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)

DISCLOSEABLE AND CONNECTED TRANSACTION IN RELATION TO THE PROPOSED ACQUISITION OF 30% INTEREST IN HANGNING CO AND DISCLOSEABLE AND CONNECTED TRANSACTION IN RELATION TO THE PROPOSED ACQUISITION OF THE ENTIRE INTEREST IN LONGLILILONG CO

HangNing Equity Purchase Agreement

On November 10, 2020 (after trading hours), the Company and Communications Group entered into the HangNing Equity Purchase Agreement, pursuant to which Communications Group conditionally agreed to sell and the Company conditionally agreed to acquire 30% equity interest in HangNing Co at the consideration of RMB2,685,000,000.

LongLiLiLong Equity Purchase Agreement

On November 10, 2020 (after trading hours), the Company and Communications Group entered into the LongLiLiLong Equity Purchase Agreement, pursuant to which Communications Group conditionally agreed to sell and the Company conditionally agreed to acquire the entire equity interest in LongLiLiLong Co at the consideration of RMB238,140,000.

Listing Rules Implications

As one or more of the applicable percentage ratios in respect of the HangNing Acquisition is over 5% but less than 25%, the HangNing Acquisition constitutes a discloseable transaction for the Company and is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

As one or more of the applicable percentage ratios in respect of the LongLiLiLong Acquisition is over 5% but less than 25%, the LongLiLiLong Acquisition constitutes a discloseable transaction for the Company and is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

As at the date of this announcement, Communications Group holds approximately 67% of the issued share capital of the Company. By virtue of this shareholding interest, Communications Group is a controlling shareholder of the Company. Therefore, Communications Group is a connected person of the Company and as a result, each of the HangNing Acquisition and the LongLiLiLong Acquisition constitutes a connected transaction for the Company and is subject to the reporting, announcement and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules. The HangNing Acquisition and the LongLiLiLong Acquisition are not inter-conditional and are separately subject to the approval of the Independent Shareholders. The Company will put forward, among others, ordinary resolutions to approve each of the HangNing Acquisition and the LongLiLiLong Acquisition respectively at an extraordinary general meeting to be convened by the Company for the Independent Shareholders' consideration and approval.

Given each of Mr. Yu Zhihong, Mr. Dai Benmeng, Mr. Yuan Yingjie and Mr. Fan Ye holds a position in Communications Group, so he has abstained from voting on the board resolutions with respect to the approval of each of the HangNing Equity Purchase Agreement, the LongLiLiLong Equity Purchase Agreement and the transactions contemplated thereunder, respectively. Save for Mr. Yu Zhihong, Mr. Dai Benmeng, Mr. Yuan Yingjie and Mr. Fan Ye, none of the Directors has any material interest in the transactions contemplated under each of the HangNing Equity Purchase Agreement and the LongLiLiLong Equity Purchase Agreement or is required to abstain from voting on the relevant board resolutions approving each of the HangNing Equity Purchase Agreement, the LongLiLiLong Equity Purchase Agreement and the transactions contemplated thereunder.

In view of the interest of Communications Group in each of the HangNing Equity Purchase Agreement and the LongLiLiLong Equity Purchase Agreement, Communications Group and its associates will abstain from voting at the extraordinary general meeting to be convened by the Company to, among others, consider and approve the resolutions in relation to each of the HangNing Equity Purchase Agreement, the LongLiLiLong Equity Purchase Agreement and the transactions contemplated thereunder.

A circular containing, among other things, (i) details of the HangNing Equity Purchase Agreement, LongLiLiLong Equity Purchase Agreement and the transactions contemplated thereunder respectively; (ii) a letter from the Independent Board Committee to the Independent Shareholders regarding the HangNing Equity Purchase Agreement, the LongLiLiLong Equity Purchase Agreement and the transactions contemplated thereunder; (iii) a letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders regarding the HangNing Equity Purchase Agreement, LongLiLiLong Equity Purchase Agreement and the transactions contemplated thereunder; and (iv) the notice of the extraordinary general meeting, is expected to be dispatched to the Shareholders on or around December 1, 2020.

DISCLOSEABLE AND CONNECTED TRANSACTION IN RELATION TO THE HANGNING ACQUISITION

The Board is pleased to announce that on November 10, 2020 (after trading hours), the Company and Communications Group entered into the HangNing Equity Purchase Agreement, pursuant to which Communications Group conditionally agreed to sell and the Company conditionally agreed to acquire 30% equity interest in HangNing Co at the consideration of RMB2,685,000,000.

HangNing Equity Purchase Agreement

Date

November 10, 2020 (after trading hours)

Parties

Vendor:	Communications Group
Purchaser:	the Company

Assets to be acquired

30% equity interest in HangNing Co

Consideration and payment terms

The consideration for the 30% equity interest in HangNing Co is RMB2,685,000,000, which will be payable by the Company in cash within five business days after the effective date of the HangNing Equity Purchase Agreement. The consideration will be funded by the Company's internal resources.

Basis of Consideration

The consideration of RMB2,685,000,000 under the HangNing Equity Purchase Agreement was determined based on arm's length negotiations between the Company and Communications Group. A number of factors were considered by the parties when determining the consideration, including, among others, (i) the HangNing Valuation Report prepared by Cushman & Wakefield pursuant to which the appraised value of the 30% equity interest of HangNing Co as at August 31, 2020 was RMB2,685,000,000; (ii) the toll collection rights period of Wangjiabang to Qingshan Section of HangNing Expressway Phase I has been tentatively fixed at 30 years from December 27, 2000 to December 26, 2030; and (iii) the toll collection rights period of Hangzhou to Qingshan Section and Wangjiabang to Fuziling Section of HangNing Expressway Phase II has been tentatively fixed at 30 years from November 28, 2002 to November 27, 2032.

Consideration adjustment

The General Office of the People's Government of Zhejiang Province has tentatively agreed on HangNing Co's entitlement to 30 years toll collection rights to Zhejiang Section of HangNing Expressway on January 13, 2003.

In the event that the actual toll collection rights period of the above expressways is less than 30 years, the Company and the Communication Group agreed to enter into a supplemental agreement to adjust downward the consideration with reference to re-valuation of HangNing Co as at such time. For the avoidance of doubts, obtaining the approval of toll collection rights period of 30 years for the above mentioned expressways does not constitute a condition precedent for the HangNing Equity Purchase Agreement to become effective.

In addition, in the event that HangNing Co has paid for, in connection to events that occurred prior to August 31, 2020, (i) any tax, late payment or penalty as determined by competent authorities in relation to HangNing Expressway; (ii) any amount payable for projects or constructions after the completion of Qingshan Service Area of HangNing Expressway; (iii) any land transfer fee or tax payable for the transfer of any property or land owned by HangNing Expressway; and (iv) any material indebtedness incurred prior to August 31, 2020 which however was not included in the HangNing Valuation Report, Communication Group shall compensate the Company with an amount of 30% of the payment made by HangNing Co within 30 business days of HangNing Co's payment.

Conditions precedent

The HangNing Equity Purchase Agreement is conditional upon:

(i) approval by the HangNing Co's shareholders having been obtained in connection with the HangNing Acquisition;

(ii) approval by the board of directors of Communications Group having been obtained in connection with the HangNing Acquisition; and

(iii) approval by the Company's Independent Shareholders having been obtained in connection with the HangNing Acquisition.

As at the date of this announcement, the condition under paragraph (ii) above has been satisfied.

Completion

Within 20 business days from the effective date of the HangNing Equity Purchase Agreement, the parties shall cooperate to apply with the relevant governmental authorities to alter the registration for industrial and commercial administration for Completion.

Principal assumptions for the income approach adopted for the HangNing Valuation Report

The appraised value of the 30% equity interest of HangNing Co under the HangNing Valuation Report was prepared using the income approach, through the use of the discounted cash flow method. As a result, such valuation constitutes a profit forecast under Rule 14.61 of the Listing Rules.

Details of the key assumptions used in determining the value of the 30% equity interest in HangNing Co upon which the HangNing Valuation Report was issued are set out below:

Basic assumptions

- there will be no material change in the existing political, taxation, legal, technological, fiscal or economic conditions, which might adversely affect the business of HangNing Co;

- the conditions in which the business is being operated and which are material to revenue and costs of business will remain unchanged;

- the business plan has been prepared on a reasonable basis after due and careful consideration by the management of HangNing Co;

- all relevant legal approvals and business certificates or licenses to HangNing Co in the localities in which HangNing Co operates or intends to operate are properly in place or would be officially obtained;

- competent management, key personnel and technical staff will be maintained to support the ongoing operation and development of HangNing Co;

- the core business operation of HangNing Co will not differ materially from those of present or expected;

- natural weather can have an impact on toll roads, including flooding and other types of inclement weather and no extended closure will occur to the toll roads managed by HangNing Co;

- there are no hidden or unexpected conditions associated with HangNing Co that might adversely affect the reported value and Cushman & Wakefield assumes no responsibility for changes in market conditions after August 31, 2020.

Deloitte, acting as the reporting accountants of the Company, has performed an assurance engagement in accordance with Hong Kong Standard on Assurance Engagements 3000 (Revised) "Assurance Engagement Other Than Audits or Reviews of Historical Financial Information" issued by the Hong Kong Institute of Certified Public Accountants to obtain reasonable assurance on whether the discounted future estimated cash flows, so far as the calculations are concerned, have been properly compiled in accordance with the bases and assumptions. Deloitte reported that the discounted future estimated cash flows, so far as the calculations are concerned, have been properly compiled, in all material respects, in accordance with the bases and assumptions.

The Directors confirm that the valuation of the 30% equity interest of HangNing Co in the HangNing Valuation Report, which constitutes a profit forecast under Rule 14.61 of the Listing Rules, has been made after due and careful enquiry.

A letter from Deloitte in compliance with Rule 14.62(2) of the Listing Rules and a letter from the Board in compliance with Rule 14.62(3) of the Listing Rules are included in the Appendices to this announcement.

As at the date of this announcement, Deloitte does not have any shareholding, directly or indirectly, in any member of the Group or any right (whether legally enforceable or not) to subscribe for or to nominate person to subscribe for securities in any member of the Group. To the best of the Directors' knowledge, information and belief, Deloitte is an Independent Third Party.

Deloitte has given and has not withdrawn its written consent to the publication of this announcement with inclusion of its report and all references to its name in the form and context in which it is included.

Original cost of the 30% equity interest in HangNing Co to Communications Group

On March 13, 2020, Communications Group acquired 64.056% equity interest in HangNing Co in a public auction at the final auction price of RMB5,566 million. Proportionately, the original cost incurred by Communications Group for the 30% equity interest in HangNing Co was approximately RMB2,607 million. The Company believes that the appraised value of 30% equity interest in HangNing Co set out in the HangNing Valuation Report reflects its fair and reasonable value.

Information of HangNing Co

HangNing Co is a limited liability company established in the PRC on April 21, 2004 with a registered capital of RMB100 million. HangNing Co is principally engaged in the operation and management of toll rights of Zhejiang Section of the HangNing Expressway with a total length of 98.961 kilometers, a two-way four-lane expressway with designed speed limit of 120 kilometers per hour. HangNing Expressway Phase I, Wangjiabang to Qingshan Section, was completed and opened to traffic on December 27, 2000, with the tentative toll collection rights period up to December 26, 2030, and HangNing Expressway Phase II, Hangzhou to Qingshan Section and Wangjiabang to Fuzihing Section, was opened to traffic on November 28, 2002, with the tentative toll collection rights period up to November 27, 2032.

As at the date of this announcement, HangNing Co is owned as to 65.7% by Communications Group, 21.753% by Huzhou City Communications Investment Group Co., Ltd.* (湖州市交通投資集團有限公司) and 12.547% by Changxing Communications Investment Group Co., Ltd.* (長興交通投資集團有限公司). Upon completion of the HangNing Acquisition, HangNing Co will remain as a non-wholly owned subsidiary of Communications Group.

According to the audited financial information of HangNing Co for the financial years ended December 31, 2018 and 2019 prepared with reference to generally accepted accounting principles in the PRC by the PRC statutory auditor of HangNing Co, Baker Tilly China Certified Public Accountants (天職國際會計師事務所(特殊普通合夥)) ("**Baker Tilly**"), the net asset value of HangNing Co as at December 31, 2019 was approximately RMB2,366,017,447.53. A summary of the audited financial information of HangNing Co for the financial years ended December 31, 2018 and 2019 is set out below:

	As at December 31	
	2018	**2019**
	approximate *RMB*	approximate *RMB*
audited net profit before taxation	982,147,692.43	961,767,909.27
audited net profit after taxation	736,758,341.79	720,276,317.73

Qualified opinions were issued by Baker Tilly in the audit reports of HangNing Co for the financial year ended December 31, 2019 and eight months ended August 31, 2020 that (i) there are certain matters in HangNing Co that may result in the payment of Corporate Income Tax where the amount cannot be quantified; and (ii) the auditor was unable to obtain sufficient and appropriate evidence to determine the impact of the accounting adjustment regarding Qingshan Service Area on the financial statements. Communications Group and the Company have agreed to adjust the consideration for HangNing Acquisition upon the occurrence of any events that may trigger the consideration adjustment mechanism in light of the above mentioned matters relating to the qualified opinions of Baker Tilly. Please refer to the section headed "Consideration Adjustment" for details.

Reasons for and Benefits of the HangNing Acquisition

The investment, construction, operation and management of tolled expressways are in the ordinary and usual course of business of the Company. The high-quality expressway assets with no interest-bearing leverage possessed by HangNing Co are expected to generate stable and considerable cash flows. HangNing Co has a track record of continuous stable high dividends payout and the Company thus expects sustainable financial returns generated from the HangNing Acquisition. While the Company may further acquire the rest of the equity interest in HangNing Co held by Communications Group in the future, the acquisition of 30% equity interest in HangNing Co provides the

Company with an opportunity to benefit from the strong government relations of Communications Group which remains as the holding company of HangNing Co after completion of the HangNing Acquisition. The Directors thus are convinced that the HangNing Acquisition is in line with the Company's development strategy.

The terms of the HangNing Equity Purchase Agreement were arrived at after arm's length negotiations between the Company and Communications Group, and are on normal commercial terms or better, taking into account various factors and with reference to the HangNing Valuation Report.

The Directors (including the independent non-executive Directors) consider that the terms of the HangNing Acquisition are fair and reasonable and are on normal commercial terms or better and in the interests of the Company and the Shareholders as a whole.

DISCLOSEABLE AND CONNECTED TRANSACTION IN RELATION TO THE LONGLILILONG ACQUISITION

The Board is pleased to announce that on November 10, 2020 (after trading hours), that the Company and Communications Group entered into the LongLiLiLong Equity Purchase Agreement, pursuant to which Communications Group conditionally agreed to sell and the Company conditionally agreed to acquire the entire equity interest in LongLiLiLong Co at the consideration of RMB238,140,000. Upon completion of the LongLiLiLong Acquisition, LongLiLiLong Co will become a wholly owned subsidiary of the Company.

LongLiLiLong Equity Purchase Agreement

Date

November 10, 2020 (after trading hours)

Parties

Vendor: Communications Group

Purchaser: the Company

Assets to be acquired

Entire equity interest in LongLiLiLong Co

Consideration and payment terms

The consideration for the entire equity interest of LongLiLiLong Co is RMB238,140,000. The consideration will be payable by the Company in cash within five business days after the effective date of the LongLiLiLong Equity Purchase Agreement. The consideration will be funded by the Company's internal resources.

Basis of consideration

The consideration of RMB238,140,000 under the LongLiLiLong Equity Purchase Agreement was determined based on arm's length negotiations between the Company and Communications Group. A number of factors were considered by the parties when determining the consideration, including, among others, (i) the LongLiLiLong Valuation Report prepared by Jones Lang LaSalle, as well as the LongLiLiLong PRC Valuation Report prepared by the PRC Domestic Valuer pursuant to the requirements of Zhejiang SASAC and relevant PRC laws and regulations; (ii) the toll collection rights period of Liandu Section of LiLong Expressway being assumed to be 25 years from December 25, 2007 to December 24, 2032; and (iii) the toll collection rights period of the LongLiLiLong Expressways other than Liandu Section being assumed to be 25 years from December 31, 2006 to December 30, 2031.

The Company relied on the LongLiLiLong Valuation Report and the LongLiLiLong PRC Valuation Report in determining the consideration. Pursuant to the LongLiLiLong Valuation Report, the appraised value of the entire equity interest of LongLiLiLong as at August 31, 2020 was RMB239,000,000.

Consideration adjustment

In the event that the toll collection rights period of the above mentioned expressways as finally approved is less than 25 years, or the actual toll collection rights period of the above mentioned expressways is less than 25 years, the Company and the Communications Group agreed to enter into a supplemental agreement to adjust downwards the consideration with reference to re-valuation of LongLiLiLong Co as at such time.

For the avoidance of doubts, obtaining the approval of toll collection rights period of 25 years for the above mentioned expressways does not constitute a condition precedent for the LongLiLiLong Equity Purchase Agreement to become effective. Nevertheless, the Company believes it is necessary to obtain an approval as a written confirmation of LongLiLiLong Co's entitlement to 25 years toll collection rights and the application with Zhejiang Provincial Communication Department is still in progress as at the date of this announcement.

In addition, pursuant to the Notice on Waiving Fees for Toll Roads during the Prevention and Control of COVID-19* (《關於新冠肺炎疫情防控期間免收收費公路車輛通行費的通知》) issued by the Ministry of Transport of the PRC, the above mentioned expressways were subject to a toll free period of 79 days from February 17, 2020 to May 5, 2020 (the "**Toll Free Period**") and the toll collection rights period of the relevant expressways would be extended in accordance with the Toll Free Period. The Company and the Communications Group agreed to enter into a supplemental agreement to adjust upwards the consideration in the event that (i) the Toll Free Period is extended as confirmed by the relevant competent authorities or, (ii) the relevant competent authorities decide to compensate LongLiLiLong Co in cash for the Toll Free Period.

Conditions precedent

The LongLiLiLong Equity Purchase Agreement is conditional upon:

(i) approval by the LongLiLiLong Co's sole shareholder having been obtained in connection with the LongLiLiLong Acquisition;

(ii) approval by the board of directors of the Communications Group having been obtained in connection with the LongLiLiLong Acquisition; and

(iii) approval by the Company's Independent Shareholders having been obtained in connection with the LongLiLiLong Acquisition.

As at the date of this announcement, the conditions under paragraphs (i) and (ii) above have been satisfied.

Completion

Within 20 business days from the effective date of the LongLiLiLong Equity Purchase Agreement, the parties shall cooperate to apply with the relevant governmental authorities to alter the registration for industrial and commercial administration for completion.

Principal assumptions for the income approach adopted for the LongLiLiLong Valuation Report

The appraised value of the entire equity interest of LongLiLiLong Co under the LongLiLiLong Valuation Report was prepared using the income approach, through the use of the discounted cash flow method. As a result, such valuation constitutes a profit forecast under Rule 14.61 of the Listing Rules. Therefore, this announcement is subject to the requirements under Rules 14.60A and 14.62 of the Listing Rules in relation to profit forecast.

As required under Rule 14.62(1) of the Listing Rules, details of the key assumptions used in determining the value of the entire equity interest in LongLiLiLong Co upon which the LongLiLiLong Valuation Report was issued are set out below:

Major Assumptions

Assumptions considered to have significant sensitivity effects in this valuation have been evaluated in order to provide a more accurate and reasonable basis for arriving at our assessed value.

In determining the fair value of the entire equity interest in LongLiLiLong Co, the following key assumptions have been made:

- the continuation of prudent and effective management policies over whatever period of time that is considered to be necessary in order to maintain the character and integrity of the assets valued;

- Jones Lang LaSalle have assumed that there will be no material change in the existing political, legal, technological, fiscal or economic conditions, which might adversely affect the business of LongLiLiLong Co;

- Jones Lang LaSalle have assumed that the operational and contractual terms stipulated in the relevant contracts and agreements will be honored;

- Jones Lang LaSalle have been provided copies of the operating licenses and incorporation documents of LongLiLiLong Co. Jones Lang LaSalle have assumed such information to be reliable and legitimate. Jones Lang LaSalle have relied to a considerable extent on such information provided in arriving at the opinion of value;

- Jones Lang LaSalle have assumed share capital injection and shareholder loan when necessary in the valuation;

- Jones Lang LaSalle have assumed the accuracy of the financial and operational information such as management accounts, contractual agreements and manufacturing capabilities, provided to us by LongLiLiLong Co and the Company relied to a considerable extent on such information in arriving at the opinion of value; and

- Jones Lang LaSalle have assumed that there are no hidden or unexpected conditions associated with the assets valued that might adversely affect the reported value. Further, Jones Lang LaSalle assume no responsibility for changes in market conditions after August 31, 2020.

Deloitte, acting as the reporting accountants of the Company, has performed an assurance engagement in accordance with Hong Kong Standard on Assurance Engagements 3000 (Revised) "Assurance Engagement Other Than Audits or Reviews of Historical Financial Information" issued by the Hong Kong Institute of Certified Public Accountants to obtain reasonable assurance on whether the discounted future estimated cash flows, so far as the calculations are concerned, have been properly compiled in accordance with the bases and assumptions. Deloitte reported that the discounted future estimated cash flows, so far as the calculations are concerned, have been properly compiled, in all material respects, in accordance with the bases and assumptions.

The Directors confirm that the valuation of the entire equity interest of LongLiLiLong Co in the LongLiLiLong Valuation Report, which constitutes a profit forecast under Rule 14.61 of the Listing Rules, has been made after due and careful enquiry.

A letter from Deloitte in compliance with Rule 14.62(2) of the Listing Rules and a letter from the Board in compliance with Rule 14.62(3) of the Listing Rules are included in the Appendices to this announcement.

As at the date of this announcement, Deloitte does not have any shareholding, directly or indirectly, in any member of the Group or any right (whether legally enforceable or not) to subscribe for or to nominate person to subscribe for securities in any member of the Group. To the best of the Directors' knowledge, information and belief, Deloitte is an Independent Third Party.

Deloitte has given and has not withdrawn its written consent to the publication of this announcement with inclusion of its report and all references to its name in the form and context in which it is included.

Original cost of the entire equity interest in LongLiLiLong Co to Communications Group

The original cost incurred by Communications Group for the entire equity interest in LongLiLiLong Co is RMB7,348,525,252.

Information of LongLiLiLong Co

LongLiLiLong Co is a limited liability company established in the PRC on April 8, 2005, the registered capital and paid up capital of which is RMB8,160,656,565 as at the date of this announcement. LongLiLiLong Co is principally engaged in the operation and management of toll collection rights of the LongLiLiLong Expressways located in Zhejiang Province, the PRC, with a total length of 222.2 kilometers. As of the date of this announcement, LongLiLiLong Co is a wholly owned subsidiary of Communications Group and upon completion of the LongLiLiLong Acquisition, LongLiLiLong Co will become a wholly owned subsidiary of the Company.

LongLiLiLong Expressways comprise LongLi Expressway and LiLong Expressway in a T-shape structure. LongLi Expressway is connected to Hangqian Expressway in the north, and Beibu Interchange where LongLi Expressway and LiLong Expressway meet in the south. The total length of LongLi Expressway is 119.785 kilometers, a two-way four-lane expressway with designed speed of 100/80 kilometers per hour. The whole line was completed and opened to traffic on December 31, 2006 and the toll collection rights period is expected to last until December 30, 2031.

LiLong Expressway is connected to Fuling Interchange of Jinliwen Expressway in the east and the starting point of the Longqing Expressway in the west. The total length of LiLong Expressway is 102.44 kilometers, a two-way four-lane expressway with designed speed of 100/80 kilometers per hour. Liandu Section of the LiLong Expressway was completed and opened to traffic on December 25, 2007, with the expected toll collection rights period up to December 24, 2032, and other sections of the LiLong Expressway were opened to traffic on December 31, 2006, with the expected toll collection rights period up to December 30, 2031.

According to the audited financial information of LongLiLiLong Co for the year ended December 31, 2018 and 2019 prepared with reference to generally accepted accounting principles in the PRC by the PRC statutory auditor of LongLiLiLong Co, Da Hua Certified Public Accountants (Special General Partnership) (大華會計師事務所(特殊普通合夥)), a summary of the audited financial information of LongLiLiLong Co for the financial years ended December 31, 2018 and 2019 is set out below:

	As at December 31	
	2018	**2019**
	approximate	approximate
	RMB	*RMB*
audited net loss before taxation	(425,309,234.94)	(466,133,894.19)
audited net loss after taxation	(425,309,234.94)	(466,133,894.19)

The net asset value of LongLiLiLong Co as at August 31, 2020 was approximately RMB225,479,926.28.

Effect of the LongLiLiLong Acquisition

Upon completion of the LongLiLiLong Acquisition, the Company will beneficially own the entire equity interest in LongLiLiLong Co. As a result, LongLiLiLong Co will become a wholly-owned subsidiary of the Company and the accounts of LongLiLiLong Co will be consolidated into the accounts of the Company.

Transactions between LongLiLiLong Co and Communications Group after completion of the LongLiLiLong Acquisition

Upon completion of the LongLiLiLong Acquisition, LongLiLiLong Co will become a wholly owned subsidiary of the Company. As a result, should LongLiLiLong Co enter into any new transactions or continue any existing transactions with the Communications Group and/or its associates after completion of the LongLiLiLong Acquisition, such transactions would constitute connected transactions or continuing connected transactions for the Company upon and following completion of the LongLiLiLong Acquisition. Further announcements will be made by the Company (if required) as and when appropriate in accordance with all application requirements of the Listing Rules.

Partially-exempt Continuing Connected Transaction

On December 30, 2019, LongLiLiLong Co entered into a daily road maintenance agreement (the "**Maintenance Agreement**") with Jiaogong Maintenance, an indirectly non-wholly owned subsidiary of the Communications Group pursuant to which Jiaogong Maintenance agreed to provide daily maintenance services to the LongLiLiLong Expressways. Upon completion of the LongLiLiLong Acquisition, LongLiLiLong Co will become a subsidiary of the Company, therefore the Maintenance Agreement will become a continuing connected transaction of the Company. The transaction contemplated under the Maintenance Agreement will continue after the completion of the LongLiLiLong Acquisition. Details of the Maintenance Agreement are set out as below:

Date:	December 30, 2019
Parties:	LongLiLiLong Co Jiaogong Maintenance, an indirectly non-wholly owned subsidiary of the Communications Group
Term:	Three years
Subject:	Jiaogong Maintenance agreed to provide daily road maintenance services, including road inspection, minor repair works, traffic maintenance and emergency rescue, to the roadbed, pavement, bridges, culverts, tunnels, greening and safety facilities of the LongLiLiLong Expressways.
Service Fees:	The total amount of service fee payable by LongLiLiLong Co to Jiaogong Maintenance for the year of 2020, 2021 and 2022 was agreed to be RMB62,984,280. The total amount of service fee expected to be incurred for the year of 2020 is approximately RMB21,743,000. The annual caps for the service fee payable by LongLiLiLong Co to Jiaogong Maintenance for the year of 2021 and 2022 have been agreed to be RMB22,000,000.
Basis of Service Fees:	The service fees were determined by public tender procedures which were open to Jiaogong Maintenance and other independent third party service providers. The factors for assessment include, but are not limited to, tender quotation, tenderer's reputation and qualification and the tenderer's past performance records. Jiaogong Maintenance successfully won the tender.
Reasons for and benefits of the transaction:	Specific maintenance services including the maintenance services provided under the Maintenance Agreement are necessary for the operation of the LongLiLiLong Expressways. Jiaogong Maintenance has the relevant qualifications and expertise to provide such services to LongLiLiLong Co.
Information of Jiaogong Maintenance:	Jiaogong Maintenance is a subsidiary of Communications Group which was established under the laws of the PRC on January 18, 2006. Jiaogong Maintenance is principally engaged in the road construction projects and toll road maintenance.

Governing Laws:	The laws of the PRC
Listing Rules implications:	Jiaogong Maintenance is an indirect subsidiary of Communications Group. Therefore, Jiaogong Maintenance is a connected person of the Company and as a result, the transactions contemplated under the Maintenance Agreement constitute continuing connected transactions for the Company under Chapter 14A of the Listing Rules. As the highest of all applicable percentage ratios for the transactions contemplated under the Maintenance Agreement, are more than 0.1% but less than 5%, the Maintenance Agreement shall be subject to the reporting, announcement and annual review requirements, but exempt from Independent Shareholders' approval under the Listing Rules. None of the Directors were involved in approving the signing of the Maintenance Agreement. The Directors (including the independent non-executive Directors) are of the view that the terms of the Maintenance Agreement are on normal commercial terms and are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Fully-exempt Continuing Connected Transactions

As at the date of this announcement, LongLiLiLong Co intends to enter into the following agreements with Zhejiang Commercial Group. Each of the following agreements will constitute a continuing connected transaction for the Company under Chapter 14A of the Listing Rules. It is expected that the highest applicable percentage ratios under the Listing Rules for each of the following agreements is less than 0.1%, so each of them will be exempted from the reporting, announcement, annual review and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

1. Service Area Operation Lease Agreement

LongLiLiLong Co will enter into a service area operation lease agreement with Zhejiang Commercial Group, pursuant to which LongLiLiLong Co will agree to lease to Zhejiang Commercial Group the operation rights in relation to petrol station services, catering services, supermarket services and vehicle repair services in the service area of the LongLiLiLong Expressways for a term of three years. It is expected that the annual fee payable by Zhejiang Commercial Group to LongLiLiLong Co in respect of the lease of the operation rights will not exceed RMB10 million, determined based on parties' arm's length negotiation with reference to the prices of other service area operation lease agreements entered into between Zhejiang Commercial Group and other expressway operation companies in the market.

2. Service Area Utilities Services Agreement

LongLiLiLong Co will enter into a service area utilities services agreement with Zhejiang Commercial Group, pursuant to which LongLiLiLong Co will engage Zhejiang Commercial Group to manage utilities facilities and provide utilities services in the service area of the LongLiLiLong Expressways such as washroom, lounge area, safety, cleaning services and utilities system maintenance for a term of three years. It is expected that the annual fee payable by LongLiLiLong Co to Zhejiang Commercial Group for the services provided under this agreement will not exceed RMB6 million, determined based on parties' arm's length negotiation with reference to the prices of other service area utilities services agreements entered into between Zhejiang Commercial Group and other expressway operation companies in the market.

REASONS FOR AND BENEFITS OF THE ACQUISITION OF LONGLILILONG CO

(a) Expand Company's tolled expressway network in Zhejiang Province with lower costs

Upon completion of the LongLiLiLong Acquisition, the total length of expressways operated by the Company will be increased from 802 kilometers to 1,024.2 kilometers.

The LongLiLiLong Acquisition is aligned with the Company's strategy to focus on its principal business and strengthen its leading position in the expressway network in Zhejiang Province. The LongLiLiLong Co owns a core passageway in the southwest region of Zhejiang Province linking Quzhou City and Lishui City, being two major areas in Zhejiang Province, the acquisition of which will enhance the Company's tolled expressways profile.

In addition, the LongLiLiLong Acquisition is beneficial for the Company to expand its presence in southwest region of Zhejiang Province with lower costs. For expressways with the same grade, width and length as the LongLiLiLong Expressways, the cost for construction will be substantially higher than the cost for LongLiLiLong Acquisition, due to the continuous increase in the acquisition cost of land, the cost of demolition and labour, and the price of construction materials.

Moreover, LongLiLiLong Expressways, partially opened to traffic since December 31, 2006, are expected to generate stable cash flows to the Group once the LongLiLiLong Acquisition is completed. By contrast, it is generally observed that it takes years for newly constructed expressways to gradually generate stabilised cash flow after they are open to traffic. It is thus advantageous in terms of cash flow position for the Company to acquire existing expressways than construct new expressways.

(b) **Synergy effect of the Group and LongLiLiLong Co**

The latest trend of state-owned enterprises reform is resources allocation and consolidation, which will in turn increase the competitiveness of enterprises, and to improve the quality of securitized assets and optimize asset allocation of state-owned listed holding companies. With the LongLiLiLong Acquisition, the Company will be able to consolidate the core expressway assets within the region, increase its scale of assets and its operational efficiency and ensuring the continuing profitability of the Company.

The terms of the LongLiLiLong Equity Purchase Agreement were arrived at after arm's length negotiations between the Company and the Communications Group, and are on normal commercial terms or better, taking into account various factors provided above.

The Directors (including the independent non-executive Directors) consider that the terms of the LongLiLiLong Acquisition are fair and reasonable and are on normal commercial terms or better and in the interests of the Company and the Shareholders as a whole.

SUBSEQUENT ABSORPTION AND MERGER

Subsequent to the completion of the LongLiLiLong Acquisition, LongLiLiLong Co will absorb and merge Jiaxing Co, pursuant to the PRC Company Law and other applicable PRC Laws (the "**Absorption and Merger**"). As at the date of this announcement, Jiaxing Co is owned as to 99.9995% by the Company. Reorganization will take place prior to the Absorption and Merger where Jiaxing Co will become a wholly owned subsidiary of the Company.

Under the Absorption and Merger, Jiaxing Co will be de-registered in accordance with the PRC Company Law or the Administrative Regulations of the PRC Governing the Registration of Legal Enterprises (as the case may be) and relevant legal provisions. Consequently, Jiaxing Co will cease to exist as a separate legal entity, which will be merged into LongLiLiLong Co, as a result of which the assets and liabilities (together with the rights and obligations attached to such assets) will be assumed by LongLiLiLong Co as the surviving corporation, and the employees of Jiaxing Co will be co-ordinated and arranged by LongLiLiLong Co.

For the avoidance of doubt, the Absorption and Merger will neither constitute a notifiable transaction as defined under Chapter 14 of the Listing Rules nor constitute a connected transaction as defined under Chapter 14A of the Listing Rules.

Through the Absorption and Merger, the Company can restructure the management and administration operations of LongLiLiLong Co and Jiaxing Co, thereby enhance the management efficiency and reduce the administrative costs and increase the overall profitability of the Company.

Furthermore, as advised by KPMG, the tax adviser to the Company, the Absorption and Merger is unlikely to trigger Value-Added Tax, Land Appreciation Tax, Deed Tax and Stamp Duty liabilities since the transaction can enjoy the preferential treatments in accordance with relevant PRC tax regulations. The preferential tax treatments are subject to the tax authority's assessment. Furthermore, the Absorption and Merger, if qualified as a Special Restructuring pursuant to Caishui〔2009〕No. 59 ("**Circular 59**"), would enable LongLiLiLong Co to benefit from Corporate Income Tax deferral treatment. Therefore there will be no Corporate Income Tax payable at this stage. The eligibility of such tax deferral treatment is subject to the tax authority's assessment.

In accordance with relevant PRC tax laws, tax losses could be carried forward for up to five years. After the Absorption and Merger, the accumulated tax losses generated by LongLiLiLong Co during the five years ended December 31, 2020 (approximately RMB2,328,882,703) could be carried forward accordingly to offset the profits of LongLiLiLong Co in the subsequent years. Based on the financial forecast provided by the management of the Company, the estimated amount of profits which could be offset by the aforementioned accumulated tax losses after the Absorption and Merger is approximately RMB880,946,396 in the year ending December 31, 2021, RMB989,343,973 in the year ending December 31, 2022 and RMB458,592,344 in the year ending December 31, 2023, respectively. The Company expects the Absorption and Merger will significantly enhance the tax efficiency of the Company as a whole.

INFORMATION ON THE COMPANY AND COMMUNICATIONS GROUP

The Company is a joint stock company established in the PRC on March 1, 1997, the H Shares of which are listed on the Main Board of the Stock Exchange. It is principally engaged in investing in, developing and operating high-grade roads in the PRC. The Group is also engaged in the expressway related development and operation, as well as securities business.

Communications Group is a wholly state-owned enterprise established in the PRC on December 29, 2001 and is principally engaged in a diverse range of businesses, including investment, construction, operation, maintenance, toll collection and ancillary services of transportation infrastructure projects, as well as logistics services and hotel operations.

LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios in respect of the HangNing Acquisition is over 5% but less than 25%, the HangNing Acquisition constitutes a discloseable transaction for the Company and is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

As one or more of the applicable percentage ratios in respect of the LongLiLiLong Acquisition is over 5% but less than 25%, the LongLiLiLong Acquisition constitutes a discloseable transaction for the Company and is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

As at the date of this announcement, Communications Group holds approximately 67% of the issued share capital of the Company. By virtue of this shareholding interest, Communications Group is a controlling shareholder of the Company. Therefore, Communications Group is a connected person of the Company and as a result, each of the HangNing Acquisition and the LongLiLiLong Acquisition constitutes a connected transaction for the Company and is subject to the reporting, announcement and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

GENERAL

Given each of Mr. Yu Zhihong, Mr. Dai Benmeng, Mr. Yuan Yingjie and Mr. Fan Ye holds a position in Communications Group, so he has abstained from voting on the board resolutions with respect to the approval of the HangNing Equity Purchase Agreement and the LongLiLiLong Equity Purchase Agreement. Save for Mr. Yu Zhihong, Mr. Dai Benmeng, Mr. Yuan Yingjie and Mr. Fan Ye, none of the Directors has any material interest in the transactions contemplated under each of the HangNing Equity Purchase Agreement and the LongLiLiLong Equity Purchase Agreement or is required to abstain from voting on the relevant board resolutions approving each of the HangNing Equity Purchase Agreement, the LongLiLiLong Equity Purchase Agreement and the transactions contemplated thereunder.

The HangNing Acquisition and the LongLiLiLong Acquisition are not inter-conditional and are separately subject to the approval of the Independent Shareholders. The Company will put forward, among others, ordinary resolutions to approve the HangNing Acquisition and the LongLiLiLong Acquisition at an extraordinary general meeting to be convened by the Company for the Independent Shareholders' consideration and approval.

In view of the interest of Communications Group in the HangNing Equity Purchase Agreement and the LongLiLiLong Equity Purchase Agreement respectively, Communications Group and its associates will abstain from voting at the extraordinary general meeting to be convened by the Company to, among others, consider and approve the resolutions in relation to the HangNing Equity Purchase Agreement, the LongLiLiLong Equity Purchase Agreement and the transactions contemplated thereunder.

The Independent Board Committee comprising all the independent non-executive Directors, namely, Mr. Pei Ker-Wei, Ms. Lee Wai Tsang, Rosa, and Mr. Chen Bin, has been formed to consider the HangNing Acquisition, the LongLiLiLong Acquisition and the transactions contemplated thereunder, and Octal Capital Limited has been appointed as the Company's Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders as to whether the terms of each of the HangNing Equity Purchase Agreement and the LongLiLiLong Equity Purchase Agreement are fair and reasonable, whether each of the HangNing Equity Purchase Agreement, the LongLiLiLong Equity Purchase Agreement and the transactions contemplated thereunder is on normal commercial terms or better and in the ordinary and usual course of business of the Group, whether each of the HangNing Equity Purchase Agreement, the LongLiLiLong Equity Purchase Agreement and the transactions contemplated thereunder is in the interests of the Company and the Shareholders as a whole and whether the Independent Shareholder should vote in favour of each of the HangNing Equity Purchase Agreement, the LongLiLiLong Equity Purchase Agreement and the transactions contemplated thereunder.

A circular containing, among other things, (i) details of the HangNing Equity Purchase Agreement, the LongLiLiLong Equity Purchase Agreement and the transactions contemplated thereunder respectively; (ii) a letter from the Independent Board Committee to the Independent Shareholders regarding the HangNing Equity Purchase Agreement, the LongLiLiLong Equity Purchase Agreement and the transactions contemplated thereunder respectively; (iii) a letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders regarding the HangNing Equity Purchase Agreement, the LongLiLiLong Equity Purchase Agreement and the transactions contemplated thereunder; and (iv) the notice of the extraordinary general meeting, is expected to be dispatched to the Shareholders on or around December 1, 2020.

DEFINITIONS

In this announcement, unless the context specifies otherwise, the following defined expressions have the following meanings:

"associate(s)"	has the meaning ascribed to it under the Listing Rules
"Board"	the board of Directors of the Company
"business day"	any day other than a Saturday or Sunday or a public holiday in the PRC, on which banks are generally open for business in the PRC
"Circular"	the circular to be issued to the Shareholders in connection with the HangNing Acquisition and the LongLiLiLong Acquisition and an extraordinary general meeting to be convened by the Company in accordance with the Listing Rules
"Communications Group"	Zhejiang Communications Investment Group Co., Ltd.* (浙江省交通投資集團有限公司), a wholly State-owned enterprise established in the PRC on December 29, 2001 and the controlling shareholder of the Company
"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 established in the PRC on March 1, 1997, whose shares are listed on the main board of the Stock Exchange
"connected person(s)"	has the meaning ascribed to it under the Listing Rules
"controlling shareholder"	has the meaning ascribed to it under the Listing Rules

“Deloitte”	Deloitte Touche Tohmatsu, the auditors of the Company
“Director(s)”	the director(s) of the Company
“Group”	the Company and its subsidiaries
“H Shares”	the overseas listed foreign shares of RMB1.00 each in the share capital of the Company which are primarily listed on the Hong Kong Stock Exchange and traded in Hong Kong dollars since May 15, 1997
“HangNing Co”	Zhejiang HangNing Expressway Co., Ltd.* (浙江杭寧高速公路有限責任公司), a limited liability company established in the PRC and owned as to 65.7% by Communications Group as at the date of this announcement
“HangNing Acquisition”	the proposed acquisition of 30% equity interest in HangNing Co by the Company from Communications Group pursuant to the HangNing Equity Purchase Agreement
“HangNing Equity Purchase Agreement”	the equity purchase agreement dated November 10, 2020 entered into between the Company and Communications Group in relation to the HangNing Acquisition, pursuant to which the Company conditionally agreed to purchase from Communications Group 30% equity interest in HangNing Co
“HangNing Valuation Report”	the valuation report dated November 9, 2020 prepared by Cushman & Wakefield in relation to the 30% equity interest of HangNing Co
“HK$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Board Committee”	an independent committee of the Board comprising all independent non-executive Directors, namely, Mr. Pei Ker-Wei, Ms. Lee Wai Tsang, Rosa, and Mr. Chen Bin

"Independent Financial Adviser"	Octal Capital Limited, a corporation licensed to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the Securities and Futures Ordinance (Cap. 571), has been appointed by the Company to advise the Independent Board Committee and the Independent Shareholders in relation to the HangNing Acquisition and the LongLiLiLong Acquisition
"Independent Shareholders"	Shareholders who are independent within the meaning of the relevant provisions of the Listing Rules, and, in relation to the approval of each of the HangNing Acquisition and the LongLiLiLong Acquisition at an extraordinary general meeting to be convened by the Company for such purpose, means the Shareholders other than Communications Group and its associates
"Independent Third Party"	a party independent and not connected with the Company, any of its subsidiaries or any of their respective directors or substantial shareholders
"Jiaxing Co"	Zhejiang Jiaxing Expressway Co., Ltd.(浙江嘉興高速公路有限責任公司), a 99.9995% owned subsidiary of the Company as at the date of this announcement
"Jiaogong Maintenance"	Zhejiang Jiaogong High-grade Expressway Maintenance Co., Ltd* (浙江交工高等級公路養護有限公司), a indirectly non-wholly owned subsidiary of Communications Group
"KPMG"	KPMG Advisory (China) Limited, consultant to the Company in respect of the PRC tax regime
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange, as amended, supplemented or otherwise modified from time to time
"LongLiLiLong Acquisition"	the proposed acquisition of the entire equity interest in LongLiLiLong Co by the Company from the Communications Group pursuant to the LongLiLiLong Equity Purchase Agreement

"LongLiLiLong Co"	Zhejiang LongLiLiLong Expressway Co., Ltd.* (浙江龍麗麗龍高速公路有限公司), a limited liability company established in the PRC and entirely owned by the Communications Group as at the date of this announcement
"LongLiLiLong Equity Purchase Agreement"	the equity purchase agreement dated November 10, 2020 entered into between the Company and Communications Group in relation to the LongLiLiLong Acquisition, pursuant to which the Company conditionally agreed to purchase from Communications Group the entire equity interest in LongLiLiLong Co
"LongLiLiLong Expressways"	the LongLi Expressway and the LiLong Expressway
"LongLiLiLong Valuation Report"	the valuation report dated November 9, 2020 prepared by Jones Lang LaSalle in relation to the entire equity interest of LongLiLiLong Co
"LongLiLiLong PRC Valuation Report"	the valuation report dated October 9, 2020 prepared by the PRC Domestic Valuer and commissioned by Communications Group in relation to the entire equity interest of LongLiLiLong Co
"percentage ratio"	has the meaning ascribed to it under Rule 14.04(9) of the Listing Rules
"PRC"	the People's Republic of China which, for the purpose of this announcement only, excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
"PRC Domestic Valuer"	Wide World Assets Appraisal Co., Ltd (萬邦資產評估有限公司), a PRC qualified domestic valuer appointed by Communications Group in relation to the LongLiLiLong Acquisition
"RMB"	Renminbi, the lawful currency of the PRC
"Shareholder(s)"	holder(s) of the share(s) of the Company
"Stock Exchange"	The Stock Exchange of Hong Kong Limited

"subsidiary(ies)"	has the meaning ascribed to it under the Listing Rules
"substantial shareholder(s)"	has the meaning ascribed to it under the Listing Rules
"Zhejiang Commercial Group"	Zhejiang Commercial Group Co., Ltd. (浙江省商業集團有限公司), a company established in the PRC and a fellow subsidiary of Communications Group, which has absorbed and merged Zhejiang Commercial Group Industrial Development Co., Ltd.* (浙江省交通投資集團實業發展有限公司) on June 20, 2019
"Zhejiang SASAC"	State-owned Assets Supervision and Administration Commission of the People's Government of Zhejiang Province of the PRC* (中國浙江省人民政府國有資產監督管理委員會)
"%"	per cent

* *In this announcement, the English names of the PRC entities are translations of their Chinese names and included herein for identification purpose only. In the event of any inconsistency, the Chinese names shall prevail.*

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

Hangzhou, the PRC, November 10, 2020

As at the date of this announcement, the Chairman of the Company is Mr. YU Zhihong; the executive directors of the Company are: Mr. CHEN Ninghui and Ms. LUO Jianhu; the non-executive directors of the Company are: Mr. DAI Benmeng, Mr. YUAN Yingjie, and Mr. FAN Ye; and the independent non-executive directors of the Company are: Mr. PEI Ker-Wei, Ms. LEE Wai Tsang, Rosa and Mr. CHEN Bin.

In compliance with Rule 14.60A of the Listing Rules, the text of each of the letters from Deloitte to the Directors confirming it has examined the calculations of the discounted future estimated cash flows for the HangNing Valuation Report and the LongLiLiLong Valuation Report, and the letter from the Board confirming that each of the HangNing Valuation Report and the LongLiLiLong Valuation Report has been made after due and careful enquiry, both dated November 10, 2020, for the purpose of, among others, inclusion in this announcement are reproduced below:

INDEPENDENT ASSURANCE REPORT ON THE CALCULATIONS OF DISCOUNTED FUTURE ESTIMATED CASH FLOWS IN CONNECTION WITH THE VALUATION OF 30% EQUITY INTEREST IN ZHEJIANG HANGNING EXPRESSWAY CO., LTD. (THE "TARGET A")

TO THE DIRECTORS OF ZHEJIANG EXPRESSWAY CO., LTD. (THE "COMPANY")

We have examined the calculations of the discounted future estimated cash flows on which the valuation prepared by Cushman & Wakefield Limited dated 9 November 2020, of 30% equity interest in the Target A as at 31 August 2020 (the "**Valuation A**") is based. The Target A is a company incorporated in the People's Republic of China. The Target A is principally engaged in operation and management of toll collection rights of Zhejiang section of the HangNing Expressway. The Valuation A based on the discounted future estimated cash flows is regarded as a profit forecast under Rule 14.61 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**") and will be included in an announcement dated 10 November 2020 to be issued by the Company" in connection with the discloseable and connected transaction in relation to proposed acquisition of 30% equity interest in the Target A (the "**Announcement**").

Directors' Responsibility for the Discounted Future Estimated Cash Flows

The directors of the Company are responsible for the preparation of the discounted future estimated cash flows in accordance with the bases and assumptions determined by the directors and set out in "Principal assumptions for the income approach adopted for the HangNing Valuation Report" section of the Announcement (the "**Assumptions A**"). This responsibility includes carrying out appropriate procedures relevant to the preparation of the discounted future estimated cash flows for the Valuation A and applying an appropriate basis of preparation; and making estimates that are reasonable in the circumstances.

Our Independence and Quality Control

We have complied with the independence and other ethical requirements of the "Code of Ethics for Professional Accountants" issued by the Hong Kong Institute of Certified Public Accountants (the "**HKICPA**"), which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

Our firm applies Hong Kong Standard on Quality Control 1 "Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Services Engagements" issued by the HKICPA and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Reporting Accountants' Responsibility

Our responsibility is to express an opinion on whether the calculations of the discounted future estimated cash flows have been properly compiled, in all material respects, in accordance with the Assumptions A on which the Valuation A is based and to report solely to you, as a body, as required by Rule 14.62(2) of the Listing Rules, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Our engagement was conducted in accordance with Hong Kong Standard on Assurance Engagements 3000 (Revised) "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" issued by the HKICPA. This standard requires that we comply with ethical requirements and plan and perform the assurance engagement to obtain reasonable assurance on whether the discounted future estimated cash flows, so far as the calculations are concerned, have been properly compiled in accordance with the Assumptions A. Our work was limited primarily to making inquiries of the Company's management, considering the analyses and assumptions on which the discounted future estimated cash flows are based and checking the arithmetic accuracy of the compilation of the discounted future estimated cash flows. Our work does not constitute any valuation of the Target A.

Because the Valuation A relates to discounted future estimated cash flows, no accounting policies of the Company have been adopted in its preparation. The Assumptions A include hypothetical assumptions about future events and management actions which cannot be confirmed and verified in the same way as past results and these may or may not occur. Even if the events and actions anticipated do occur, actual results are still likely to be different from the Valuation A and the variation may be material. Accordingly, we have not reviewed, considered or conducted any work on the reasonableness and the validity of the Assumptions A and do not express any opinion whatsoever thereon.

Opinion

Based on the foregoing, in our opinion, the discounted future estimated cash flows, so far as the calculations are concerned, have been properly compiled, in all material respects, in accordance with the Assumptions A.

Other Matter

Qualified opinions were issued by Baker Tilly International Limited in the audit reports of the Target A for the financial year ended 31 December 2019 and 8 months period ended 31 August 2020. The basis of formulating the qualified opinion is summarized as below:

- There are certain tax matters in the Target A that may result in the payment of corporate income tax and fines where the amount cannot be quantified;

- Auditor was unable to obtain sufficient and appropriate evidence to determine the impact of the accounting adjustment regarding Qingshan service area, an asset of the Target A, on the financial statements.

The above-mentioned items as well as the resulting impacts on the fair value of the equity value of the Target A is not taken into account for the Valuation A.

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong

10 November 2020

INDEPENDENT ASSURANCE REPORT ON THE CALCULATIONS OF DISCOUNTED FUTURE ESTIMATED CASH FLOWS IN CONNECTION WITH THE VALUATION OF THE ENTIRE EQUITY INTEREST IN ZHEJIANG LONGLILILONG EXPRESSWAY CO., LTD. (THE "TARGET B")

TO THE DIRECTORS OF ZHEJIANG EXPRESSWAY CO., LTD. (THE "COMPANY")

We have examined the calculations of the discounted future estimated cash flows on which the valuation prepared by Jones Lang LaSalle Corporate Appraisal and Advisory Limited dated 9 November 2020, of the entire equity interest in the Target B as at 31 August 2020 (the "**Valuation B**") is based. The Target B is a company incorporated in the People's Republic of China. The Target B is principally engaged in the operation and management of toll collection rights of the LongLiLiLong Expressways. The Valuation B based on the discounted future estimated cash flows is regarded as a profit forecast under Rule 14.61 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**") and will be included in an announcement dated 10 November 2020 to be issued by the Company" in connection with the discloseable and connected transaction in relation to proposed acquisition of the entire equity interest in the Target B (the "**Announcement**").

Directors' Responsibility for the Discounted Future Estimated Cash Flows

The directors of the Company are responsible for the preparation of the discounted future estimated cash flows in accordance with the bases and assumptions determined by the directors and set out in "Principal assumptions for the income approach adopted for the LongLiLiLong Valuation Report" section of the Announcement (the "**Assumptions B**"). This responsibility includes carrying out appropriate procedures relevant to the preparation of the discounted future estimated cash flows for the Valuation B and applying an appropriate basis of preparation; and making estimates that are reasonable in the circumstances.

Our Independence and Quality Control

We have complied with the independence and other ethical requirements of the "Code of Ethics for Professional Accountants" issued by the Hong Kong Institute of Certified Public Accountants (the "**HKICPA**"), which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

Our firm applies Hong Kong Standard on Quality Control 1 "Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Services Engagements" issued by the HKICPA and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Reporting Accountants' Responsibility

Our responsibility is to express an opinion on whether the calculations of the discounted future estimated cash flows have been properly compiled, in all material respects, in accordance with the Assumptions B on which the Valuation B is based and to report solely to you, as a body, as required by Rule 14.62(2) of the Listing Rules, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Our engagement was conducted in accordance with Hong Kong Standard on Assurance Engagements 3000 (Revised) "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" issued by the HKICPA. This standard requires that we comply with ethical requirements and plan and perform the assurance engagement to obtain reasonable assurance on whether the discounted future estimated cash flows, so far as the calculations are concerned, have been properly compiled in accordance with the Assumptions B. Our work was limited primarily to making inquiries of the Company's management, considering the analyses and assumptions on which the discounted future estimated cash flows are based and checking the arithmetic accuracy of the compilation of the discounted future estimated cash flows. Our work does not constitute any valuation of the Target B.

Because the Valuation B relates to discounted future estimated cash flows, no accounting policies of the Company have been adopted in its preparation. The Assumptions B include hypothetical assumptions about future events and management actions which cannot be confirmed and verified in the same way as past results and these may or may not occur. Even if the events and actions anticipated do occur, actual results are still likely to be different from the Valuation B and the variation may be material. Accordingly, we have not reviewed, considered or conducted any work on the reasonableness and the validity of the Assumptions B and do not express any opinion whatsoever thereon.

Opinion

Based on the foregoing, in our opinion, the discounted future estimated cash flows, so far as the calculations are concerned, have been properly compiled, in all material respects, in accordance with the Assumptions B.

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong

10 November 2020

Hong Kong Exchanges and Clearing Limited
12/F, Two Exchange Square,
8 Connaught Place, Central,
Hong Kong

November 10, 2020

Dear Sirs

Re: Discloseable and Connected Transaction – Acquisition of 30% Equity Interest in Zhejiang HangNing Expressway Co., Ltd. (“HangNing Co”)
Discloseable and Connected Transaction – Acquisition of the Entire Interest in Zhejiang LongLiLiLong Expressway Co., Ltd. (“LongLiLiLong Co”)

We refer to the announcement of Zhejiang Expressway Co., Ltd. (the “Company”) dated November 10, 2020 in relation to the captioned matter and:

(i) the valuation report dated November 9, 2020 (the “**HangNing Valuation Report**”) prepared by Cushman & Wakefield in relation to the valuation of 30% equity interest of HangNing Co; and

(ii) the valuation report dated November 9, 2020 (the “**LongLiLiLong Valuation Report**”) prepared by Jones Lang LaSalle in relation to the valuation of the entire equity interest of LongLiLiLong Co.

We understand that Cushman & Wakefield prepared the HangNing Valuation Report and Jones Lang LaSalle prepared the LongLiLiLong Valuation Report based on the discounted cash flow method, and each constitutes a profit forecast under Rule 14.61 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Hong Kong Listing Rules**”). Unless otherwise defined or if the context otherwise requires, all terms defined in the Announcement shall have the same meaning when used in this letter.

We have reviewed and discussed the bases and assumptions upon which the valuation of 30% equity interest of HangNing Co has been made with Cushman & Wakefield and the valuation of the entire equity interest of LongLiLiLong Co has been made with Jones Lang LaSalle, and reviewed the respective valuation for which Cushman & Wakefield and Jones Lang LaSalle is responsible.

We have also considered the report from, Deloitte Touche Tohmatsu, dated November 10, 2020 regarding whether the discounted future estimated cash flows, so far as the calculations are concerned, have been properly compiled in accordance with the bases and assumptions set out in the HangNing Valuation Report and the LongLiLiLong Valuation Report. We have noted that the discounted future estimated cash flows do not involve the adoption of accounting policy.

On the basis of the foregoing, we are satisfied that the forecast included in the HangNing Valuation Report and the valuation therein prepared by Cushman & Wakefield, and the forecast included in the LongLiLiLong Valuation Report and the valuation therein prepared by Jones Lang LaSalle have been made after due and careful enquiry.

This letter is for the sole purpose of Rule 14.62(3) of the Hong Kong Listing Rules and for no other purpose. We accept no responsibility to any other person in respect of, arising out of or in connection with this letter.

Yours faithfully
On behalf of the Board
Zhejiang Expressway Co., Ltd.
LUO Jianhu
Executive Director