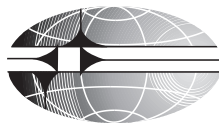


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深圳高速公路股份有限公司

**SHENZHEN EXPRESSWAY COMPANY LIMITED**

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

**(Stock Code: 0548)**

## **FIRST QUARTERLY REPORT OF 2005**

This report is published simultaneously in Hong Kong and Shanghai on 29 April 2005. This quarterly report is prepared in accordance with the China Securities Regulatory Commission regulations 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 and has not been audited. Shareholders of the Company and public investors should exercise caution when trading in shares of the Company.

### **1. IMPORTANT NOTICE**

- 1.1 The Board of Directors and the Directors of Shenzhen Expressway Company Limited (the "Company") confirm 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. Zhang Rong Xin, director, was selected by the Company to study in England and unable to attend the meeting, has appointed Mr. Wu Ya De, director, to attend the meeting on his behalf ; Ms. Zhang Yang, director, was unable to attend the meeting because she is on duty, has appointed Mr. Lin Xiang Ke, director, to attend the meeting on her behalf; Mr. Wang Ji Zhong, director, was unable to attend the meeting due to health problem, has appointed Mr. Li Jing Qi, director, to attend the meeting on his behalf; Mr. Ho Pak Cho, Denis Morgie, independent non-executive director, was unable to attend meeting due to stay in Australia, has appointed Mr. Poon Kai Leung, James, independent non-executive director, to attend the meeting on his behalf.
- 1.3 The financial statements contained in this first quarterly report of 2005 of the Company have not been audited.
- 1.4 Mr. Yang Hai, Chairman, Mr. Wu Ya De, General Manager, Ms. Gong Tao Tao, Financial Controller and Mr. Sun Bin, Finance Manager, undertake to guarantee the truthfulness and completeness of the financial statements contained in this quarterly report.

## 2. CORPORATE INFORMATION

### 2.1 Basic Information

<b>Stock Abbreviation</b>	<b>Shenzhen Expressway (A Shares)</b>	<b>Shenzhen Expressway (H Shares)</b>
<b>Stock Code</b>	600548 (A Shares)	0548 (H Shares)
	<b>Company Secretary</b>	<b>Securities Officer</b>
<b>Name</b>	Wu Qian	Gong Xin
<b>Address</b>	19/F., Tower A, United Plaza, No. 5022 Binhe Road North, Shenzhen 518033, PRC	19/F., Tower A, United Plaza, No. 5022 Binhe Road North, Shenzhen 518033, PRC
<b>Telephone</b>	755-82945608	755-82945628
<b>Fax</b>	755-82910696	755-82910696
<b>Email</b>	Secretary@sz-expressway.com	Secretary@sz-expressway.com

### 2.2 Financial Information

#### 2.2.1 Principal accounting data and financial indices

*Unit: RMB*

	<b>As at the end of the reporting period (31 Mar 2005)</b>	<b>As at the end of the previous year (31 Dec 2004)</b>	<b>Increase (decrease) at the end of the reporting period as compared to the end of the previous year</b>
Total assets	7,558,160,508.05	7,518,609,524.83	0.53%
Shareholders' funds (excluding minority interests)	6,123,476,476.95	6,023,099,835.53	1.67%
Net asset per share	2.81	2.76	1.81%
Adjusted net asset per share	2.81	2.76	1.81%

	<b>The reporting period (Jan-Mar 2005)</b>	<b>Beginning of the year to end of the reporting period (Jan-Mar 2005)</b>	<b>Increase (decrease) of the reporting period as compared to the corresponding period of the previous year</b>
Net cash flows from operating activities	132,556,825.57	132,556,825.57	18.20%
Earnings per share	0.046	0.046	11.42%
Return on equity (%)	1.64%	1.64%	Increase 0.04 percentage point
Return on equity excluding non-recurring items (%)	1.50%	1.50%	Increase 0.11 percentage point

<b>Non-recurring item (Jan-Mar 2005)</b>	<b>Amount</b>
Net loss on disposal of fixed asset	-1,841.49
Subsidy income from Government	9,213,129.55
Other non-operating income	200,512.97
Other non-operating expenses	-245,660.31
Impact of the income tax	4,810.95
<b>Total</b>	<b>9,170,951.67</b>

## 2.2.2 Income statement

*Unaudited*

*Unit: RMB*

<b>Item</b>	<i>Number</i>	<b>The reporting period (Jan-Mar 2005)</b>		<b>Corresponding period of the previous year (Jan-Mar 2004)</b>	
		<b>Consolidated</b>	<b>The Company</b>	<b>Consolidated</b>	<b>The Company</b>
1. Income from principal operations	1	185,884,878.34	67,271,753.67	150,693,257.64	52,668,870.50
Less: Costs for principal operations	2	40,330,596.74	18,317,624.74	31,497,008.50	13,979,349.71
Taxes and surcharges for principal operations	3	9,601,657.20	3,499,649.04	7,786,324.85	2,739,836.87
2. Profit from principal operations (“-” representing loss)	4	135,952,624.40	45,454,479.89	111,409,924.29	35,949,683.92
Add: Other operating profit (“-” representing loss)	5	3,116,592.33	1,531,428.63	1,580,936.12	251,677.09
Less: Operating expenses	6				
Administrative expenses	7	18,661,663.12	11,294,534.72	14,280,624.69	7,160,721.97
Finance costs	8	5,790,664.06	2,756,782.47	73,085.62	-3,212,102.28
3. Operating profit (“-” representing loss)	10	114,616,889.55	32,934,591.33	98,637,150.10	32,252,741.32
Add: Investment income (“-” representing loss)	11	-712,315.22	66,528,657.11	-1,810,604.74	52,664,971.75

Item	Number	The reporting period (Jan-Mar 2005)		Corresponding period of the previous year (Jan-Mar 2004)	
		Consolidated	The Company	Consolidated	The Company
Subsidy income	12	9,213,129.55	9,213,129.55	11,571,822.39	11,571,822.39
Non-operating income	13	204,312.97	3,800.00	523,751.65	420,125.00
Less: Non-operating expenses	14	251,301.80	15,065.80	91,467.98	41,396.60
4. Total profit ("—" representing total loss)	15	123,070,715.05	108,665,112.19	108,830,651.42	96,868,263.86
Less: Income tax	16	20,603,541.86	8,257,789.93	17,073,694.56	6,752,502.94
Minority interests (consolidated statement)	17	2,059,850.93		1,641,195.94	
Add: Unrecognized investment loss (consolidated statement)	18				
5. Net profit ("—" representing net loss)	20	100,407,322.26	100,407,322.26	90,115,760.92	90,115,760.92

### 2.3 Top Ten Holders of Shares in Circulation

*Unit: Share*

Total number of shareholders at the end of the reporting period	37,167 (Out of whom 4 were legal person shareholders holding non-circulating shares, 36,682 were holders of A shares and the remaining 481 were holders of H shares.)	
<b>Top Ten Holders of Shares in Circulation</b>		
Name of shareholder (full name)	Number of shares in circulation at the end of the reporting period	Class of shares (A, B, H or others)
HKSCC NOMINEES LIMITED (note)	729,023,398	H Shares
MERRILL LYNCH INTERNATIONAL	7,159,483	A Shares
HSBC NOMINEES (HONG KONG) LIMITED	3,832,000	H Shares
ARSENTON NOMINEES LIMITED	3,000,000	H Shares
CHINA GALAXY SECURITIES COMPANY LIMITED	2,973,371	A Shares
BANK OF CHINA — HARVEST FUND MANAGEMENT CO., LTD.	2,670,749	A Shares
BOC INTERNATIONAL INVESTMENT MANAGERS	1,852,510	A Shares
ING BANK N.V	1,599,976	A Shares
UBS LIMITED	1,500,100	A Shares
SOCIAL INSURANCE FUND PORTFOLIO 108	1,420,781	A Shares

*Note: The H Shares are held by a large number of people, the Company is not aware of any individual shareholder owning a shareholding that exceeds 5% of the total share capital of the Company.*

### 3. MANAGEMENT DISCUSSIONS AND ANALYSIS

#### 3.1 Brief analysis on the Company's overall operations during the reporting period

##### *Overall review of the Company's operations during the reporting period*

The toll highways operated by the Company and its subsidiaries and joint ventures (the "Group") include Meiguan Expressway, Jihe Expressway (Eastern Section) ("Jihe East"), Jihe Expressway (Western Section) ("Jihe West"), Shuiguan Expressway, Yanba Expressway (Sections A and B) ("Yanba Expressway") in Shenzhen; Changsha Ring Road (Northwestern Section) ("Changsha Ring Road") in Hunan; and Yungang Geputan Bridge ("Geputan Bridge") in Hubei.

During the reporting period, the operations of various major operating highways were satisfactory, with traffic volumes and toll income continuing to grow. The Group has realised an income from principal operations of RMB185.88 million, an increase of 23.35% over the corresponding period of the previous year, and a net profit of RMB100.41 million, an increase of 11.42% over the corresponding period of the previous year.

The Group's major income stream is from Meiguang Expressway, Jihe West, Jihe East, Shuiguan Expressway and Yanba Expressway, the above toll income represents 98.2% of the total principal operation revenue of the Group. During the reporting period, an overview of the toll highways in operation was as follows:

Principal Toll Highway	Share of income*	Average daily mixed traffic flow			Average daily toll revenue		
		Report period	Corresponding period last year	Change	Report period	Corresponding period last year	Change
		<i>No. of vehicles</i>	<i>No. of vehicles</i>	<i>%</i>	<i>RMB</i>	<i>RMB</i>	<i>%</i>
Meiguan Expressway	34.9%	68,882	54,565	26.24	720,548	606,756	18.75
Jihe West	32.1%	39,864	30,380	31.22	663,696	511,591	29.73
Jihe East	19.5%	51,952	38,304	35.63	402,658	301,332	33.63
Shuiguan Expressway	7.6%	41,813	33,442	25.03	156,647	132,026	18.65
Yanba Expressway	4.1%	8,399	6,905	21.64	83,768	67,188	24.68

\* The income of Jihe East and Shuiguan Expressway were proportionally consolidated by the Company according to the shareholding, 55% and 40%, respectively.

During the reporting period, the Group's principal operations are benefit from, the sustained stable growth of Pearl Delta River region, the complete implementation of the CEPA agreement and the overall development of the Pan-Pearl River Delta Economic Circle. Driven by the favorable external environment, the economy and imports and exports of Shenzhen City and its neighboring districts have been sustaining strong growing trends. Commercial exchange, goods transportation, airport passenger flow and people's traveling continued to boost demand for quality and efficient toll road services, which has caused rapid growth in the Group's toll business.

### *Explanations on other affecting factors*

The associated company of the Company owned operational toll highways including expressway from Yangjian to Maoming (“Yangmao Expressway”) and expressway from Guangzhou to Wuzhou (Maan to Hekou Section) (“Guangwu Expressway”). During the reporting period, Yangmao Expressway, which the Company owns 25% equity interest, continues to carry good performance since commencing operation, average daily toll income is approximately RMB 0.60 million, which brings approximately RMB2.38 million profit to the Group. The acquisition of 30% equity interest in Guangwu Expressway project company had been considered and approved at the first extraordinary general meeting of the Company held on 18 February 2005. At the end of the reporting period, the Company already paid all the acquisition expenses of RMB179.18 million. Guangwu Expressway commenced to operate at the end of 2004, the average daily traffic revenue is approximately RMB0.157 million, during the reporting period. The operation result of the reporting period is not recorded in the financial statements of the Group because the acquisition of the equity interest of Guangwu Expressway is not yet formerly completed.

During the reporting period, the principal operation cost increase 28% compare to the same period last year, the main reason is due to the adjustment of the wages of toll collection staff and the provisions for the Inter-road network toll collection service fee according to the Inter-road Network Toll Collection Agreement; Administrative expenses increase 31% compare to the same period of last year, the main reason is due to the auditor, evaluator, lawyer, financial advisor and other consultant fees occurred on investment project during the reporting period; financial expenses increase approximately RMB5.72 million compare to the same period of last year, the main reason is the increase of bank loan and the decrease of bank deposit, and cause the increase of interest expense and the decrease of interest income. Investment loss is the amortization of premium on acquisition of Meiguang Expressway Company etc. During the reporting period, the increase of other receivables is mainly the deposit paid on the acquisitions of highway projects.

3.1.1 Principal sectors or products representing 10% or more of the total income or total profit from principal operations

Applicable       Not applicable

(Unaudited)

Unit: RMB

<b>By sector or product</b>	<b>Income from principal operations</b>	<b>Cost for principal operations</b>	<b>Gross profit margin (%)</b>
	<b>(Jan-Mar 2005)</b>	<b>(Jan-Mar 2005)</b>	<b>(Jan-Mar 2005)</b>
Toll highway sector:	185,884,878	40,330,597	78.30%
of which: Meiguan Expressway	64,849,282	10,681,996	83.53%
Jihe West	59,732,618	9,180,068	84.63%
Jihe East	36,239,191	4,832,972	86.66%
of which: connected transactions	—	—	—

3.1.2 the seasonal or cyclical features in the Company's operations

Applicable       Not applicable

3.1.3 The Company's profit components during the reporting period (circumstances and reasons for significant changes in the proportions of profit from principal operations, profit from other operations, expenses for the reporting period, investment income, subsidy income or net amount from non-operating activities out of the total profit as compared to last reporting period)

Applicable       Not applicable

3.1.4 Circumstances and reasons for significant changes in principal business or its structure as compared to last reporting period

Applicable       Not applicable

3.1.5 Circumstances and reasons for significant changes and reasons in the profitability (gross profit margin) of the principal operations of the Company as compared to last reporting period

Applicable       Not applicable

3.2 Analysis on the impact of major events and their solutions

Applicable       Not applicable

***Associated companies investment and construction***

The construction projects of associated companies of the Company including expressway from Zhongshan to Jiangmen and expressway from Jiangmen to Heshan phase II (called

“Jiangzhong Expressway”), Nanjing Yangtz River Third Bridge (“Nanjing Third Bridge”), Guangzhou Western Second Ring Expressway (“Guangzhou West 2”) and Shuiguan Expressway extension section (“Shuiguan Extension”) as at the end of the reporting period. The situation is briefly described below:

- (1) Project Companies investment situation: The Company is according to plan or contract to inject approximately RMB 44.34 million in Jiangzhong Expressway capital investment during the reporting period, with aggregated investments totaling approximately RMB249.43 million, representing 81% of the total investment budget as at the end of the reporting period, and to inject approximately RMB 40 million in Guangzhou West 2 capital investment during the reporting period, with aggregated investments totaling approximately RMB102.5 million, representing 41% of the total investment budget as at the end of the reporting period. The Company has already completed capital investment in Nanjing Third Bridge and Shuiguan Extension in 2004.
- (2) During the reporting period, all projects’ construction progresses are smooth. Jiangzhong Expressway has about 70% of project been completed, and is expected to be completed in October 2005; Nanjing Third Bridge has about 60% of project been completed, and is expected to be completed ahead of the schedule by the end of 2005; Guangzhou West 2 has about 14% of project been completed, and is expected to be completed at the end of 2007. Shuiguan Extension is about to be completed, it would open to traffic together until the completion of government invested synchronization road in the middle of the year.

***Investment projects already signed and yet to be approved in general meetings***

- (1) The Company and its wholly owned subsidiary Mei Wah Industrial (Hong Kong) Limited (“Mei Wah Company”) entered into agreements with different parties to acquire a total of 56.28% equity interest of Guangdong Qinglian Highway Development Company Limited with RMB 1,839.20 million on 3 February 2005. The relevant announcement has been published in Shanghai Securities News and Securities Times on 16 February 2005. The Company has already sent the notice to its shareholders that the second extraordinary general meeting 2005 is to be held on 23 May 2005, to consider and if thought fit, pass the related resolutions. As at the end of the reporting period, the Company has already paid deposit of RMB 395.47 million according to the agreements.
- (2) The Company and its wholly owned subsidiary Mei Wah Company and the Company’s connected party Flywheel Investments Limited entered into agreements with different parties on 19 March 2005 to acquire effectively 100% of the equity interest of Hubei Magerk Expressway Management Private Limited for an aggregate consideration of HK\$ 1,188.42 million, the Company and Mei Wah Company acquire 55% of equity interest with consideration of HK\$ 653.63 million (RMB 692.85 million). The relevant announcement has been published in Shanghai Securities News and Securities Times on 22 March 2005. The Company has already sent the notice to its shareholders that the third extraordinary general meeting 2005 is to be held on 3 June 2005, to consider and if thought fit, pass the related resolution. As at the end of the reporting period, the Company has already paid deposit of HK\$ 10 million according to the agreement.



### ***Project Construction***

- (1) During the reporting period, Yanpai Expressway (“Yanpai Expressway”) construction progress is smooth. The capital investments injected during the reporting period is RMB82.56 million. As at the end of the reporting period, about 36% of the main construction project has been completed, and is expected to be completed at the beginning of 2006. Nanguang Expressway and Yanba Expressway section C are in the preliminary preparation work, both projects have not commenced construction during the reporting period.
- (2) As at the end of the reporting period, the Nanping Freeway Phase I project (“Nanping Project”), which the Company was appointed as project administrator, currently, about 37% of the main construction project has been completed, and is expected to be completed at the beginning of 2006. Since 2005, Shenzhen Financial Bureau pays the construction cost of Nanping Project directly to subcontractor instead of paying to the Company. Shenzhen Financial Bureau will prepay the management project fee to the Company quarterly which is calculated at 2.5% of the estimated construction cost. As at the end of the reporting period, another entrusted construction project — Hengping freeway west section (“Hengping Project”), currently, almost 10% of the main construction project has been completed. At present, the land requisitioning and demolition work relating to the Hengping Project is falling behind schedule and the completion date will be delayed. The whole project is expected to be completed in the second half of 2006. As the Company is not required by the agreement to be responsible for land requisitioning and demolition, the Company’s performance in accordance with the construction schedules as stipulated in the agreement will not be affected.

### ***Change of Directors and Supervisor***

Mr. Chen Chao, Mr. Zhong Shan Qun and Ms. Tao Hong have resigned as directors of the Company and Mr. Wang Ji Zhong has resigned as supervisor of the Company all with effect from 8 April 2005.

Mr. Yang Hai, Mr. Li Jing Qi and Mr. Wang Ji Zhong have been appointed as directors of the Company and Mr. Chen Chao has been appointed as supervisor of the Company at the 2004 annual general meeting of the Company held on 8 April 2005. Mr. Yang Hai has been appointed as the Chairman of the Company at the directors’ meeting of the Company and Mr. Chen Chao has been appointed as the Chairman of the supervisory committee of the Company at the supervisors’ meeting of the Company both held on 8 April 2005 respectively.

The relevant announcements have been published in Shanghai Securities News and Securities Times on 21 February 2005 and 11 April 2005 respectively.

### 3.3 Circumstances and reasons for changes in accounting policies, accounting estimates, scope of consolidation and significant accounting errors during the reporting period

Applicable       Not applicable

3.4 Statement made by the Board and the Supervisory Committee on the “qualified opinion” in respect of audited financial statements

Applicable       Not applicable

3.5 Profit warning with reasons on a possible reversal to losses of the accumulated net profit from the beginning of the year to the end of the next reporting period or on a substantial change when compared to the corresponding period in the previous year

Applicable       Not applicable

3.6 Ongoing adjustments by the Company on announced annual business plan or budget

Applicable       Not applicable

*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. Zhang Rong Xing (Director); Mr. Lin Xiang Ke (Director); Ms. Zhang Yang (Director); Mr. Chiu Chi Cheong, Clifton (Director); Mr. Li Jing Qi (Director); Mr. Wang Ji Zhong (Director); Mr. Ho Pak Cho, Denis Morgie (Independent non-executive Director); Mr. Li Zhi Zheng (Independent non-executive Director); Mr. Zhang Zhi Xue (Independent non-executive Director) and Mr. Poon Kai Leung, James (Independent non-executive Director).*

By Order of the Board  
**Yang Hai**  
Chairman

Shenzhen, the PRC, 28 April 2005

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