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SHENZHEN EXPRESSWAY COMPANY LIMITED

深圳高速公路股份有限公司

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

CONNECTED TRANSACTION

On 14 December 2001, Airport-Heao, a 55% subsidiary of the Company, entered into the Agreement with Shenzhen Freeway in relation to the disposal by Airport-Heao of its 5% equity interest in Meiguan at a consideration of RMB75,061,566 (approximately HK\$70,812,798).

Shenzhen Freeway is the controlling shareholder holding approximately 32.49% of the existing issued share capital of the Company and is considered as a connected person under the Listing Rules. Therefore, the Agreement constitutes a connected transaction for the Company under the Listing Rules. However, as consideration and value of the disposal fall within Rule 14.25(1) of the Listing Rules, shareholders' approval of the Company is not required for the disposal. Details of the disposal required under the Listing Rules will be included in the next published annual report and accounts of the Company.

THE AGREEMENT

Date : 14 December 2001
Vendor : Airport-Heao
Purchaser : Shenzhen Freeway

Asset to be disposed of

5% equity interest in Meiguan currently owned by Airport-Heao together with all undistributed income of Meiguan attributable to such 5% equity interest on or after 1 July 1999.

Information on Meiguan

Meiguan is a company incorporated in the PRC and is currently owned as to 5% equity interest by Airport-Heao and 95% equity interest by the Company. It is principally engaged in the operation and management of Meiguan Expressway in Shenzhen, the PRC. Upon completion of the disposal, the Company will hold 95% equity interest in Meiguan.

The audited net asset value of Meiguan as at 31 December 2000 was RMB434,142,972.72 (approximately HK\$409,568,842).

Based on the audited financial statements of Meiguan, which were prepared in accordance with Hong Kong generally accepted accounting standards, the audited net profit of Meiguan before and after taxation and extraordinary items for the year ended 31 December 2000 were approximately RMB95,139,958 (approximately HK\$89,754,678) and approximately RMB95,139,958 (approximately HK\$89,754,678) respectively, whereas the audited net profit of Meiguan before and after taxation and extraordinary items for the year ended 31 December 1999 were approximately RMB86,926,420 (approximately HK\$82,006,057) and RMB86,926,420 (approximately HK\$82,006,057) respectively.

Consideration and payment term

The consideration of RMB75,061,566 (approximately HK\$70,812,798) shall be payable in cash on or before 18 December 2001.

The consideration was agreed after arm's length negotiation between Airport-Heao and Shenzhen Freeway on normal commercial terms. The consideration is equivalent to the aggregate of the original consideration paid by Airport-Heao for the acquisition of the 5% equity interest in Meiguan on 1 July 1999 plus the interest accrued from 1 July 1999 up to 18 December 2001 (chargeable at a rate of 6.8% per year), the date on which the disposal under the Agreement is expected to be completed after deducting the profits distributed to Airport-Heao by Meiguan during the period as mentioned above. The directors of the Company (including the independent non-executive directors) consider the terms of the disposal to be fair and reasonable and of commercial benefits to the Company.

REASON FOR DISPOSAL

The disposal of the 5% equity interest in Meiguan would enable (1) Airport-Heao to realize its investment in Meiguan and the entire proceeds will be used for repayment of the advance made by the joint venture partners of Airport-Heao that were used for the purchase of the shares of Meiguan and (2) Meiguan to maintain its legal entity status as it is required under PRC laws that a legal entity must have at least two shareholders. By maintaining its legal entity status, Meiguan shall continue to enjoy preferential tax policy.

GENERAL

The Company is principally engaged in the investment, construction, operation and management of the toll highways and expressways in the PRC. Shenzhen Freeway is the controlling shareholder holding approximately 32.49% of the existing issued share capital of the Company and is considered as a connected person under the Listing Rules. Therefore, the Agreement constitutes a connected transaction for the Company under the Listing Rules. However, as the consideration and value of the disposal fall within Rule 14.25(1) of the Listing Rules, shareholders' approval of the Company is not required for the disposal. Details of the disposal required under the Listing Rules will be included in the next published annual reports and accounts of the Company.

DEFINITIONS

"Agreement"	the agreement dated 14 December 2001 entered into by Airport-Heao and Shenzhen Freeway in relation to the disposal by Airport-Heao of its 5% equity interest in Meiguan
"Airport-Heao"	Shenzhen Airport-Heao Expressway (Eastern Section) Company Limited (深圳機荷高速公路東段有限公司), a Sino-foreign joint venture incorporated in the PRC with limited liability, as to 55% owned by the Company and as to 45% by Intersafe Investment Limited which is a wholly owned subsidiary of Road King Infrastructure Limited
"Company"	Shenzhen Expressway Company Limited (深圳高速公路股份有限公司), a joint stock limited company incorporated in the PRC with limited liability whose H shares are listed on the Stock Exchange

"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange
"Meiguan"	Shenzhen Meiguan Highway Company Limited (深圳梅觀高速公路有限公司), a company incorporated in the PRC with limited liability
"PRC"	the People's Republic of China
"RMB"	Renminbi, the lawful currency of the PRC
"Shenzhen Freeway"	Shenzhen Freeway Development Company Limited (深圳市高速公路開發有限公司), a company incorporated in the PRC with limited liability
"Stock Exchange"	The Stock Exchange of Hong Kong Limited

By Order of the Board
Zhang Rong Xing
Director & Company Secretary

Shenzhen, the PRC, 14 December 2001

Note: For the purpose of this announcement, the exchange rate between HK\$ and RMB at HK\$1.00 to RMB1.06 is used.

Please also refer to the published version of this announcement in the South China Morning Post.