocable letters of bank guarantee in the amount of RMB30 million and RMB100 million respectively. A deposit of RMB15 million has been paid to the Longgang Highway Bureau to guarantee the achievement of the agreed progress of construction, quality and safety management of the Hengping Project.

6. **Financing Activities**

With the backing of steady growth in cash flow, a sound credit record and an excellent industry reputation, the Group has been granted an AAA credit rating for three consecutive years up to 2005 by a recognised institution of the People's Bank of China. A good credit rating is beneficial for the Company's financing activities and allows the Company to continue to enjoy prime rates under the interest rate policy of the People's Bank of China.

During the Reporting Period, with the increase in the scale of borrowings, adjustments have been made in the borrowing structure such that there was an increased proportion of long-term borrowings and fixed-interest borrowings for the purpose of reducing various financial risks. The average borrowing cost during the Year was 5.42%, higher than 4.78% of the previous year.

During the Reporting Period, the Group capitalised on both the favorable internal and external conditions to negotiate new financing facilities and agreements with banks. As at 31 December 2005, total credit facilities obtained by the Group amounted to RMB10 billion, of which utilised and unutilised credit facilities amounted to RMB3.18 billion and RMB6.82 billion as at the end of the Reporting Period. The credit facilities available to the Group will meet the need of capital requirements for the Company's future development.

7. **Interest Rate Risks**

In recent years, as a result of increase in acquisitions and construction projects, the Group's capital expenditure has gone up quite substantially, and borrowings as a percentage of capital expenditure has also shown a rising trend. Consequently, the Group is becoming more susceptible to fluctuations in interest rates, especially in medium to long-term interest rates.

The Group employs an optimised portfolio comprising fixed and floating interest rates and short and long term borrowings to control the risks arising from interest rate fluctuations within an acceptable range. The Group's good credit rating and reputation in the sector also presented an advantage in securing more preferential borrowing rates. Furthermore, the Company is actively exploring other financing channels. On 10 October 2005, a resolution regarding issue of short-term commercial papers was considered and approved by shareholders of the Company. Pursuant to the approval of the People's Bank of China, the Company can issue the short-term commercial papers with the maximum amount of RMB2 billion and the validity was till the end of November 2006. In January 2006, the first batch of RMB1 billion short-term commercial papers with a term of 9 months and interest rate at 3.07% per annum was issued. The issue of the short-term commercial papers expanded the financial channels of the Company, improved the borrowing structure and lowered the overall financing costs of the Company. During the Reported Period, the Company did not use any interest rate swap option contracts.

8. **Exchange Rate Risks**

All major operations of the Group are located in the PRC and the majority of transactions are settled in Renminbi. The Group did not have significant exposure to foreign exchange risk in the PRC, except for certain cash at bank balances of RMB58,200,000 and bank borrowings of RMB676 million which were denominated in HK$ and other borrowings of RMB30,051,000 which were denominated in United States dollars, respectively.

Subsequent Event

To increase its control over the Qinglian Project and to enhance its management of the operation and project construction of Qinglian Company, so that a smooth and efficient reconstruction of Qinglian Class I Highway will be facilitated, the Company entered into an agreement with the liquidation committee of Qingyuan Yueqing Highway Construction and Development Company Ltd. on 8 February 2006 for a proposed further acquisition of 20.09% equity interest in Qinglian Company at a consideration of RMB484,000,000. This transaction is subject to the approval of independent shareholders at a shareholders' meeting pursuant to the Listing Rules of the HKEX. Should the acquisition be completed, the Group will own a total of 76.37% equity interest in Qinglian Company, and the Group will be entitled to appoint twelve out of fifteen directors of the Qinglian Company thereof. Thus from an accounting viewpoint, Qinglian Company will change from the status as an associate to a subsidiary of the Group, and its operating results will be consolidated into the Group's financial statements. This will help the Group to further strengthen its operating scale and to expand its profit base.

New progress was made in the Company's entrusted construction management business. Pursuant to the contract entered into with the Shenzhen Communications Bureau (representing the Shenzhen Municipal Government) in January 2006, the Company has been appointed as project administrator for the Wutong Mountain Avenue (Supplementary Road) and Jihe Expressway Yantian Subsidiary Road Checkpoint Station Project in Shenzhen. This project is an auxiliary project of Yanpai Expressway, with a construction budget of approximately RMB254 million, subject to finalisation by the Shenzhen Municipal Audit Bureau. Pursuant to the contract terms, the Company's management income is to be determined by the project cost savings: if the final savings of project costs or any deficit was to fall within 2.5% of the estimated construction budget, then the savings or the deficit amount would be credited to or borne by the Company. If the savings or the deficit was greater than 2.5% of the estimated construction budget, the portion of savings or deficit that exceeded 2.5% would be equally shared or borne by the Company and the Shenzhen Communications Bureau.

Outlook

Sustained economic prosperity, accelerated integration of the regional economy and increasing urbanisation are the driving forces to the demand for quality transportation. To meet the needs for economic development, the State and local governments have worked out comprehensive, forward-looking plans for the transportation network. All these factors are expected to accelerate the development of the Group's principal operations in the toll highway sector. Besides, the consistent promotion and use of the “entrusted construction system” in the management of government-invested projects will also create good opportunities for the development of the Group’s entrusted construction management business.

On the other hand, the sectors of both toll highways and government-invested projects’ management are becoming more transparent, market-oriented and regulated. This has also brought more market entrants, more severe competitions and a faster pace. The Group is also exposed to rising interest rates on loans, changes in industry policies and highway network plans and other risk factors. The next several years will be a critical period for the Company’s development. The Company will continuously focus on the investment, construction, operation and management of toll highways and roads. The Company will also fully capitalise on its advantages, consolidate its core competitive strengths, improve the operation and construction of its existing highway projects, and in line with its established development strategies, seek suitable investment opportunities. The Company will integrate its resources when appropriate, assess and prevent risks prudently, and carry out a sound operation. The Company will reward its investors with satisfactory standards in corporate governance and promising operating results.

USE OF PROCEEDS

The Company raised RMB604 million from the issue of A Shares in 2001. During the Reporting Period, the Company applied such proceeds for the construction of Yanba B in strict compliance with the representations made in the Prospectus. The construction of Yanba B began in June 2001 and the section was opened to traffic for toll collection in June 2003. An amount of RMB25,987,000 was applied during the Reporting Period and the cumulative amount of proceeds applied was RMB439,987,000. As at 31 December 2005, proceeds in the amount of RMB164,013,000 remained unutilised and were mainly held as deposits with banks in PRC to be used for the settlement of remaining project payments for Yanba B.

PURCHASE, SALE OR REDEMPTION OF SHARES

During the Year, no shares of the Company were purchased, sold or redeemed by the Company or any of its subsidiaries or jointly controlled entities.

With the main purposes to protect shareholders’ and investors’ interests and to enhance the confidence of investors, the Company had made a plan since 2002 to seek authorization and approval from shareholders and regulatory authorities in respect of the repurchase of H Shares of the Company. Currently, the Company has completed all the requisite preparatory works for the Repurchase of H Shares in accordance with the relevant laws and regulations. After fully considering various factors such as the price of H Shares and the capital expenditure of the Company, the Company has not yet repurchased any H Shares up to the date of this announcement.

EMPLOYEES, REMUNERATION AND TRAINING

In line with its development strategies, the Company recruits more professional and technical staff at all levels, while enhancing the staff’s overall qualities and work competence through various training programmes at different levels. As at 31 December 2005, the Company has 1303 employees, of which 318 of them are management and technical staff while 985 of them are toll collection staff. 31% of the Company's staff holds tertiary or above qualifications and 83% of the administrative, financial and technical staff holds tertiary or above qualifications.

The remuneration of the Company's employees is divided into three parts, namely salary, year-end performance bonus as well as statutory and non-statutory benefits. The remuneration is determined in accordance with an overall assessment, of which salary and performance bonus are determined by their position and performance respectively so as to maintain the competitiveness of the Company. The Group has participated in an employee's retirement scheme according to relevant regulations and requirements, and also provided basic medical insurance, industrial injury insurance, unemployment insurance to its employees in accordance with the rules and regulations promulgated by the government.

The Company values staff training. During the Year the Company had organized seven centralized training, accumulated with 1182 participants. Every professional department holds different kinds of specialized training according to job requirement. The Company would develop the following works on human resources for the coming 5 years to accommodate the needs of the Company, including: strengthen the training of the combined management techniques on senior management; strengthen the execution capability of the management staff and staff; recruit and provide training to certain new middle level management and professional staff for support of overall performance of key position; improve the assessment system on performance, provide more incentive to staff participating in important projects and matters; improve the internal structure, simplify the management system, enhance the work effectiveness.

COMPLIANCE WITH THE CODE ON CORPORATE GOVERNANCE PRACTICES

Three extraordinary general meetings were held in the first half of 2005 for the approval of the Company's connected transactions. The Company did not arrange for members of the independent board committee to attend these meetings but as a transitional arrangement, the independent financial advisor appointed by the independent board committee attended these meetings to respond to questions raised by shareholders. Internal guidelines and arrangements have been made to ensure that members of the independent board committee can attend in future any general meetings to be held for the approval of connected transactions or transactions which require independent approval, so that they can respond to questions raised by shareholders. During the Reporting Period, all the provisions of the Code on Corporate Governance Practices in Appendix 14 to the Listing Rules of the HKEX have been adopted, except for those mentioned above. In addition, the codes on corporate governance currently adopted by the Company go beyond the requirements of the above Code in certain aspects. Relevant details will be set out in the section "Corporate Governance" in the 2005 annual report.

COMPLIANCE WITH THE MODEL CODE

The Securities Transaction Code of the Company has been adoped by the Board in accordance with The Model Code of the HKEX and the relevant rules of the SSE in light of the Company's actual situation, as a written guide to regulate dealings in the Company's securities by directors, supervisors and relevant staff. The standards set under the Model Code have been incorporated into the Securities Transaction Code, and after specifically inquiring with all the directors and supervisors, the Company confirms that all the directors and supervisors complied with the standards for securities transactions by directors as stipulated under the aforesaid codes during the Reporting Period.

AUDIT COMMITTEE/RESULTS REVIEW

The audit committee of the Company has reviewed and confirmed the results announcement and financial statements for the year ended 31 December 2005.

The figures in respect of the preliminary announcement of the Group's results for the year ended 31 December 2005 have been agreed by the Group's auditors, PricewaterhouseCoopers, to the amounts set out in the Group's audited consolidated financial statements for the Year. The work performed by PricewaterhouseCoopers in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by PricewaterhouseCoopers on the preliminary announcement.

DEFINITIONS

A Shares	Renminbi-denominated ordinary shares of the Company with a par value of RMB1.00 each, which were issued in the PRC and subscribed in Renminbi and are listed on SSE
Board	The board of directors of the Company
The Company, Company	Shenzhen Expressway Company Limited
Consulting Company	Shenzhen Expressway Engineering Consulting Company Limited
The Group, Group	the Company, its subsidiaries and jointly controlled entities
Guangwu Expressway	The expressway from Guangzhou City to Wuzhou City (a section from Ma 'an to Hekou) located in Guangdong Province
Guangyun Company	Yunfu Guangyun Expressway Company Limited, which owns Guangwu Expressway
GZ W2 Expressway	Guangzhou Western Second Ring Expressway located in Guangdong Province

H Shares	Overseas-listed Foreign Shares of the Company with a par value of RMB1.00 each, which were issued in Hong Kong and subscribed in Hong Kong dollars and are listed on HKEX
Hengping Project	Western Section of Hengping Class 1 Highway, located in Shenzhen City
HK$	Hong Kong dollars, the lawful currency of Hong Kong Special Administration Region of the PRC
HKEX	The Stock Exchange of Hong Kong Limited
Huayu Company	Shenzhen Huayu Expressway Investment Company Limited, which owns Shuiguan Extension
Jiangzhong Company	Guangdong Jiangzhong Expressway Company Limited, which owns Jiangzhong Expressway
Jiangzhong Expressway	The expressway from Zhongshan City to Jiangmen City and the second phase of the expressway from Jiangmen City to Heshan City located in Guangdong Province
JEL Company	Jade Emperor Limited, a Company incorporated in the Cayman Islands with limited liability, the only shareholder of the Magerk Company
Jihe East	Jihe Expressway (Eastern Section)
Jihe Expressway	Shenzhen Jihe Expressway, comprising Jihe East and Jihe West
Jihe West	Jihe Expressway (Western Section)
Listing Rules	the Rules Governing the Listing of Securities on the HKEX and/or the Rules Governing the Listing of Stocks on the SSE, as the case may be
Magerk Company	Hubei Magerk Expressway Management Private Limited, which owns the operating right of the Wuhuang Expressway
Mei Wah Company	Mei Wah Industrial (Hong Kong) Limited
Meiguan Expressway	Shenzhen Meiguan Expressway
Model Code	Appendix 10 of the Listing Rules entitled "Model code for Securities Transactions by directors of Listed Issuers"
Nanguang Expressway	Shenzhen Nanguang Expressway
Nanjing Third Bridge Company	Nanjing Yangtz River Third Bridge Company Limited, which owns Nanjing Third Bridge

Nanjing Third Bridge	Nanjing Yangtze Third Bridge, located in Nanjing City of Jiangsu Province
Nanping Project	Nanping Freeway (Phase I), located in Shenzhen City
PRC	The People's Republic of China excluding, for the purpose of this announcement, Hong Kong, Macau Special Administrative Region and Taiwan
Qinglian Class 1 Highway	Class 1 Highway from Qingyuan City to Lian Zhou City
Qinglian Company	Guangdong Qinglian Highway Development Company Limited, which owns Qinglian Class 1 Highway
Qinglian Project	Qinglian Class 1 Highway and/or its reconstruction to expressway and/or Class 2 Highway from Qingyuan City to Lian Zhou City
Qinglong Company	Shenzhen Qinglong Expressway Company Limited, which owns Shuiguan Expressway
Reporting Period, Year	for the year ended 31 December 2005
RMB	Renminbi, the lawful currency of the PRC
Shuiguan Expressway	Shenzhen Shuiguan Expressway, also known as the "No.2 Longgang Passage "
Shuiguan Extension	An extension to the Shuiguan Expressway, also known as "Qingping Expressway Phase I", located in Shenzhen City
SSE	The Shanghai Stock Exchange
Wuhuang Expressway	The expressway from Wuhan City to Huangshi City, located in Hubei Province
Yanba Expressway	Shenzhen Yantian-Bagang Expressway, comprising Yanba A, Yanba B and Yanba C
Yangmao Company	Guangdong Yangmao Expressway Company Limited, which owns Yangmao Expressway
Yangmao Expressway	The expressway from Yangjiang City to Maoming City, located in Guangdong Province
Yanpai Expressway	Shenzhen Yanpai Expressway, also known as Yantian Subsidiary Road to Jihe Expressway

Yungang Company	Hubei Yungang Transportation Development Company Limited, which owns Geputan Bridge

By Order of the Board
Yan Hai
Chairman

Shenzhen, the PRC, 31 March 2006

As at the date of this announcement, the Directors of the Company are: Mr. Yan Hai (Chairman of the Board); Mr. Wu Ya De (Director and General Manager); Mr. Li Jing Qi (Director); Mr. Wang Ji Zhong (Director); Mr. Liu Jun (Director); Mr. Lin Xiang Ke (Director); Ms. Zhang Yang (Director); Mr. Chiu Chi Cheong, Clifton (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).

A detailed annual report containing all the information required by Appendix 16 to the Listing Rules will be subsequently published on the website of The Stock Exchange of Hong Kong Limited at http://www.hkex.com.hk in due course.

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