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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)

**PROPOSED APPLICATION TO ISSUE A SHARES IN THE PRC,
PROPOSED ACQUISITION OF INTERESTS IN SHANGSAN CO
AND PROPOSED AMENDMENT TO THE ARTICLES OF ASSOCIATION**

SUMMARY

The Company intends to apply to the CSRC and the Shanghai Stock Exchange of the PRC for the issue and placement of A Shares (the "A Share Issue") to institutional and general public investors in the PRC and for listing of the A Shares on the Shanghai Stock Exchange. The Company intends to use part of the proceeds of the A Share Issue to acquire 18.4% shareholding interest in Shangsans Co held by Huajian (the "Acquisition").

Saved as disclosed herein, the Directors hereby confirm that they are not aware of any matter discloseable under the general obligation imposed by paragraph 2 of the Listing Agreement, which is or may be of a price-sensitive nature.

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ARRANGEMENTS FOR THE A SHARE ISSUE

The proposed arrangements for the A Share Issue are as follows:

(i) Number of A Shares to be issued:

Not more than 300,000,000 A Shares.

(ii) Target places:

All natural persons and institutional investors with A Shares stock trading accounts at the Shanghai Stock Exchange (other than those prohibited by the laws and regulations of the PRC).

(iii) Issue price and its determination

The issue price range will be determined on the basis of market demand for the A Shares and the book building method will be adopted. The issue price of A Shares will be negotiated between the underwriters responsible for the A Share Issue and the Company with reference to the market demand of A Shares.

(iv) Use of Proceeds

The Company intends to use the net proceeds of the A Share Issue, which will amount to approximately RMB 1 billion as follows:

- approximately RMB425,000,000 for the first stage of widening of a section of the Hangzhou-Ningbo Expressway
- the balance for funding the Acquisition

If the balance exceeds the consideration of the Acquisition, the surplus will be used as working capital of the Company. If the balance is not sufficient to fund the Acquisition, the deficiency will be supplemented by internal resources of the Company.

IMPACT OF THE A SHARE ISSUE ON THE SHAREHOLDING STRUCTURE OF THE COMPANY

On the basis of the maximum number of A Shares to be issued under the A Share Issue, the respective percentage of the Company's shareholding before and after the completion of the A Share Issue is as follows:

Class of Shares	Before the A Share Issue	Percentage of shareholding (%)	After the A Share Issue	Percentage of shareholding (%)
State-owned Shares	2,909,260,000 shares	66.99	2,909,260,000 shares	62.66
A Shares	—	—	300,000,000 shares	6.46
H Shares	1,433,854,500 shares	33.01	1,433,854,500 shares	30.88
Total	4,343,114,500 shares	100.00	4,643,114,500 shares	100.00

ACQUISITION OF INTEREST IN SHANGSAN CO HELD BY HUAJIAN

Shangsans Co. is 61% and 18.4% held by the Company and Huajian. The remaining interests of Shangsans Co. are 7%, 6.6%, 3%, 2% and 2% held by Tiantai County Transport Development Company, Zhejiang Provincial High Class Highway Investment Company Limited, Shangyu Municipal Transport Investment Company, Shengzhou Shangsans Development Company and Xinchang Transport Development Company respectively.

The Company intends to acquire the 18.4% shareholding interest in Shangsans Co held by Huajian on normal commercial terms and conditions. Huajian holds approximately 11% of the issued share capital of the Company. Huajian is also one of the promoters and a substantial shareholder of Shangsans Co..

Therefore, the Acquisition will constitute a connected transaction of the Company under the Listing Rules of the Stock Exchange. The terms and conditions of the Acquisition are still being negotiated, and will require the approval of the independent non-executive directors of the Company and the independent shareholders of the Company at the EGM of the Company, and subject to the consents to be granted by the relevant government authorities such as the Ministry of Communications and the Ministry of Finance.

Further announcement in respect of the Acquisition will be made by the Company as soon as the terms and conditions of the Acquisition have been determined.

An independent board committee of the Company comprising the independent Directors will be formed to consider the terms of the Acquisition and to advise the independent shareholders of the Company in this regard. An independent financial adviser will also be appointed to advise the independent board committee as to the fairness and reasonableness of the Acquisition.

A circular containing further details of the A Share Issue and the Acquisition, the letter from an independent financial adviser containing its advice to the independent board committee and the recommendation of the independent board committee and the Company's financial adviser on the Acquisition for the purpose of considering and, if thought fit, approving the Acquisition and other related matters, will be despatched to the shareholders of the Company as soon as practicable. Huajian and its associates will abstain from voting on the resolutions approving the Acquisition in the EGM.

PROPOSED AMENDMENT OF THE ARTICLES OF ASSOCIATION

As a result of the transfer of 476,760,000 State-owned shares of the Company to Huajian on 28th December 2000, the Company also intends to amend the Articles of Association of the Company to reflect the existing shareholding structure of the Company. Special resolutions will be proposed to the shareholders of the Company for considering and if thought fit, approving the proposed amendment to the Articles of Association.

EXTRAORDINARY GENERAL MEETING

An EGM will be held during which special resolutions will be proposed to the shareholders of the Company for their consideration and approval of, if thought fit, the A Share Issue and the Acquisition. The Company will despatch a notice of the EGM to the shareholders of the Company informing the exact date of convening the EGM. Upon the approval of the A Share Issue and the Acquisition during the EGM, the A Share Issue will still be subject to the approval of CSRC and the Shanghai Stock Exchange for the listing of and dealing in the A Shares on the Shanghai Stock Exchange.

GENERAL INFORMATION

Saved as disclosed herein, the Directors are not aware of any matter discloseable under the general obligation imposed by paragraph 2 of the Listing Agreement, which is or may be of a price-sensitive nature.

DEFINITIONS

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

"A Shares"	means the domestic ordinary shares of the Company of RMB 1.00 each proposed to be issued by the Company
"Board"	means the board of Directors of the Company
"Directors"	means the directors, including the independent non-executive directors, of the Company
"the Company"	means Zhejiang Expressway Co., Ltd., a joint stock company with limited liabilities which was incorporated in the PRC on 1 March, 1997, the H Shares of which are listed on the Stock Exchange and on the London Stock Exchange
"CSRC"	means the China Securities Regulatory Commission
"H Shares"	means the foreign shares of the Company of RMB 1.00 each which are listed on the Stock Exchange and on the London Stock Exchange
"Listing Rules"	means the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
"Stock Exchange"	means The Stock Exchange of Hong Kong Limited
"Hong Kong"	means Hong Kong Special Administrative Region of the PRC
"Listing Agreement"	means the listing agreement entered into between the Company and the Stock Exchange pursuant to Appendix 7 of the Listing Rules of the Stock Exchange
"PRC"	means the People's Republic of China, for the purpose of this announcement, excludes Hong Kong, Macau and Taiwan
"Huajian"	means Huajian Transportation Economic Development Centre, a State-owned enterprise established pursuant to the laws of the PRC
"Shangsans Co"	means Zhejiang Shangsans Expressway Co., Ltd, a company established pursuant to the laws of the PRC, which is 61% owned by the Company
"EGM"	means the extraordinary general meeting of the Company to be held to consider the A Share Issue and the Acquisition
"Shanghai Stock Exchange"	means Shanghai Stock Exchange of the PRC
"RMB"	means Renminbi, the lawful currency of the PRC

By Order of the Board
Zhejiang Expressway Co., Ltd.
Zhang, Jingzhong
Director/Company Secretary