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## IMPORTANT

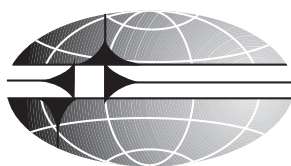
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**If you are in any doubt** as to any aspect of this circular or as to the action to be taken, you should consult your stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

**If you have sold or transferred** all your shares in Shenzhen Expressway Company Limited, you should at once hand this circular and the accompanying forms of proxy to the purchaser or the transferee or the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

The Stock Exchange of Hong Kong Limited takes no responsibility for the contents of this circular, makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this circular.

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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)**

## **PROPOSAL FOR GENERAL MANDATE TO REPURCHASE H SHARES**

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Notices convening the AGM, the H Shareholders' EGM and the Domestic Shareholders' EGM to be held at the meeting room of Shenzhen Expressway Company Limited ("the Company") at 19/F, Tower A, United Plaza, No.5022 Binhe Road North, Shenzhen, the People's Republic of China on 12 June 2006 (Monday) at 10:00 a.m., 11:00 a.m. and 11:30 a.m. respectively were published on 28 April 2006 and sent together with this circular. Forms of proxy are also enclosed. Whether or not you intend to attend the said meetings, you are requested to complete the proxy forms in accordance with the instructions printed thereon and return the same to the registrar of H shares of the Company, Hong Kong Registrars Limited, at 46th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong or to the Company at 19/F, Tower A, United Plaza, No.5022 Binhe Road North, Shenzhen, the People's Republic of China as soon as possible and in any event not less than 24 hours before the holding of the relevant meetings. Completion and return of the proxy forms will not preclude you from subsequently attending and voting at the AGM and the H Shareholders' EGM or any adjourned meeting(s) should you so wish.

28 April 2006

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## DEFINITIONS

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In this circular, the following expressions have the following meanings unless the context requires otherwise:

“AGM”	the annual general meeting of the Company to be held at the meeting room of the Company at 19/F, Tower A, United Plaza, No.5022 Binhe Road North, Shenzhen, the PRC on 12 June 2006 at 10:00 a.m. to approve, among others, the Repurchase Mandate;
“Articles of Association”	the articles of association of the Company;
“Board”	the board of directors of the Company;
“Company”	Shenzhen Expressway Company Limited, a joint stock limited company incorporated in the PRC with limited liability, the H Shares of which are listed on the Main Board;
“Company Law”	the Company Law of the PRC;
“Director(s)”	the director(s) of the Company;
“Domestic Shares”	domestic shares of nominal value of RMB1.00 each in the capital of the Company;
“Domestic Shareholders”	registered holders of Domestic Shares of the Company;
“Domestic Shareholders’ EGM”	the extraordinary general meeting of the holders of Domestic Shares of the Company to be held at the meeting room of the Company at 19/F, Tower A, United Plaza, No.5022 Binhe Road North, Shenzhen, the PRC on 12 June 2006 at 11:30 a.m. to approve the Repurchase Mandate;
“Foreign Shares”	Shares issued by the Company, the par value of which is denominated in RMB, and which are subscribed for in a currency other than RMB;
“H Share(s)”	overseas listed Foreign Share(s) of nominal value of RMB1.00 each in the capital of the Company which are listed on the Stock Exchange and subscribed for in HK\$;
“H Shareholders”	registered holders of H Shares of the Company;
“H Shareholders’ EGM”	the extraordinary general meeting of the holders of overseas listed Foreign Shares of the Company to be held at the meeting room of the Company at 19/F, Tower A, United Plaza, No.5022 Binhe Road North, Shenzhen, the People’s Republic of China on 12 June 2006 at 11:00 a.m. to approve the Repurchase Mandate;

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## DEFINITIONS

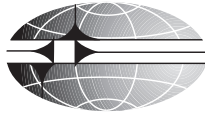
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“Hong Kong”	the Hong Kong Special Administrative Region of the PRC;
“Latest Practicable Date”	21 April 2006, being the latest practicable date of ascertaining certain information contained in this circular prior to its publication;
“Listing Rules”	the Rules Governing the Listing of Securities on the Main Board of the Stock Exchange;
“Main Board”	the stock market operated by the Stock Exchange prior to the establishment of the Growth Enterprise Market (“GEM”) (excluding the options market) and which stock market continues to be operated by the Stock Exchange in parallel with GEM and for the avoidance of doubt, excludes GEM;
“PRC”	The People’s Republic of China which, for the purpose of this circular, excludes Hong Kong, the Macau Special Administrative Region of the PRC and the Taiwan region;
“Repurchase Mandate”	subject to the conditions set out in the proposed resolution approving the repurchase mandate at AGM, H Shareholders’ EGM and Domestic Shareholders’ EGM, the general mandate to exercise the power of the Company to repurchase H Shares with an aggregate nominal value not exceeding 10% of the aggregate nominal value of H Shares in issue of the Company as at the date of the said resolution;
“SAFE”	State Administration of Foreign Exchange of the PRC;
“Shares”	Domestic Shares and H Shares;
“Shareholder(s)”	registered Domestic Shareholders and H Shareholders of the Company;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Takeovers Code”	The Hong Kong Code on Takeovers and Mergers and Share Repurchases;
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong;
“RMB”	Renminbi, the lawful currency of the PRC; and
“%”	per cent.

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## LETTER FROM THE BOARD

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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)**

***Executive Directors:***

Mr. Yang Hai (*Chairman*)

Mr. Wu Ya De (*General Manager*)

***Non-executive Directors:***

Mr. Li Jing Qi

Mr. Wang Ji Zhong

Mr. Liu Jun

Mr. Lin Xiang Ke

Ms. Zhang Yang

Mr. Chiu Chi Cheong, Clifton

***Independent non-executive Directors:***

Mr. Li Zhi Zheng

Mr. Zhang Zhi Xue

Mr. Poon Kai Leung, James

Mr. Wong Kam Ling

***Legal Address:***

19/F., Tower A

United Plaza

5022 Binhe Road North

Shenzhen 518033

PRC

***Place of business in Hong Kong:***

Suites 2911-2912

29th Floor Two International Finance Centre

No. 8 Finance Street

Central

Hong Kong

28 April 2006

*To Shareholders*

Dear Sir or Madam,

### **PROPOSAL FOR GENERAL MANDATE TO REPURCHASE H SHARES**

#### **INTRODUCTION**

The Listing Rules contain certain provisions regulating the repurchase by companies with primary listing on the Stock Exchange of their own shares on the Stock Exchange. The purpose of this circular is to provide you with information relating to the special resolutions to be proposed at the forthcoming AGM, H Shareholders' EGM and Domestic Shareholders' EGM to grant the Directors a general mandate to exercise the power of the Company to undertake repurchases of the Company's fully paid-up H Shares not exceeding 10% of the aggregate nominal value of H Shares in issue of the Company on the date of passing such special resolutions.

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## LETTER FROM THE BOARD

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The Company Law (to which the Company is subject) provides that a joint stock limited company incorporated in the PRC may not repurchase its shares unless such repurchase is effected for the purpose of (a) reducing its share capital; (b) granting shares as reward to the staff of the company; (c) in connection with a merger between itself and another entity that holds its shares; or (d) the repurchase is made at the request of its shareholders who disagree with shareholders' resolutions in connection with a merger or division. The Company's Articles of Association provides that subject to obtaining the approval of the relevant regulatory authorities and compliance with the Articles of Association, share repurchases may be effected by the Company for the purpose of reducing its share capital or in connection with a merger between itself and another entity that holds its shares or in circumstances permitted by law or administrative regulations.

The Listing Rules permit shareholders of a PRC joint stock limited company to grant a general mandate to the Directors to repurchase H shares of such company that are listed on the Stock Exchange. Such mandate is required to be given by way of a special resolution passed by shareholders in general meeting and special resolutions passed by holders of domestic shares and overseas listed Foreign Shares in separate meetings.

As H Shares are traded on the Stock Exchange in HK\$ and the price payable by the Company upon any repurchase of H Shares will, therefore, be paid in HK\$, the approval of the Shenzhen branch of SAFE is required.

In accordance with the requirements of Article 25 of the Articles of Association applicable to capital reduction, the Company will have to notify its creditors of the passing of such special resolution and the reduction to the registered capital of the Company that would occur should the Directors decide to exercise the Repurchase Mandate. Such notification has to be given in writing to the Company's creditors within 10 days after the passing of such special resolution and also by way of the publication on 3 occasions of a press announcement within 30 days after the passing of such special resolution. Creditors then have a period of up to 30 days after the Company's written notification or if no such notification has been received, up to 90 days after the first publication of the press announcement to require the Company to repay amounts due to them or to provide guarantees in respect of such amounts.

### **CONDITIONS TO REPURCHASE H SHARES**

In order to ensure flexibility and discretion to the Directors in the event that it becomes desirable to repurchase any H Shares (including where such repurchase may lead to an enhancement of the net asset value per H Share and/or the earnings per H Share), approval is being sought from the shareholders of the Company for a conditional general mandate to repurchase H Shares in issue. In accordance with the legal and regulatory requirements described above, the Directors will convene the AGM, the H Shareholders' EGM and the Domestic Shareholders' EGM. At each such meeting, a special resolution will be proposed to grant to the Directors a conditional general mandate to purchase H Shares in issue on the Stock Exchange with an aggregate nominal value not exceeding 10% of the aggregate nominal value of H Shares in issue of the Company as at the date of the passing of such resolution. The Repurchase Mandate will be conditional upon (a) the special resolution approving the grant of the Repurchase Mandate being approved at each of the AGM, the H Shareholders' EGM and the Domestic Shareholders' EGM; (b) the approvals of the SAFE and any other regulatory authorities

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## **LETTER FROM THE BOARD**

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as required by the laws, rules and regulations of the PRC being obtained; and (c) the Company not being required by any of its creditors to repay or to provide guarantee in respect of any amount due to any of them (or if the Company is so required by any of its creditors, the Company having, in its absolute discretion, repaid or provided guarantee in respect of such amount) pursuant to the notification procedure under Article 25 of the Articles of Association as described above. If the Company determines to repay any amount to any of its creditors in circumstances described under condition (c), it expects to do so out of its internal resources. If the conditions are not fulfilled, the Repurchase Mandate will not be exercisable by the Directors.

### **REPURCHASE MANDATE**

A special resolution will be proposed at the AGM, H Shareholders' EGM and Domestic Shareholders' EGM to grant to the Directors the Repurchase Mandate, details of which are set out in resolution numbered 8 of the notice of the AGM, resolution in the notice of H Shareholders' EGM and resolution in the notice of the Domestic Shareholders' EGM. The H Shares which may be repurchased pursuant to the Repurchase Mandate shall not exceed 10% of the aggregate nominal value of H Shares in issue of the Company as at the date of passing of the resolutions approving the Repurchase Mandate.

An explanatory statement giving certain information regarding the Repurchase Mandate, is set out in the Appendix to this circular.

### **AGM, H SHAREHOLDERS' EGM AND DOMESTIC SHAREHOLDERS' EGM**

The notices convening the AGM, H Shareholders' EGM and Domestic Shareholders' EGM at which the special resolutions mentioned above will be proposed to approve the Repurchase Mandate were published on 28 April 2006.

### **PROCEDURES FOR DEMANDING A POLL BY SHAREHOLDERS**

Pursuant to article 71 of the Articles of Association of the Company, a general meeting shall be voted by shows of hands unless a poll is demanded by the following person before or after any vote by show of hands:

- (1) the chairman of the meeting;
- (2) at least two shareholders entitled to vote in person or by proxy; and
- (3) one or more shareholders present in person or by proxy representing in aggregate 10% or more of all shares carrying the right to vote at the meeting.

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## LETTER FROM THE BOARD

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### RECOMMENDATION

The Directors consider that the granting of the Repurchase Mandate is in the best interests of the Company and its Shareholders and accordingly recommend that all Shareholders and H Shareholders should vote in favour of the aforesaid resolution to be proposed at the AGM and H Shareholders' EGM.

By order of the Board  
**Shenzhen Expressway Company Limited**  
**Yang Hai**  
*Chairman*



In accordance with the Listing Rules, this appendix also serves as the explanatory statement, to provide you with requisite information reasonably necessary to enable you to make an informed decision on whether to vote for or against resolution numbered 8 (as a special resolution) to be proposed at the AGM, resolution (as a special resolution) proposed at the H Shareholders' EGM and resolution (as a special resolution) proposed at the Domestic Shareholders' EGM.

## **SECURITIES REPURCHASE MANDATE**

### **Reasons for Repurchase H Shares**

Although the Directors have no present intention of repurchasing any H Shares, they believe that the flexibility afforded by the Repurchase Mandate would be beneficial to and in the best interest of the Company and its Shareholders. Such repurchases may, depending on market conditions and funding arrangements at such time, lead to an enhancement of the net asset value and/or earnings per Share of the Company. Such repurchases will only be made when the Directors believe that such repurchases will benefit the Company and its Shareholders.

### **Registered Capital**

As at the Latest Practicable Date, the registered capital of the Company was RMB2,180,700,000 comprising 747,500,000 H Shares of RMB1.00 each and 1,433,200,000 Domestic Shares of RMB1.00 each.

### **Exercise of the Repurchase Mandate**

Subject to the passing of special resolution numbered 8 set out in the notice of AGM, the special resolution approving the grant to the Directors of the Repurchase Mandate in the H Shareholders' EGM and Domestic Shareholders' EGM respectively, the Directors will be granted the Repurchase Mandate until the end of the Relevant Period (as defined in special resolution numbered 8 and special resolution set out in the notices of the AGM and H Shareholders' EGM respectively). The exercise of the Repurchase Mandate is subject to the approvals of the regulatory authorities as required by the laws, rules and regulations of the PRC being obtained and to the Company not being required by any of its creditors to repay or to provide guarantee in respect of any amount due to any of them (or if the Company is so required by any of its creditors, the Company having, in its absolute discretion, repaid or provided guarantee in respect of such amount) pursuant to the notification procedure under Article 25 of the Articles of Association.

The exercise in full of the Repurchase Mandate (on the basis of 747,500,000 H Shares in issue as at the Latest Practicable Date) would result in up to 74,750,000 H Shares (representing 10% of the total issued H Shares of the Company assuming there is no issue or repurchase of H Shares from the Latest Practicable Date up to the date of the AGM) being repurchased by the Company during the Relevant Period.

### **Funding of Repurchases**

In repurchasing its H Share, the Company intends to apply funds from the Company's internal resources (which may include surplus funds and retained profits) legally available for such purpose in accordance with the Articles of Association and the applicable laws, rules and regulations of the PRC.

The Company is empowered by its Articles of Association to purchase its H Shares. Any repurchases by the Company may only be made out of either the capital paid up on the relevant shares to be repurchased, or the funds of the Company that would otherwise be available for dividend or distribution or out of the proceeds of a new issue of shares made for such purpose or from sums standing to the credit of the share premium account of the Company. Under PRC laws, H Shares so repurchased will be treated as cancelled and the Company's registered capital will be reduced by an amount equivalent to the aggregate nominal value of the H Shares so cancelled. The Company may not purchase securities on the Stock Exchange for a consideration other than cash or for settlement otherwise than in accordance with the trading rules of the Stock Exchange from time to time.

## **GENERAL**

There might be material adverse impact on the working capital or gearing position of the Company (as compares with the position disclosed in the audited accounts contained in the 2005 Annual Results Announcement of the Company for the year ended 31 December 2005) in the event that the Repurchase Mandate is to be exercised in full at any time during the proposed repurchase period. However, the Directors do not propose to exercise the Repurchase Mandate to such extent as would, in the circumstances, have a material adverse effect on the working capital requirements of the Company or the gearing levels which in the opinion of the Directors are from time to time appropriate for the Company. The number of H Shares to be repurchased on any occasion and the price and other terms upon which the same are repurchased will be decided by the Directors at the relevant time having regarded to the circumstances then prevailing, in the best interests of the Company.

The Directors have undertaken to the Stock Exchange that, so far as the same may be applicable, they will exercise the powers of the Company to make purchases under the Repurchase Mandate in accordance with the Listing Rules, the Articles of Association and the applicable laws, rules and regulations of the PRC.

**H SHARES PRICES**

The highest and lowest prices at which the H Shares have been traded on the Stock Exchange during each of the twelve months preceding the Latest Practicable Date were as follows:

	<b>Highest</b> <i>HK\$</i>	<b>Lowest</b> <i>HK\$</i>
2005		
April	2.850	2.625
May	2.900	2.775
June	2.925	2.775
July	3.025	2.850
August	3.025	2.850
September	2.925	2.675
October	2.750	2.300
November	2.625	2.375
December	2.600	2.425
2006		
January	2.975	2.525
February	3.075	2.875
March	3.175	2.875
April (as at 21 April 2006)	3.950	3.125

**H SHARE PURCHASED BY THE COMPANY**

No purchase of H Shares has been made by the Company within 6 months preceding the date of this circular (whether on the Stock Exchange or otherwise).

**DISCLOSURE OF INTERESTS**

If as a result of a share repurchase by the Company, a substantial shareholder's proportionate interest in the voting rights of the Company increases, such increase will be treated as an acquisition for the purpose of the Takeovers Code. Accordingly, a shareholder, or group of shareholders acting in concert, could obtain or consolidate control of the Company or become obligated to make a mandatory offer in accordance with Rule 26 of the Takeovers Code.

As at the Latest Practicable Date, Xin Tong Chan Development (Shenzhen) Co., Ltd., (formerly known as Shenzhen Freeway Development Company) whose interest in the Company is notifiable under Part XV (Disclosure of Interests) of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), held directly or indirectly approximately 30.03% of the Company's total registered capital. In the event that the Directors exercised in full the power to repurchase H Shares in accordance with the terms of the Repurchase Mandate proposed at the AGM, H Shareholders' EGM

and Domestic Shareholders' EGM, the total interests of Xin Tong Chan Development (Shenzhen) Co., Ltd. in the total registered capital of the Company would be increased to approximately 31.09%. The Directors are not aware of any consequences which will arise under the Takeovers Code and/or any similar applicable law, as a result of any purchases to be made under the Repurchase Mandate. Moreover, the Directors will not make share repurchase on the Stock Exchange if the result of the repurchase would be that less than 25% of the total registered capital of the Company would be in the public hands.

None of the Directors nor, to the best of their knowledge, having made all reasonable enquiries, any of their associates (as defined in the Listing Rules) presently intends to sell H Shares to the Company under the Repurchase Mandate in the event that the Repurchase Mandate is approved by the Shareholders and the conditions to which the Repurchase Mandate is subject are fulfilled.

The Company has not been notified by any connected persons (as defined in the Listing Rules) of the Company that they have a present intention to sell any H Shares to the Company, or that they have undertaken not to sell any H Shares held by them to the Company in the event that the Repurchase Mandate is approved by its Shareholders and the conditions to which the Repurchase Mandate is subject are fulfilled.