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*(A joint stock limited company established in the People's Republic of China with limited liability)*  
**(Stock code: 0576)**

## **VOLUNTARY ANNOUNCEMENT**

### **ISSUANCE OF ASSET-BACKED SECURITIES**

This is a voluntary announcement made by the Company.

The Board is pleased to announce that, on September 23, 2019, the Asset-backed Securities managed by the ABS Manager to securitise the Property by issuing the asset-backed securities to Asset-backed Securities Holders in the amount of RMB2,013,000,000 (equivalent to approximately HK\$2,230,273,217) was issued and will be quoted on SSE.

On August 22, 2019, the Company has obtained “no objection letter” to the issuance of the Asset-backed Securities from the SSE. Thereafter, the Fund, a special purpose vehicle for the issuance of the Asset-backed Securities, was set up by the Fund Manager, fully subscribed by the Company who paid up the initial capital of RMB5,000,000 (equivalent to approximately HK\$5,539,675). Subsequent to the issuance of the Asset-backed Securities, the Company as the transferor, the ABS Manager acting on behalf of the Asset-backed Securities as the transferee will complete the transfer of the entire interest in the Fund at the consideration of RMB5,000,000 (equivalent to approximately HK\$5,539,675), upon completion of which, the ABS Manager acting on behalf of the Asset-backed Securities will pay up the outstanding unpaid capital at the amount of RMB2,007,500,000 (equivalent to approximately HK\$2,224,179,574) to the Fund. The Fund Manager agreed to the transfer of entire interest in the Fund.

Subsequently, the Fund Manager on behalf of the Fund will acquire (i) the entire equity interest of the Project Company at the amount of RMB712,000,000 (equivalent to approximately HK\$788,849,742); and (ii) the outstanding shareholder's loan owed by the Project Company to the Company at the amount of RMB1,300,000,000 (equivalent to approximately HK\$1,440,315,540), the aggregated consideration of which equals to RMB2,012,000,000 (equivalent to approximately HK\$2,229,165,282). The financial results of the Fund and the Project Company would remain consolidated into the financial results of the Group.

Following completion of the acquisition of the entire equity interest in the Project Company and the outstanding shareholder' loan owed to the Company, the Asset-backed Securities, through the Fund, hold the Project Company which in turn holds the Property. The ABS Manager has issued the Asset-backed Securities to the Asset-backed Securities Holders, who in return enjoy the economic benefits generated from the Property. The securities in a total amount of RMB2,013,000,000 (equivalent to approximately HK\$2,230,273,217) issued pursuant to the Asset-backed Securities are divided into (i) the Senior Class Securities in the amount of RMB900,000,000 (equivalent to approximately HK\$997,141,528); and (ii) the Subordinated Class Securities in the amount of RMB1,113,000,000 (equivalent to approximately HK\$1,233,131,689), which will be fully subscribed by the Company.

The Asset-backed Securities have a total term of 15 years. The coupon rate of the Senior Class Securities of 3.7% was determined at the bookbuilding process of the Asset-backed Securities, which is subject to the Company's right to adjust at the end of every three years of the term of the Asset-backed Securities. The Subordinated Class Securities do not have a fixed coupon rate, but will be entitled to the remaining distributions of the Asset-backed Securities after payment of relevant costs and expenses, as well as the required distributions to holders of the Senior Class Securities.

The Senior Class Securities can be transferred via the integrated electronic platform of fixed income securities of the SSE. The entrusted registration custodian will be responsible for the transfer of the relevant Senior Class Securities and the settlement of funds. Subject to the rules and regulations for transfer of interests on the integrated electronic platform of fixed income securities of the SSE, there is no restriction on the transfer of the Senior Class Securities. However, unless required by court judgment or ruling, the Company shall not transfer part or all of its interests in the Subordinated Class Securities. While a transfer code will still be assigned, the Subordinated Class Securities will be not be transferrable since the quotation of the Asset-backed Securities on the SSE.

The Senior Class Securities will be secured by the Company. The Company will have top-up obligations in respect of any shortfall in the event that the Asset-backed Securities does not have sufficient assets to pay the required distributions to the holders of the Senior Class Securities. In addition, the Company is obliged to purchase the all of the Senior Class Securities according to the outstanding principal and interests if (i) the operating cash flow of the Project Company is lower than 80% of the expected amount for consecutive two years and the Asset-backed Securities Holders decide that the Asset-backed Securities should be terminated; (ii) the credit rating of the Senior Class Securities falls to or below AA+; (iii) the Asset-backed Securities become public; or (iv) any event of default sets out in the terms and conditions of the Asset-back Securities occurs. At the end of every three years of the term of the Asset-backed Securities, the Company is entitled to the option to purchase the entire interests of the Project Company or all the Senior Class Securities.

As agreed between the Company and the ABS Manager acting on behalf of the Asset-backed Securities, the Company has the right of first refusal to acquire (i) the securities issued pursuant to the Asset-backed Securities; (ii) the units of the Fund held by the Asset-backed Securities; and (iii) the entire interests of the Project Company held by the Fund.

The Company intends to use the net proceeds of the proposed issuance of the Asset-backed Securities to improve the financing structure of the Company and further support its business development.

## **LISTING RULES IMPLICATIONS**

The Company believes that the proposed issuance of Asset-backed Securities 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 the Shareholders. As such, the Board is of the view that the transaction contemplated under the proposed issuance of the Asset-backed Securities is not of a price-sensitive nature and this announcement is made for the general information of the Shareholders.

## **DEFINITIONS**

In this announcement, the following expressions shall have the meanings listed out below unless the context specifies otherwise:

“ABS Manager”	Zhejiang Zheshang Securities Asset Management Co., Ltd.* (浙江浙商證券資產管理有限公司), a company established in the PRC with limited liability, an indirect non wholly-owned subsidiary of the Company and acted as the manager of the Asset-backed Securities
“Asset-backed Securities”	GSUM Fund – Zheshang Management – Huihang Expressway Asset-backed Securities Plan* (中聯基金-浙商資管-滬杭甬徽杭高速資產支持專項計劃) managed by the ABS Manager to securitise the Property by issuing the asset-backed securities to Asset-backed Securities Holders in the amount of RMB2,013,000,000 (equivalent to approximately HK\$2,230,273,217)
“Asset-backed Securities Holders”	holder(s) of the asset-backed securities issued pursuant to the Asset-backed Securities
“Board”	the board of Directors

“Company”	Zhejiang Expressway Co., Ltd. (浙江滬杭甬高速公路股份有限公司), a joint stock limited company incorporated in the PRC with limited liability and the shares of which are listed on the Main Board of the Stock Exchange (stock code: 0576)
“Director(s)”	the director(s) of the Company
“Fund”	GSUM Expressway Huihang Expressway Private Equity Investment Fund* (中聯滬杭甬徽杭高速私募股權投資基金)
“Fund Manager”	GSUM Real Estate Fund Management Co., Ltd.* (中聯前源不動產基金管理有限公司), a company established in the PRC with limited liability and acted as the manager of the Fund
“Group”	the Company together with its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Project Company”	Zhejiang Huangshan Yangtze Huihang Expressway Limited Company* (浙江黃山長江徽杭高速公路有限責任公司), a company established in the PRC with limited liability and wholly owned by the Company
“Property”	the operating right in relation to Anhui Section of Huihang Expressway, the total route of which is 81.53 km
“RMB”	Renminbi, the lawful currency of the PRC
“Senior Class Securities”	senior classes of the asset-backed securities issued under the Asset-backed Securities
“Shareholder(s)”	shareholder(s) of the Company
“SSE”	Shanghai Stock Exchange
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

“Subordinated Class Securities” subordinated class of the asset-backed securities issued under the Asset-backed Securities

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

Hangzhou, the PRC, September 23, 2019

*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 the purpose of this announcement, unless otherwise indicated, amounts denominated in RMB have been converted, for the purpose of illustration only, into HK\$ at the exchange rate of HK\$1=RMB0.90258. The exchange rate does not constitute a representation that any amount has been, could have been or may be exchanged at such a rate or at any other rates.*

\* *For the purposes of identification only*