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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)

ANNOUNCEMENT
CONNECTED TRANSACTIONS

THE AGREEMENTS

On November 20, 2018, the Company and its relevant subsidiaries entered into the Agreements with Zhejiang Information, a wholly-owned subsidiary of controlling shareholder of the Company, pursuant to which the Company and its relevant subsidiaries agreed to purchase and Zhejiang Information agreed to provide various expressway monitoring and warning system development services and expressway mechanical and electrical engineering services.

LISTING RULES IMPLICATIONS

As at the date of this announcement, Communications Group is a controlling shareholder of the Company. Zhejiang Information, as a wholly-owned subsidiary of Communications Group, is a connected person of the Company and as a result, the transactions contemplated under the Agreements constitute connected transactions for the Company under Chapter 14A of the Listing Rules.

Pursuant to Rules 14A.81 and 14A.82 of the Listing Rules, as the transactions contemplated under the Agreements and the Previous Transactions were entered into with parties who are connected with one another and within a 12-month period, the transactions contemplated under the Agreements and the Previous Transactions are required to be aggregated for the calculation of the relevant percentage ratios to determine the classification of the transactions contemplated under the Agreements.

As the applicable percentage ratios in respect of the transactions contemplated under the Agreements, after aggregating with the Previous Transactions, are more than 0.1% but less than 5%, the Agreements are subject to the reporting, announcement and annual review requirements but exempt from the independent Shareholders' approval requirement under Chapter 14A of the Listing Rules.

INTRODUCTION

On November 20, 2018, the Company and the relevant subsidiaries of the Company entered into the Agreements with Zhejiang Information, pursuant to which the Company and its relevant subsidiaries agreed to purchase and Zhejiang Information agreed to provide various expressway monitoring and warning system development services and expressway mechanical and electrical engineering services.

Principal terms of the Agreements are set out below:

(1) THE AGREEMENT BETWEEN THE COMPANY AND ZHEJIANG INFORMATION

- Date:** November 20, 2018

- Parties:**
 - (a) the Company

 - (b) Zhejiang Information

- Scope of services:** The design and development of a high traffic density monitoring and warning system for the Company to enable advanced warning of high traffic density for mainline toll stations.

- Term:** One month

- Consideration and basis of consideration:** RMB237,000

The consideration has been determined after arm’s length negotiation between the parties and with reference to comparable prices available in the market for similar services, to ensure that the consideration and terms of services are fair and reasonable to the Company.

- Terms of payment:** The consideration shall be payable by the Company to Zhejiang Information as follows:
 - (a) the amount of RMB213,300 to be paid upon the completion of the development and the online trial operation of the system; and

 - (b) the amount of RMB23,700 to be paid upon the expiry of defect liability period.

(2) THE AGREEMENT BETWEEN HUIHANG CO AND ZHEJIANG INFORMATION

Date:	November 20, 2018
Parties:	(a) Huihang Co (b) Zhejiang Information
Scope of services:	The improvement of video surveillance and control system and the development of a bad weather condition monitoring and warning system for Huihang Expressway.
Term:	Three months
Consideration and basis of consideration:	RMB10,676,250 The consideration has been determined by public tender procedures which are open to other independent third party service providers. The factors for assessment include, but are not limited to, the tender prices, relevant experience, company reputation and quality of work. According to the evaluation of the assessment committee, Zhejiang Information successfully obtained the highest overall score among all the bidders.
Terms of payment:	The consideration shall be payable by Huihang Co to Zhejiang Information as follows: (a) 20% to be paid upon signing of this agreement as pre-payment; (b) 50% to be paid upon completion of installation of equipment and acceptance of examination; (c) 20% to be paid upon acceptance of delivery and examination; (d) 5% of the consideration to be paid upon passing the mid-point of the defect liability period; and (e) 5% of the consideration to be paid upon the expiry of the defect liability period.

(3) THE AGREEMENTS BETWEEN JIAXING CO AND ZHEJIANG INFORMATION

- Date:** November 20, 2018
- Parties:**
- (a) Jiaxing Co
 - (b) Zhejiang Information
- Scope of services:** Zhejiang Information agreed to provide the following expressway mechanical and electrical engineering services to Jiaxing Co:
- (a) to organise, arrange and sort out electrical cables of 127 toll lane controller cabinets and 14 weak current control cabinets at toll collection stations to fulfil the relevant requirements and standards of the Group (the “**Cable Sorting Services**”);
 - (b) to provide maintenance services to expressway bridge supports for Jiaxing Section of Shanghai-Hangzhou Expressway (the “**Maintenance Services**”); and
 - (c) to provide certain construction services to Shanghai-Hangzhou-Ningbo Expressway (the “**Construction Services**”).
- Term:** Terms under each agreement between Jiaxing Co and Zhejiang Information are provided as below:
- (a) the agreement for Cable Sorting Services: two months;
 - (b) the agreement for Maintenance Services: two months; and
 - (c) the agreement for Construction Services: three months.

**Consideration and
basis of consideration:**

The aggregate amount of consideration is RMB6,936,244.73 payable for the services to be provided under the agreements between Jiaxing Co and Zhejiang Information, details of which are set out as follows:

- (a) RMB207,399.73 for Cable Sorting Services;
- (b) RMB433,875 for Maintenance Services; and
- (c) RMB6,294,970 for Construction Services.

The consideration for each of the Cable Sorting Services, the Maintenance Services and the Construction Services has been determined by public tender procedures which are open to other independent third party service providers. The factors for assessment include, but are not limited to, the tender prices, relevant experience, company reputation and quality of work. According to the evaluation of the assessment committee, Zhejiang Information successfully obtained the highest overall score among all the bidders.

Terms of payment:

The consideration under the agreement for Cable Sorting Services shall be paid by Jiaxing Co to Zhejiang Information within 10 Business Days after one month trial operation and acceptance of delivery and examination.

The consideration under the agreement for Maintenance Services shall be payable by Jiaxing Co to Zhejiang Information as follows:

- (a) 97% of the consideration to be paid upon acceptance of delivery and examination; and
- (b) 3% of the consideration to be paid upon the expiry of the defect liability period.

The consideration under the agreement for Construction Services shall be payable by Jiaxing Co to Zhejiang Information as follows:

- (a) 20% of the consideration to be paid upon signing of the agreement as pre-payment;
- (b) 77% of the consideration to be paid upon completion and acceptance of delivery and examination; and
- (c) 3% of the consideration to be paid upon the expiry of the defect liability period.

REASONS FOR AND BENEFITS OF THE TRANSACTIONS

As a wholly-owned subsidiary of Communications Group, Zhejiang Information fully understands the Company's business and operating needs, and maintains effective communication to provide more quality services to the Company. Zhejiang Information has the relevant qualifications and expertise to provide expressway monitoring and warning system development services and expressway mechanical and electrical engineering services to the Company. The transactions contemplated under the Agreements are and will be conducted in the ordinary and usual course of business of the Company, and the considerations paid by the Company and its subsidiaries to Zhejiang Information will not be higher than the average market price and will not be less favourable than those provided by independent third parties to the Group for similar services.

Given the above, the Directors (including the independent non-executive Directors) are of the view that the terms of the Construction Agreements are on normal commercial terms, in the ordinary and usual course of business of the Company and are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

INFORMATION ON THE PARTIES

The Company is a joint stock company established under the laws of the PRC with limited liability 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 also carries on certain other businesses such as securities brokerage, investment banking, asset management, margin financing and securities lending through Zhejiang Zheshang Securities Co., Ltd..

Zhejiang Information is a wholly-owned subsidiary of Communications Group which is incorporated under the laws of the PRC. Zhejiang Information is principally engaged in research and development, manufacturing and sales of intelligent transportation and information technology products, road tolling, communication and surveillance systems, provision of technical advisory services for electrical and mechanical systems of tunnels, professional maintenance services and engineering, procurement and construction services.

LISTING RULES IMPLICATIONS

As at the date of this announcement, Communications Group is a controlling shareholder of the Company. Zhejiang Information is a wholly-owned subsidiary of Communications Group. Therefore, Zhejiang Information is a connected person of the Company and as a result, the transactions contemplated under the Agreements constitute connected transactions for the Company under Chapter 14A of the Listing Rules.

Pursuant to Rules 14A.81 and 14A.82 of the Listing Rules, as the transactions contemplated under the Agreements and the Previous Transactions were entered into with parties who are connected with one another and within a 12-month period, the transactions contemplated under the Agreements and the Previous Transactions are required to be aggregated for the calculation of the relevant percentage ratios to determine the classification of the transactions contemplated under the Agreements.

As the applicable percentage ratios in respect of the transactions contemplated under the Agreements, after aggregating with the Previous Transactions, are more than 0.1% but less than 5%, the Agreements will be subject to the reporting, announcement and annual review requirements but exempt from the independent Shareholders' approval requirement under Chapter 14A of the Listing Rules.

None of the Directors have a material interest in the transactions contemplated under the Agreements, and none are required to abstain from voting on the relevant Board resolutions.

DEFINITIONS

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

“associate”	has the meaning ascribed to it under the Listing Rules
“Agreements”	A number of agreements entered into between the Company and its relevant subsidiaries on one hand and Zhejiang Information on the other hand dated November 20, 2018 in respect of the provision of various expressway monitoring and warning system development services and expressway mechanical and electrical engineering services by Zhejiang Information

“Board”	the board of Directors of the Company
“Business Day”	means a day (other than a Saturday, Sunday and Public Holiday) on which licensed banks are open for business in Hong Kong
“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
“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
“Huihang Co”	Huangshan Yangtze Huihang Expressway Co., Ltd* (黃山長江徽杭高速公路有限責任公司), a wholly-owned subsidiary of the Company
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“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
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange, as amended, supplemented or otherwise modified from time to time

“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 Macao Special Administrative Region of the PRC and Taiwan
“Previous Transactions”	the agreements entered into within a 12-month period prior to the date of the Agreements between or among the Group and Communications Group’s associates in relation to various information technology services, mechanical and electrical engineering services. For details, please refer to the announcements issued by the Company dated December 22, 2017, January 4, 2018, April 17, 2018 and August 7, 2018, respectively
“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
“Zhejiang Information”	Zhejiang Expressway Information Engineering Technology Co., Ltd (浙江高速信息工程技術有限公司), a company incorporated in the PRC and a wholly-owned subsidiary of Communications Group
“%”	per cent

* *For identification purposes only*

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

Hangzhou, the PRC, November 20, 2018

As at the date of this announcement, the Chairman of the Company is Mr. YU Zhihong; the executive Directors of the Company are: Mr. CHENG Tao and Ms. LUO Jianhu; the other non-executive Directors of the Company are: Mr. DAI Benmeng, Mr. YU Qunli and Mr. YU Ji; and the independent non-executive Directors of the Company are: Mr. PEI Ker-Wei, Ms. LEE Wai Tsang, Rosa and Mr. CHEN Bin.