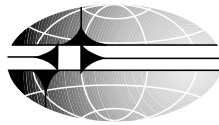


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深圳高速公路股份有限公司
SHENZHEN EXPRESSWAY COMPANY LIMITED

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

(Stock Code: 0548)

THIRD QUARTERLY REPORT OF 2005

This report is published simultaneously in Hong Kong and Shanghai on 31 October 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 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 The financial statements contained in the third quarterly report of 2005 of the Company have not been audited.
- 1.3 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

Stock Abbreviation	Shenzhen Expressway (A Shares)	Shenzhen Expressway (H Shares)
Stock Code	600548 (A Shares)	0548 (H Shares)
	Company Secretary	Securities Officer
Name	Wu Qian	Gong Xin
Address	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
Telephone	755-82945608	755-82945628
Fax	755-82910696	755-82910696
Email	secretary@sz-expressway.com	secretary@sz-expressway.com

2.2 Financial Information (prepared in accordance with PRC accounting standards)

2.2.1 Principal accounting data and financial indices

Unit: RMB

	As at the end of the reporting period (30 Sep 2005)	As at the end of the previous year (31 Dec 2004)	Increase/(decrease) at the end of the reporting period as compared to the end of the previous year
Total assets	9,867,025,739.59	7,518,609,524.83	31.23%
Shareholders' funds (excluding minority interests)	6,089,629,535.04	6,023,099,835.53	1.10%
Net assets per share	2.79	2.76	1.10%
Adjusted net assets per share	2.79	2.76	1.10%

	The reporting period (Jul-Sep 2005)	Beginning of the year to end of the reporting period (Jan-Sep 2005)	Increase/(decrease) of the reporting period as compared to the corresponding period of the previous year
Net cash flows from operating activities		464,330,927.48	
Earnings per share	0.046	0.141	-8.41%
Return on equity (%)	1.63	5.04	Decrease 0.23 percentagepoint
Return on equity excluding non-recurring items (%)	1.38	4.53	Decrease 0.42 percentagepoint

Non-recurring items (Jan-Sep 2005)	Amount
Net gain on disposal of fixed assets	63,512.16
Subsidy income	31,068,617.59
Other non-operating income	6,221.95
Other non-operating expenses	(23,596.96)
Income tax effect	4,878.80
Total	31,119,633.54

2.2.2 Income statement

Income Statement (1)

Unaudited

Unit: RMB

Item	The reporting period (Jul-Sep 2005)		Corresponding period of the previous year (Jul-Sep 2004)	
	Consolidated	The Company	Consolidated	The Company
1. Income from principal operations	255,163,664.16	87,192,793.38	192,189,063.48	68,723,824.64
Less: Costs for principal operations	52,632,360.89	21,223,637.49	38,188,987.11	15,557,459.72
Taxes and surcharges on principal operations	7,895,119.39	2,720,415.16	9,911,316.36	3,557,635.09

Item	The reporting period (Jul-Sep 2005)		Corresponding period of the previous year (Jul-Sep 2004)	
	Consolidated	The Company	Consolidated	The Company
2. Profit from principal operations	194,636,183.88	63,248,740.73	144,088,760.01	49,608,729.83
Add: Other operating profit	1,927,813.90	90,954.94	12,359,608.39	11,195,275.34
Less: Administrative expenses	22,078,987.74	11,660,535.33	18,096,126.76	12,965,709.52
Finance expenses	42,809,417.99	23,185,152.84	6,487,900.46	3,980,902.94
3. Operating profit	131,675,592.05	28,494,007.50	131,864,341.18	43,857,392.71
Add: Investment gain (“-” representing loss)	-17,695,688.18	70,489,186.22	-2,261,743.27	68,494,663.45
Subsidy income	15,233,250.84	10,494,600.84	7,499,995.30	7,499,995.30
Non-operating income	5,493.11	—	70,751.90	70,400.00
Less: Non-operating expenses	8,128.66	935.00	6,117,549.68	3,687,311.73
4. Total profit	129,210,519.16	109,476,859.56	131,055,795.43	116,235,139.73
Less: Income tax	27,059,961.42	10,055,495.43	20,308,392.59	7,680,346.74
Minority interests (consolidated statement)	2,729,193.61	—	2,192,609.85	—
5. Net profit	99,421,364.13	99,421,364.13	108,554,792.99	108,554,792.99

Income Statement (2)

Unaudited

Unit: RMB

Item	Beginning of the year to end of the reporting period (Jan-Sep 2005)		Corresponding period of the previous year (Jan-Sep 2004)	
	Consolidated	The Company	Consolidated	The Company
1. Income from principal operations	654,662,668.39	234,051,021.49	512,816,523.31	181,926,202.06
Less: Costs for principal operations	138,251,704.70	60,136,021.83	104,762,673.86	46,029,850.14
Taxes and surcharges on principal operations	27,024,530.88	9,780,535.58	26,492,476.82	9,461,233.70
2. Profit from principal operations	489,386,432.81	164,134,464.08	381,561,372.63	126,435,118.22
Add: Other operating profit	6,855,675.30	1,570,773.06	16,261,437.75	12,385,224.68
Less: Administrative expenses	62,000,210.60	36,683,496.90	46,208,926.76	27,718,045.43
Finance expenses (“-” representing income)	59,800,186.49	34,327,684.82	7,001,270.10	-1,194,891.24
3. Operating profit	374,441,711.02	94,694,055.42	344,612,613.52	112,297,188.71
Add: Investment gain (“-” representing loss)	-20,455,769.61	213,351,948.33	-6,160,281.83	181,643,524.26
Subsidy income	31,068,617.59	26,329,967.59	27,124,699.51	27,124,699.51
Non-operating income	123,139.20	84,137.50	589,555.00	485,375.00
Less: Non-operating expenses	77,002.05	19,659.04	7,911,745.48	3,734,208.33
4. Total profit	385,100,696.15	334,440,449.80	358,254,840.72	317,816,579.15
Less: Income tax	70,905,799.54	27,470,806.27	56,129,556.28	21,778,436.29
Minority interests (consolidated statement)	7,225,253.08	—	6,087,141.58	—
5. Net profit	306,969,643.53	306,969,643.53	296,038,142.86	296,038,142.86

2.3 Total number of shareholders and top ten holders of listed shares of the Company at the end of the reporting period

Unit: Share

Total number of shareholders at the end of the reporting period	34,706 (Out of whom 4 were legal person shareholders holding unlisted shares, 34,237 were holders of A shares and the remaining 465 were holders of H shares.)	
Top Ten Holders of Listed Shares (Note 1)		
Name of shareholder (full name)	Number of listed shares held at the end of the reporting period	Class of shares (A, B, H or others)
HKSCC NOMINEES LIMITED (Note2)	728,579,398	H Shares
Xing He Securities Investment Fund	7,319,886	A Shares
Yu Long Securities Investment Fund	4,712,850	A Shares
HSBC NOMINEES (HONG KONG) LIMITED	3,842,000	H Shares
Bank of China — Harvest Fund Management Co. Ltd.	3,721,430	A Shares
ARSENTON NOMINEES LIMITED	3,000,000	H Shares
China Galaxy Securities Company Limited	2,973,371	A Shares
Shenyin Wanguo-HSBC-Merrill Lynch International	2,432,568	A Shares
China Merchant Bank Limited-CITIC Classics Portfolio Securities Investment Fund	2,432,380	A Shares
China Merchant Securities-Chartered-ING BANK N.V.	2,340,776	A Shares

Note 1 The top ten holders of listed shares of the Company as at 30 September 2005 is based on the shareholders' registers provided by the share registrar and transfer offices of Hong Kong and PRC.

Note 2: The H shares held by HKSCC Nominees Limited were held on behalf of various clients.

3. MANAGEMENT DISCUSSION AND ANALYSIS

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

(1) *Operating results*

The toll highways operated by the Company, its subsidiaries and joint ventures (the "Group") include Meiguan Expressway, Jihe East, Jihe West, Shuiguan Expressway, Yanba Expressway, Wuhuang Expressway, Changsha Ring Road and Geputan Bridge.

During the third quarter of 2005, the operations of various major toll highways were satisfactory, with traffic volumes and toll revenue continuing to grow. The Group recorded income from principal operations of RMB255,163,664, representing an increase of 32.76% over the corresponding period of the previous year. The Group's major sources of income were derived from Meiguang Expressway, Jihe West, Jihe East, Wuhuang Expressway, Shuiguan Expressway and Yanba Expressway, and the toll revenues generated by them represented 98.63% of the total income from principal operations of the Group. During the reporting period, an overview of the principal toll highways in operation was as follows:

Principal Toll Highway	Percentage of income from principal operations of the Group**	Average daily mixed traffic flow			Average daily toll revenue		
		Reporting period	Corresponding period last year	Change	Reporting 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	30.03%	80,234	69,596	15.28	833,004	767,486	8.53
Jihe West	29.09%	51,747	37,954	36.34	806,709	643,783	25.30
Jihe East	16.29%	59,398	47,408	25.29	821,549	679,293	20.94
Wuhuang Expressway*	9.91%	22,206	N/A	N/A	753,783	N/A	N/A
Shuiguan Expressway	8.22%	59,736	42,845	39.42	569,757	412,598	38.09
Yanba Expressway	5.09%	13,911	11,301	23.10	141,039	103,215	36.64

* Income from Wuhuang Expressway has been proportionately consolidated with the Group as from August 2005 upon completion of the acquisition.

** The principal operating income of Jihe East, Wuhuang Expressway and Shuiguan Expressway were proportionately consolidated according to the shareholdings of 55%, 55% and 40% respectively held by the Company.

During the reporting period, spurred by the macro environment of China's continuous and steady growth, the Group sustained steady growth in both traffic volume and toll revenue from its various toll highways. Average daily mixed traffic flow and toll revenue from various toll highways in Shenzhen area recorded an increase of 26.74% and 21.70%, respectively. During the reporting period, the Company completed the acquisition of 55% interest in Wuhuang Expressway, which has strengthened the operation scale and profit base of the Group. During the reporting period, RMB25.289 million of income from principal operations and RMB18.145 million of profit from principal operations of the Group were contributed by Wuhuang Expressway. In July 2005, Shuiguan Extension was completed and opened to traffic. It has enabled Shuiguan Expressway and the adjacent highways to form a road network, creating a positive effect in boosting the traffic volume on Shuiguan Expressway.

(2) *Brief analysis of operating results*

During the reporting period, the Group recorded a net profit of RMB99,421,364, representing a decrease of 8.41% as compared to the corresponding period of the previous year. The decrease was mainly attributed to the increase of finance costs and the amortization of investment difference arising from equity investment. During the first 9 months of 2005, the Group recorded a net profit of RMB306,969,644, representing an increase of 3.69% as compared to the corresponding period of the previous year.

During the last two years, the Group has substantially increased its external investments. With the occurrence of various capital expenditures according to the plans, bank loans of the Group have increased significantly whilst bank deposits have reduced, resulting in an increase of interest expenses and loan arrangement fees and a reduction of interest income. During the reporting period, the finance costs of the Group increased by approximately RMB36.322 million as compared to the corresponding period of the previous year.

During the reporting period, the item "investment gain" of the Income Statement recorded a loss of RMB17.695 million, which is primarily attributable to the amortization of investment difference arising from equity investment of RMB13.564 million for new investments made in Qinglian Company and Jade Emperor Limited. During the reporting period, under the equity accounting method, the Company shared the results of associated companies of Yangmao Company, Qinglian Company and Guangyun Company, respectively for profit of RMB1.149 million, profit of RMB131,000 and loss of RMB459,000.

Moreover, during the reporting period, the Company recognized a subsidy income of RMB10.309 million arising from government grants received from the Shenzhen Municipal Government as the compensation for the cancellation of preferential tax rates.

(3) *Projects under construction*

The toll highway assets under construction and planning of the Group and its associated companies include Yanpai Expressway, Nanguang Expressway, Shuiguan Extension, Yanba C, Jiangzhong Expressway, Nanjing Third Bridge, Guangzhou Western Second Ring and the re-construction of Qinglian Class 1 Highway into an expressway. Relevant information and the plans of these projects were set out in the Company's Annual Report 2004 and Interim

Report 2005. During the reporting period, the progress of various projects went smooth. Shuiguan Extension was opened to traffic in July 2005 and commenced operation on 25 October 2005. Nanjing Third Bridge was opened to traffic and commenced operation on 7 October 2005, and Jiangzhong Expressway is expected to be completed in the fourth quarter of 2005.

(4) *Entrusted construction management services*

As per the progress of the project, the west section of Nanping Project, for which the Company was appointed as project administrator, is expected to be completed in November 2005 and the whole project is expected to be fully completed by mid-2006. As at the end of the reporting period, another entrusted construction project, the Hengping Project, has been 20% completed as per the progress of the physical completion of the project.

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

By sector or product	Income from principal operations (Jul-Sep 2005)	Cost for principal operations (Jul-Sep 2005)	Gross profit margin (%) (Jul-Sep 2005)
Toll highway sector:	255,163,664.16	52,632,360.89	79.37
of which: Meiguan Expressway	76,636,341.26	11,734,667.68	84.69
Jihe West	74,217,214.08	10,873,374.43	85.35
Jihe East	41,570,379.44	5,534,202.62	86.69
Wuhuang Expressway	25,289,409.77	6,385,566.37	74.75

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 gain, subsidy income or net amount from non-operating activities out of the total profit as compared to last reporting period)

Applicable Not applicable

Owing to the increase in bank loans, interest expenses and finance costs increased accordingly during the reporting period. The proportion of finance expenses to total profits during the reporting period stood at 33.13%. During the first half of the year, the proportion of finance expenses to total profits was 6.64%, representing an increase of 26.49 percentage points for the reporting period.

Because of the amortization of investment difference arising from equity investment for Qinglian Company and the newly acquired Jade Emperor Limited, the proportion of amount recorded on the item “investment gain” of the Income Statement to total profits was -13.70% during the reporting period and the proportion of the same was -1.08% during the first half of the year, the increase for the reporting period represents a rise of 12.62 percentage points.

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

Applicable Not applicable

3.2 Analysis on major events, their impact and their solutions

Applicable Not applicable

- (1) Pursuant to the requirements of the regulatory authorities as well as the practical situation of the Company, during the reporting period, the Company amended its Articles of Association. For details, please refer to the announcements published on 8 July 2005 and 29 August 2005, respectively. (The relevant announcements were published in “Shanghai Securities News”, “Securities Times”, “Hong Kong Economic Times” and “The Standard”. Same publications were used for the following announcements).
- (2) During the reporting period, the Company completed the acquisition of 55% interests in Wuhuang Expressway. For details, please refer to the announcements published on 13 July 2005 and 9 August 2005, respectively.
- (3) The Company’s proposed issuance of not more than RMB 2.4 billion short-term commercial papers was approved at the board meeting and the shareholders’ general meeting held on 11 August 2005 and 10 October 2005, respectively. For details, please refer to the announcements published on 12 August 2005 and 12 October 2005, respectively.
- (4) After discussing at the meeting of the board of directors held on 26 August 2005, it was resolved to re-appoint Mr. Wu Ya De as General Manager of the Company for a term of three years. According to the nominations by the General Manager Mr. Wu Ya De, it was

resolved to appoint Mr. Li Jian as Operations Controller, Mr. Ge Fei as Engineering Controller, Mr. Fan Li Ping as Technical Controller, and Ms. Gong Tao Tao as Financial Controller, all for a term of two years. For details, please refer to the announcements published on 29 August 2005.

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

A newly acquired joint venture company, Jade Emperor Limited (whose sole business is to own 100% interest in Magerk Company, the sole business of which is to own the operating rights of Wuhuang Expressway) has been proportionately consolidated to the financial statements for the reporting period. Save for the above, there are no material differences in accounting policies, accounting estimates and compilation methods of the consolidated accounts as adopted in the reporting period when compared to the accounts of 30 June 2005.

3.4 Statement made by the Board and the Supervisory Committee on “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

By Order of the Board
Yang Hai
Chairman

Shenzhen, the PRC, 28 October 2005

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. Li Zhi Zheng (Independent non-executive Director); Mr. Zhang Zhi Xue (Independent non-executive Director); Mr. Poon Kai Leung, James (Independent non-executive Director) and Mr. Wong Kam Ling (Independent non-executive Director).

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