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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)

**CONTINUING CONNECTED TRANSACTIONS
EXPRESSWAY MONITORING SYSTEM SOFTWARE
MAINTENANCE AGREEMENTS; AND
EXPRESSWAY MECHANICAL AND ELECTRICAL
ENGINEERING AGREEMENTS**

**THE EXPRESSWAY MONITORING SYSTEM SOFTWARE MAINTENANCE
AGREEMENTS AND EXPRESSWAY MECHANICAL AND ELECTRICAL
ENGINEERING AGREEMENTS**

On August 7, 2018, the Company and certain of its subsidiaries entered into (i) the Expressway Monitoring System Software Maintenance Agreements and (ii) the Expressway Mechanical and Electrical Engineering Agreements with Zhejiang Information, a wholly-owned subsidiary of the controlling shareholder of the Company, pursuant to which the Company and certain of its subsidiaries agreed to purchase, and Zhejiang Information agreed to provide, expressway monitoring system software maintenance 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 is a wholly-owned subsidiary of Communications Group. Therefore, Zhejiang Information is a connected person of the Company and as a result, the transactions under the Expressway Monitoring System Software Maintenance Agreements and the Expressway Mechanical and Electrical Engineering Agreements constitute continuing 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 Expressway Monitoring System Software Maintenance Agreements, the Expressway Mechanical and Electrical Engineering Agreements and the Previous Transactions were entered into with parties who are connected with one another and within a 12-month period, the Expressway Monitoring System Software Maintenance Agreements, the Expressway Mechanical and Electrical Engineering 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.

As the applicable percentage ratios in respect of the transactions contemplated under the Expressway Monitoring System Software Maintenance Agreements and the Expressway Mechanical and Electrical Engineering Agreements, after aggregating the Previous Transactions, are more than 0.1% but less than 5%, the Expressway Monitoring System Software Maintenance Agreements and the Expressway Mechanical and Electrical Engineering 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.

THE EXPRESSWAY MONITORING SYSTEM SOFTWARE MAINTENANCE AGREEMENTS

On August 7, 2018, the Company and certain of its subsidiaries entered into the Expressway Monitoring System Software Maintenance Agreements with Zhejiang Information, a wholly-owned subsidiary of the controlling shareholder of the Company, pursuant to which the Company and certain of its subsidiaries agreed to purchase expressway monitoring system software maintenance services from Zhejiang Information.

Principal terms of the Expressway Monitoring System Software Maintenance Agreements are set out below:

- Date:** August 7, 2018
- Parties:**
- (1) The Company and certain subsidiaries of the Company (namely Shangsan Co, Hanghui Co, Jiaxing Co and Jinhua Co); and
 - (2) Zhejiang Information
- Term:** For the year ended 2018
- Consideration:** RMB792,000

Basis of consideration: Consideration has been determined after arm's length negotiation between the parties and with reference to comparable prices available in the market and historical fees paid by the Company for similar services, to ensure that the consideration and terms of services are fair and reasonable to the Company.

Payment: The consideration is paid in two installments: (i) 50% to be paid within seven days after June 30, 2018; and (ii) 50% to be paid within seven days after the expiry of the term of the Expressway Monitoring System Software Maintenance Agreements, provided that it has passed the service quality assessment.

Scope of services: Expressway monitoring system software maintenance services of certain expressways under management of the Company, which includes, but not limited to: (i) system maintenance; (ii) application maintenance; (iii) device sensor maintenance; and (iv) version upgrades.

Governing law: PRC law

THE EXPRESSWAY MECHANICAL AND ELECTRICAL ENGINEERING AGREEMENTS

On August 7, 2018, the Company and certain of its subsidiaries entered into the Expressway Mechanical and Electrical Engineering Agreements with Zhejiang Information, a wholly-owned subsidiary of the controlling shareholder of the Company, pursuant to which the Company and certain of its subsidiaries agreed to purchase expressway mechanical and electrical engineering services from Zhejiang Information.

Principal terms of the Expressway Mechanical and Electrical Engineering Agreements are set out below:

Date: August 7, 2018

Parties: (1) The Company and certain subsidiaries of the Company (namely Shangsang Co, Hanghui Co, Jiaying Co, Jinhua Co and Huihang Co); and
(2) Zhejiang Information

Term: For the year ended 2018

Consideration: RMB24,910,570.36

Basis of consideration: 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 in construction design, company reputation and quality of work and technological solutions. According to the evaluation of the assessment committee, Zhejiang Information successfully obtained the highest overall score among all the bidders.

Payment: The consideration is paid in three installments: (i) 20% to be paid upon execution of the Expressway Mechanical and Electrical Engineering Agreements; (ii) 77% to be paid after the delivery acceptance; and (iii) 3% to be paid upon expiry of defects liability period.

Scope of services: Expressway mechanical and electrical engineering services of certain expressway under management of the Company, which includes, but not limited to: (i) construction of ETC lanes; (ii) renewal of lane IPCs; (iii) retrofit of communication systems; and (iv) retrofit of electromechanical systems of certain tunnels.

Governing law: PRC law

Cap for the Expressway Monitoring System Software Maintenance Agreements

For the purpose of complying with Chapter 14A of the Listing Rules, the Company has set a cap in respect of the aggregate fees payable by the Company and certain of its subsidiaries to Zhejiang Information during the term of the Expressway Monitoring System Software Maintenance Agreements, which shall not exceed RMB792,000.

The above cap was determined after arm's length negotiation between the parties and with reference to comparable prices available in the market as well as historical fees paid by the Company for similar services.

Cap for the Expressway Mechanical and Electrical Engineering Agreements

For the purpose of complying with Chapter 14A of the Listing Rules, the Company has set a cap in respect of the aggregate fees payable by the Company and certain of its subsidiaries to Zhejiang Information during the term of the Expressway Mechanical and Electrical Engineering Agreements, which shall not exceed RMB24,910,570.36.

The above cap was determined after arm's length negotiation between the parties and with reference to comparable prices available in the market as well as historical fees paid by the Company for similar services.

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 system software maintenance services and expressway mechanical and electrical engineering services to the Company. The transactions contemplated under the Expressway Monitoring System Software Maintenance Agreements and Expressway Mechanical and Electrical Engineering Agreements are and will be conducted in the ordinary and usual course of business of the Company, and the consideration paid by the Company to Zhejiang Information will not be higher than the average market price and will not be less favorable 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 Expressway Monitoring System Software Maintenance Agreements and Expressway Mechanical and Electrical Engineering 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.

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 under the Expressway Monitoring System Software Maintenance Agreements and the Expressway Mechanical and Electrical Engineering Agreements constitute continuing 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 Expressway Monitoring System Software Maintenance Agreements, the Expressway Mechanical and Electrical Engineering Agreements and the Previous Transactions were entered into with parties who are connected with one another and within a 12-month period, the Expressway Monitoring System Software Maintenance Agreements, the Expressway Mechanical and Electrical Engineering 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.

As the applicable percentage ratios in respect of the transactions contemplated under the Expressway Monitoring System Software Maintenance Agreements and the Expressway Mechanical and Electrical Engineering Agreements, after aggregating with the Previous Transactions, are more than 0.1% but less than 5%, the Expressway Monitoring System Software Maintenance Agreements and the Expressway Mechanical and Electrical

Engineering 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 Expressway Monitoring System Software Maintenance Agreements and Expressway Mechanical and Electrical Engineering Agreements, and none are required to abstain from voting on the relevant Board resolutions.

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 was incorporated under the laws of the PRC with limited liability on July 22, 2004. Zhejiang Information is principally engaged in the business of electromechanical system integration, intelligent transportation software and hardware research and development, and big data analysis operations within the highway sector.

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
“Board”	the board of Directors
“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, 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 incorporated in the PRC with limited liability
“connected person”	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 directors of the Company
“ETC”	electronic toll collection

“Expressway Mechanical and Electrical Engineering Agreements”	the various expressway mechanical and electrical engineering agreements dated August 7, 2018 entered into between Zhejiang Information on the one hand and the Company and relevant subsidiaries of the Company (namely Shangsang Co, Hanghui Co, Jiaying Co, Jinhua Co and Huihang Co) on the other hand, pursuant to which the Company and certain of its subsidiaries agreed to purchase expressway mechanical and electrical engineering services from Zhejiang Information
“Expressway Monitoring System Software Maintenance Agreements”	the various expressway monitoring system software maintenance agreements dated August 7, 2018 entered into between Zhejiang Information on the one hand and the Company and relevant subsidiaries of the Company (namely Shangsang Co, Hanghui Co, Jiaying Co and Jinhua Co) on the other hand, pursuant to which the Company and certain of its subsidiaries agreed to purchase expressway monitoring system software maintenance services from Zhejiang Information
“Group”	the Company and its subsidiaries
“Hanghui Co”	Zhejiang Hanghui Expressway Co., Ltd.* (浙江杭徽高速公路有限公司), a 88.674% owned subsidiary of the Company
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Huihang Co”	Huangshan Yangtze Huihang Expressway Co., Ltd. *(黄山長江徽杭高速公路有限責任公司), a wholly-owned subsidiary of the Company
“IPC”	industrial process computer
“Jiaying Co”	Zhejiang Jiaying 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
“Jinhua Co”	Zhejiang Jinhua Yongjin Expressway Co., Ltd.* (浙江金華甬金高速公路有限公司), a directly wholly-owned subsidiary of the Company
“Listing Rules”	Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“percentage ratios”	has the meaning ascribed to it under Rule 14.04(9) of the Listing Rules

“PRC”	the People’s Republic of China (for the purpose of this announcement, excludes Hong Kong, Macau and Taiwan)
“Previous Transactions”	the agreements entered into within a 12-month period prior to the date of the Expressway Monitoring System Software Maintenance Agreements and the Expressway Mechanical and Electrical Engineering Agreements between or among the Group and Communications Group’s associates in relation to information technology service and mechanical and electrical engineering services. For details, please refer to the announcements issued by the Company dated December 22, 2017, January 4 and April 17, 2018, respectively.
“RMB”	Renminbi, the lawful currency of the PRC
“Shangsan Co”	Zhejiang Shangsan Expressway Co., Ltd.* (浙江上三高速公路有限公司), a 73.625% owned subsidiary of the Company
“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
“%”	per cent.
“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

* *English names for reference only*

On behalf of the Board
ZHEJIANG EXPRESSWAY CO., LTD.
YU Zhihong
Chairman

Hangzhou, the PRC, August 7, 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.