



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)

**Announcement on Distribution of Interim Dividend,
Acquisition of Additional Interest in Shangsang Co and
Early Repayment of World Bank Loans**

- An interim dividend of RMB0.02 per share for the first six months ended June 30th, 2000 has been approved by shareholders;
- An additional three per cent. ownership interest in Shangsang Co has been acquired;
- An authorization to acquire a further three per cent. ownership interest in Shangsang Co has been approved; and
- Approximately US\$94.2 million outstanding World Bank Loans will be repaid early.

Distribution of Interim Dividend

An extraordinary general meeting of Zhejiang Expressway Co., Ltd. (the "Company") was held on September 25th, 2000, to approve the resolution for the distribution of the interim dividend of the Company for the first six months ended June 30th, 2000 in the amount of RMB0.02 per share.

The interim dividend of RMB0.02 or HK\$0.01885 per share is expected to be paid to holders of the H Shares of the Company on or before October 27th, 2000.

Acquisition of Additional Interest in Shangsang Co and Early Repayment of World Bank Loans

On September 25th, 2000, an extraordinary meeting of the board of directors of the Company was held to approve, among others, the purchase of a three per cent. ownership interest in Shangsang Expressway Co., Ltd. ("Shangsang Co"), the authorization to purchase a further three per cent. ownership interest in Shangsang Co, and the early repayment of approximately US\$94.2 million outstanding World Bank Loans.

Shengzhou Acquisition

The Company entered into an agreement with Shengzhou Shangsang Development Company ("Shengzhou Co") on September 25th, 2000 to purchase in aggregate three per cent. ownership interest in Shangsang Co from Shengzhou Co for a total cash consideration of RMB86.4 million (the "Shengzhou Acquisition") after arm's length negotiations between the Company and Shengzhou Co.

Shangsang Co is a company established in the People's Republic of China with limited liability. As the holding company of Shangsang Expressway, Shangsang Co is principally engaged in the investment in, development, operation, management and collection of tolls of the Shangsang Expressway. Prior to the Shengzhou Acquisition, the Company and Shengzhou Co owned 55 per cent. and five per cent. ownership interest in Shangsang Co, respectively. Immediately upon the Shengzhou Acquisition, the Company's ownership interest in Shangsang Co will increase to 58 per cent., while Shengzhou Co's ownership interest will decrease to two per cent.

Shangsang Expressway is a four-lane expressway with a total length of 143km. It is expected to be completed and operational by the end of 2000. The Company is optimistic as to the prospects of the Shangsang Expressway, and accordingly increased its stake in the Shangsang Co through the Shengzhou Acquisition.

The consideration for the Shengzhou Acquisition will be funded by internal resources.

Shangyu Acquisition

It was also resolved at the extraordinary meeting of the board of directors that any director of the Company is authorized to enter into an agreement with Shangyu Municipal Transport Investment Company ("Shangyu Co"), which owns six per cent. ownership interest in Shangsang Co, to purchase a further three per cent. ownership interest in Shangsang Co from Shangyu Co (the "Shangyu Acquisition") on essentially the same terms as the Shengzhou Acquisition.

Should the Shangyu Acquisition be carried out, the Company's ownership interest in Shangsang Co will further increase to 61 per cent., while Shangyu Co's ownership interest will decrease to three per cent.

Shengzhou Co and Shangyu Co are independent third parties not connected with the promoters, directors, supervisors, chief executive or substantial shareholder of the Company or its subsidiaries or any of their respective associates.

World Bank Loans

Due to rising interest rates charged on the Company's long term outstanding World Bank Loans which are denominated in US dollars, with the financial resources available to the Company, the directors of the Company are of the view that it is in the interest of the Company to repay approximately US\$94.2 million of the World Bank Loans early. An amount of approximately US\$3.5 million will be incurred as early repayment premium in accordance with the term of the loan agreement.

The repayment, equal to the Company's remaining balance in the World Bank Loans, will be made with the Company's US dollar cash on hand.

By order of the board of directors of
Zhejiang Expressway Co., Ltd.
Zhang, Jingzhong
Director/Company Secretary

Hangzhou, September 25th, 2000