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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)**

**Euro365 million zero coupon convertible bonds due 2022**  
**(Stock Code: 5434)**

## **ANNOUNCEMENT ON RESULTS OF THE EGM**

Zhejiang Expressway Co., Ltd. (the “**Company**”) held an extraordinary general meeting (the “**EGM**”) at 10 a.m. on Monday, December 18, 2017 at 5/F, No. 2 Mingzhu International Business Center, 199 Wuxing Road, Hangzhou City, Zhejiang Province, the People’s Republic of China (the “**PRC**”).

Shareholders of the Company (the “**Shareholders**”) who attended the EGM by proxy represented a total of 3,792,820,775 shares of the Company entitled to attend and to vote at the EGM, or 87.33% of the total issued share capital of the Company as at the date of the EGM. The EGM was convened by the board of directors of the Company (the “**Board**”). Chairman of the Company, Mr. ZHAN Xiaozhang, chaired the EGM. Votings at the EGM took place by way of poll, with the proposed resolutions duly passed, details of which are as follows:

### **AS ORDINARY RESOLUTIONS**

1. Resolved to approve and declare an interim dividend of RMB6 cents per share in respect of the six months ended June 30, 2017, with 3,792,820,775 shares voted in the affirmative (representing 100% of the total shares held by the Shareholders present at the EGM) and 0 shares voted in the negative (representing 0% of the total shares held by the Shareholders present at the EGM).

## AS SPECIAL RESOLUTION

- Resolved to approve the proposal by the Board to amend the Articles of Association in the manner as set out in the circular of the Company dated November 3, 2017 to the Shareholders, be and is hereby approved, and the Board be and is hereby authorised to do all such things as necessary in respect of the amendments pursuant to the requirements (if any) under domestic or overseas laws or under the rules of any stock exchange on which any securities of the Company are listed, with 3,132,227,099 shares voted in the affirmative (representing 82.583% of the total shares held by the Shareholders present at the EGM) and 620,683,877 shares voted in the negative (representing 16.365% of the total shares held by the Shareholders present at the EGM).

There was no share requiring any holder to attend and vote only against the resolutions at the EGM. Mr. Eric Shi of Deloitte Touche Tohmatsu Certified Public Accountants was appointed and acted as scrutineers for the vote taking during the EGM.

### **FURTHER INFORMATION ON THE PAYMENT OF INTERIM DIVIDEND**

The payment of an interim dividend of RMB6 cents per share in respect of the six months ended June 30, 2017 was approved by more than half of the votes cast by the Shareholders at the EGM.

For determining the entitlement to the proposed interim dividend, the register of members holding H shares of the Company (the “**H Shares**”) will be closed from December 22, 2017 to December 27, 2017 (both days inclusive), during which period no transfer of H Shares will be effected. In order for holders of H Shares to qualify for the proposed interim dividend, all transfers of H Shares accompanied by the transfer instruments and relevant share certificates must be lodged with the Company’s share registrars in Hong Kong, Hong Kong Registrars Limited at Rooms 1712-1716, 17/F Hopewell Center, 183 Queen’s Road East, Wanchai, Hong Kong for registration not later than 4:30 p.m. on December 21, 2017. Shareholders whose names appear in the register of members of the Company on December 27, 2017 (the “**Record Date**”) are entitled to the said interim dividend.

Pursuant to the relevant regulations and the Articles of Association, dividends for holders of H Shares (excluding Shareholders who are Chinese Mainland individual investors or enterprise investors investing in shares listed on the Hong Kong Stock Exchange through the Shanghai-Hong Kong Stock Connect or the Shenzhen-Hong Kong Stock Connect) shall be paid in Hong Kong dollars according to the average closing exchange rate of Hong Kong dollars to Renminbi declared by the People’s Bank of China in the five trading days prior to the date of the declaration of dividends. The applicable exchange rate for the purpose of the payment of the interim dividend is therefore HK\$1.00 to RMB0.84715.

Dividends payable to the Shareholders who are Chinese Mainland individual investors or corporate investors investing in the H Shares via the Shanghai-Hong Kong Stock Connect or the Shenzhen-Hong Kong Stock Connect will be paid in Renminbi by the China Securities Depository and Clearing Corporation Limited Shanghai Branch or Shenzhen Branch as entrusted by the Company.

According to the Law on Corporate Income Tax of the People's Republic of China and the relevant implementing rules (the "CIT Law") which came into effect on January 1, 2008, the Company is obliged to withhold for payment the corporate profit tax, which is at the rate of 10%, from the payment of dividends to non-resident enterprises (as defined under the CIT Law, including HKSCC (Nominees) Limited, other nominees, trustees or other groups and organizations) who are holders of H Shares. Dividends paid to natural persons who are holders of H Shares are not subject to individual income tax for the time being.

According to the requirements of the "Notice on Taxation Policies Concerning the Shanghai-Hong Kong Stock Connect Pilot Program (Finance Tax [2014] No. 81) (《關於滬港股票市場交易互聯互通機制試點有關稅收政策的通知》(財稅[2014]81號)) and "Notice on Taxation Policies Concerning the Shenzhen-Hong Kong Stock Connect Pilot Program (Finance Tax [2016] No. 127) (《關於深港股票市場交易互聯互通機制試點有關稅收政策的通知》(財稅[2016]127號)) jointly published by the Ministry of Finance, State Administration of Taxation and China Securities Regulatory Commission, the Shanghai-Hong Kong Stock Connect and the Shenzhen-Hong Kong Stock Connect tax arrangements are as follows: (i) for Chinese Mainland individual investors who invest in the H Shares via the Shanghai-Hong Kong Stock Connect or the Shenzhen-Hong Kong Stock Connect, the Company will withhold individual income tax at the rate of 20% in the distribution of interim dividend. Individual investors may, by producing valid tax payment proofs, apply to the competent tax authority of China Securities Depository and Clearing Company Limited for tax credit relating to the withholding tax already paid abroad; and (ii) for Chinese Mainland securities investment funds that invest in the H Shares via the Shanghai-Hong Kong Stock Connect or the Shenzhen-Hong Kong Stock Connect, the Company will withhold individual income tax in the distribution of interim dividend pursuant to the foregoing provisions.

For Chinese Mainland corporate investors that invest in the H Share via the Shanghai-Hong Kong Stock Connect or the Shenzhen-Hong Kong Stock Connect, the Company will not withhold the income tax in the distribution of interim dividend and such investors shall file the tax returns on their own.

The interim dividend of HK\$0.07083 cents per share (before tax) is expected to be paid to the H Shareholders of the Company on January 19, 2018.

## **FURTHER INFORMATION ON THE PAYMENT OF COMPENSATION PAYMENT**

On June 26, 2017, the spin-off and listing on stock exchange of Zheshang Securities (“**Listing**”) had been completed and the dealings in the A shares of Zheshang Securities on the Shanghai Stock Exchange had commenced. Pursuant to the “Implementing Measures for the Transfer of Certain State-owned Shares from the Domestic Securities Market to the National Social Security Fund” (No. 94 [2009] of the Ministry of Finance) (《境內證券市場轉持部分國有股充實全國社會保障基金實施辦法》(財企[2009] 94 號)) and “Reply on the Proposal of the State-owned Share Transfer in the Initial Public Offerings of Zheshang Securities Co., Ltd. in A Shares Market” (No. 9 [2013] of the SASAC of Zhejiang Province) (《關於浙商證券股份有限公司A股首發上市國有股轉持方案的批復》(浙國資產權[2013] 9號), the state-owned shareholders of Zheshang Securities are required, upon the Listing, to transfer a number of shares in Zheshang Securities they hold which, in aggregate, represents 10% of the total number of shares issued under the Listing to the National Social Security Fund (“**NSSF Payment**”). In addition, Zhejiang Communications Investment Group., Ltd. (“**Communications Group**”), being a state-owned shareholder of the Company (i.e. H Shareholders), shall be required to compensate the H Shareholders of the Company, as the compensation of the NSSF Payment (“**Compensation Payment**”).

Pursuant to the reply from Communications Group on July 24, 2017, it is confirmed that Shangsang Co. is required to pay RMB193,617,317.25 in total into the NSSF by cash and the payment was fulfilled on August 15, 2017. In addition, the Compensation Payment in the amount of RMB47,061,704.55, will be paid to the H Shareholders by Communications Group.

For determining the entitlement to the Compensation Payment, the register of members holding H shares of the Company will be closed from December 22, 2017 to December 27, 2017 (both days inclusive), during which period no transfer of H Shares will be effected. In order for H Shareholders to qualify for the Compensation Payment, all transfers of H Shares accompanied by the transfer instruments and relevant share certificates must be lodged with the Company’s share registrars in Hong Kong, Hong Kong Registrars Limited at Rooms 1712-1716, 17/F Hopewell Center, 183 Queen’s Road East, Wanchai, Hong Kong for registration not later than 4:30 p.m. on December 21, 2017. Shareholders whose names appear in the register of members of the Company on December 27, 2017 are entitled to the said Compensation Payment.

Pursuant to the relevant regulations and the Articles of Association, the Compensation Payment for H Shareholders (excluding Shareholders who are Mainland Chinese individual investors or enterprise investors investing in shares listed on the Hong Kong Stock Exchange through the Shanghai-Hong Kong Stock Connect or the Shenzhen-Hong Kong Stock Connect) shall be paid in Hong Kong dollars according to the average closing exchange rate of Hong Kong dollars to Renminbi declared by the People’s Bank of China in the five trading days prior to the date of the declaration of dividends. The applicable exchange rate for the purpose of the payment of Compensation Payment is therefore HK\$1.00 to RMB0.84715.

The Compensation Payment payable to the Shareholders who are Mainland Chinese individual investors or corporate investors investing in the H Shares via the Shanghai-Hong Kong Stock Connect or the Shenzhen-Hong Kong Stock Connect will be paid in Renminbi by the China Securities Depository and Clearing Corporation Limited Shanghai Branch or Shenzhen Branch as entrusted by the Company.

After the communication between Communications Group and the competent tax authority, the Compensation Payment is “deemed as paying dividends to the H Shareholders”. According to CIT Law, Communications Group is obliged to withhold for payment the corporate profit tax, which is at the rate of 10%, from the payment of Compensation Payment to non-resident enterprises (as defined under the CIT Law, including HKSCC (Nominees) Limited, other nominees, trustees or other groups and organizations) who are holders of H Shares before the payment of Compensation Payment. Pursuant to the “Notice of the State Administration of Taxation on Issues Concerning the Administration of Individual Income Tax Collection after the Annulment of Document Guo Shui Fa [1993] No. 045” (No. 348 [2011] of the State Administration of Taxation) (《國稅發 [1993] 045號文件廢止後有關個人所得稅徵管問題的通知》(國稅函[2011]348號)), Communications Group shall withhold for payment the individual income tax which is at the rate of 10%, from the Compensation Payment paid to natural persons who are holders of H Shares.

According to the requirements of the “Notice on Taxation Policies Concerning the Shanghai-Hong Kong Stock Connect Pilot Program (Finance Tax[2014]No. 81) (《關於滬港股票市場交易互聯互通機制試點有關稅收政策的通知》(財稅[2014]81號)) and “Notice on Taxation Policies Concerning the Shenzhen-Hong Kong Stock Connect Pilot Program (Finance Tax [2016] No. 127) (《關於深港股票市場交易互聯互通機制試點有關稅收政策的通知》(財稅[2016]127號)) jointly published by the Ministry of Finance, State Administration of Taxation and China Securities Regulatory Commission, the Shanghai-Hong Kong Stock Connect and the Shenzhen-Hong Kong Stock Connect tax arrangements are as follows: (i) for Mainland Chinese individual investors who invest in the H Shares via the Shanghai-Hong Kong Stock Connect or the Shenzhen-Hong Kong Stock Connect, Communications Group will withhold individual income tax at the rate of 20% in the distribution of Compensation Payment. Individual investors may, by producing valid tax payment proofs, apply to the competent tax authority of China Securities Depository and Clearing Company Limited for tax credit relating to the withholding tax already paid abroad; and (ii) for Mainland Chinese securities investment funds that invest in the H Shares via the Shanghai-Hong Kong Stock Connect or the Shenzhen-Hong Kong Stock Connect, Communications Group will withhold individual income tax in the distribution of Compensation Payment pursuant to the foregoing provisions.

Compensation Payment of HK\$0.03874 per share (before tax) is expected to be paid to H Shareholders on January 19, 2018. Communications Group shall pay Compensation Payment net of tax, in accordance with the tax treatment requirements provided above.

Investors should read this announcement carefully. The Company will withhold for payment the corporate profit tax strictly in accordance with the relevant laws or requirements of the relevant governmental departments and strictly based on what has been registered on the H Share register of members on the Record Date. The Company will owe no liability whatsoever in respect of and will not entertain any claims arising from any delay in, or inaccurate determination of, the status of the Shareholders, or any disputes over the mechanism of withholding.

**ADJUSTMENT TO CONVERSION PRICE OF €365,000,000 ZERO COUPON CONVERTIBLE BONDS DUE 2022**

References are made to the announcements of the Company dated April 5, 2017, April 6, 2017 and April 21, 2017 in relation to the issue of the zero coupon convertible bonds due 2022 in an aggregate principal amount of €365,000,000 (the “**Convertible Bonds**”) as well as the announcement of the Company dated May 18, 2017 in relation to the adjustment of Conversion Price of the Convertible Bonds.

The terms and conditions of the Convertible Bonds (the “**CB Terms and Conditions**”) provided, among other things, that if the Company pays or makes any Capital Distributions (as defined in the CB Terms and Conditions), the Conversion Price shall be adjusted by multiplying the Conversion Price in force immediately before such Capital Distribution by the following fraction:

$$\frac{A - B}{A}$$

Where:

A is the sum of (i) the aggregate number of Ordinary Shares (as defined in the CB Terms and Conditions) of one class multiplied by the relevant Current Market Price (as defined in the CB Terms and Conditions) per Ordinary Share of such class and (ii) the aggregate number of Ordinary Shares of a second class multiplied by the relevant Current Market Price per Ordinary Share of such class, in each case on the date on which the Capital Distribution is first publicly announced; and

B is the Fair Market Value (as defined in the CB Terms and Conditions) of the aggregate Capital Distribution to the Ordinary Shareholders (as defined in the CB Terms and Conditions).

Such adjustment shall become effective on the date that such Capital Distribution is actually made or, if a record date is fixed therefor, immediately after such record date.

The payment of the interim dividend for the six months ended June 30, 2017 as recommended by the Board was approved by the Shareholders at the EGM on December 18, 2017. In accordance with the terms and conditions of the Convertible Bonds, with effect from December 28, 2017, being the day immediately after the record date in respect of the interim dividend for the six months ended June 30, 2017, the Conversion Price of the Convertible Bonds will be adjusted from the Conversion Price before adjustment of HK\$12.63 per H Share to the adjusted Conversion Price of HK\$12.54 per H Share (the “**Adjustment**”). Save for the abovementioned Adjustment to the Conversion Price, the other terms of the Convertible Bonds remain unchanged.

As at the date of this announcement, the aggregate principal amount under the Bonds that remains outstanding is €365,000,000, and none of the Convertible Bonds has been converted. Immediately following the Adjustment, the maximum number of H Shares issuable by the Company upon full conversion of the Convertible Bonds at the adjusted Conversion Price of HK\$12.54 per H Share will be 241,482,137 H Shares, representing an increase of 1,720,776 H Shares (the “**Additional Conversion Shares**”) from the original 239,761,361 H Shares based on the Conversion Price before adjustment of HK\$12.63 per H Share.

The Additional Conversion Shares will be issued and allotted pursuant to the general mandate approved by the Shareholders at the annual general meeting of the Company held on May 18, 2017 (the “**General Mandate**”). The Company is entitled to issue and allot a maximum of 286,770,900 H Shares pursuant to the General Mandate and has not fully utilised the General Mandate as at the date of this announcement.

An application will be made by the Company to the Stock Exchange for the listing of, and permission to deal in, the Additional Conversion Shares on the Stock Exchange.

By order of the Board  
**Zhejiang Expressway Co., Ltd.**  
**Tony Zheng**  
*Company Secretary*

Hangzhou, the PRC, December 18, 2017

*As at the date of this announcement, the executive directors of the Company are: Mr. ZHAN Xiaozhang, Mr. CHENG Tao and Ms. LUO Jianhu; the non-executive directors of the Company are: Mr. WANG Dongjie, Mr. DAI Benmeng and Mr. ZHOU Jianping; and the independent non-executive directors of the Company are: Mr. ZHOU Jun, Mr. PEI Ker-Wei and Ms. LEE Wai Tsang, Rosa.*