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浙江滬杭甬高速公路股份有限公司

ZHEJIANG EXPRESSWAY CO., LTD.

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

(Stock code: 0576)

**VOLUNTARY ANNOUNCEMENT
IN RELATION TO
NEW ARRANGEMENT FOR TOLLS COLLECTION**

This is a voluntary announcement made by Zhejiang Expressway Co., Ltd. (the “**Company**” and together with its subsidiaries, the “**Group**”).

Due to the city planning and the need of public transportation network renovation, the Hangzhou Municipal Bureau of Transportation (杭州市交通運輸局) (the “**Transportation Bureau**”), an administrative bureau under the People’s Government of Hangzhou Municipality (the “**Hangzhou Government**”), and the Company have agreed to adjust existing tolls and to conduct roadbed lifting upgrading construction of the Hangzhou urban section of the Shanghai-Hangzhou and Hangzhou-Ningbo Expressway (the “**Hangzhou Section**”) with the total route length of approximately 23.661 kilometre, from which the Company is currently entitled to collect tolls. The Hangzhou Section comprises (i) Shanghai-Hangzhou section from Qiaosi Hub to Hangzhou toll station, the Company’s toll collection right of which expires on December 12, 2028; and (ii) Hangzhou-Ningbo section from Hangzhou toll station to Hongken Hub, the Company’s toll collection right of which expires on May 15, 2027.

On December 28, 2018, the Company and the Transportation Bureau entered into a toll adjustment compensation agreement (the “**Agreement**”), pursuant to which the Company will not collect tolls on the Hangzhou Section during the toll adjustment period (the “**Toll Adjustment Period**”), tentatively starting from January 1, 2019 until the expiration of the Company’s toll collection right on respective sections of Hangzhou Section. The Transportation Bureau shall be responsible for the roadbed lifting upgrading construction, as well as the maintenance, operation and management of the Hangzhou Section since the date on which the Company ceases toll collection for the Hangzhou Section.

As a compensation for such toll adjustment, the Transportation Bureau agreed to pay to the Company an aggregate sum of RMB3,800,076,800 (the “**Consideration**”) which shall be payable by the Hangzhou Municipal Bureau of Finance (杭州市財政局), an administrative bureau under the Hangzhou Government, on an annual basis. Pursuant to an agreement dated December 28, 2018 entered into between Zhejiang Yuhang Expressway Co., Ltd* (浙江余杭高速公路有限責任公司) (the “**Yuhang Co**”), a 51%-owned subsidiary of the Company, and the Company, the Consideration shall be separately paid to:

- (1) the Yuhang Co in proportion to the percentage of the actual route length of Yuhang section, being part of the Hangzhou Section, at approximately 5.253 kilometres in the total route length of the Hangzhou Section; and
- (2) the Company in proportion to the percentage of the remaining route length of the Hangzhou Section in the total route length of the Hangzhou Section.

The Company’s toll collection right on Hangzhou-Ningbo section will expire on May 15, 2027. As a result, the total route length of the Hangzhou Section prior to May 15, 2027 is 23.661 kilometres and on and after May 15, 2027 will be 8.7 kilometres.

The Consideration was determined based on arm’s length negotiations between the Transportation Bureau and the Company with reference to the valuation report prepared by an independent valuer, and shall be adjusted in accordance with the actual length of the Toll Adjustment Period and the actual route length of toll adjustment. The toll collection arrangement upon completion of the Agreement will be further negotiated.

LISTING RULES IMPLICATIONS

The Company believes that the Agreement will not cause any material adverse financial impact on the Company, in particular, it will not cause any material adverse impact on the interests of investors of the Company. As a result, the board of directors (the “**Directors**”) of the Company is of the view that the transaction contemplated under the Agreement is not of a price-sensitive nature and this announcement is made for the general information of the shareholders of the Company.

On behalf of the Board
Zhejiang Expressway Co., Ltd.
YU Zhihong
Chairman

Hangzhou, the PRC, December 28, 2018

As at the date of this announcement, the chairman of the Company is Mr. YU Zhihong; the executive Directors of the Company are: Mr. CHENG Tao and Ms. LUO Jianhu; the other non-executive Directors of the Company are: Mr. DAI Benmeng, Mr. YU Qunli and Mr. YU Ji; and the independent non-executive Directors of the Company are: Mr. PEI Ker-Wei, Ms. LEE Wai Tsang, Rosa and Mr. CHEN Bin

* For identification purpose only