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*(A joint stock limited company incorporated in the People's Republic of China with limited liability)*  
**(Stock code: 0576)**

## **SUPPLEMENTAL ANNOUNCEMENT CONTINUING CONNECTED TRANSACTIONS – ZHEJIANG INFORMATION TRANSACTIONS**

### **THE ZHEJIANG INFORMATION TRANSACTIONS**

Reference is made to the announcement of the Company dated December 22, 2017 in relation to the entering into the Technological Cooperation and Service Agreement with Zhejiang Intelligent, a non wholly-owned subsidiary of the controlling shareholder of the Company, pursuant to which the Company and certain of its subsidiaries agreed to purchase highway operations monitoring and public travel information services from Zhejiang Intelligent. The Company wishes to provide shareholders with additional information in relation to the Zhejiang Information Transactions entered into between the Company and Zhejiang Information for the period ending December 31, 2017.

Within the 12-month period immediately before the entering into the Technological Cooperation and Service Agreement with Zhejiang Intelligent, the Zhejiang Information Transactions were entered into between the Company and certain of its subsidiaries and Zhejiang Information, pursuant to which the Company and certain of its subsidiaries agreed to enter into agreements with Zhejiang Information in relation to the following projects: (i) Data Center Infrastructure Platform Development Project; (ii) Highway Equipment Management System; (iii) Monitoring System Improvement Phase II Project; and (iv) Electronic Toll Collection (“ETC”) Construction Project.

### **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 Zhejiang Information Transaction 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 Technological Cooperation and Service Agreements and the Zhejiang Information Transactions were entered into with parties who are connected with one another and within a 12-month period, the Technological Cooperation and Service Agreements and the Zhejiang Information 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 Zhejiang Information Transactions, after aggregating the Technological Cooperation and Service Agreements, are more than 0.1% but less than 5%, the Zhejiang Information Transactions 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 ZHEJIANG INFORMATION TRANSACTIONS**

Reference is made to the announcement of the Company dated December 22, 2017 in relation to the entering into the Technological Cooperation and Service Agreement with Zhejiang Intelligent, a non wholly-owned subsidiary of the controlling shareholder of the Company, pursuant to which the Company and certain of its subsidiaries agreed to purchase highway operations monitoring and public travel information services from Zhejiang Intelligent.

Within the 12-month period immediately before the entering into the Technological Cooperation and Service Agreement with Zhejiang Intelligent, the Zhejiang Information Transactions were entered into between the Company and certain of its subsidiaries and Zhejiang Information, pursuant to which the Company and certain of its subsidiaries agreed to enter into agreements with Zhejiang Information in relation to the following projects: (i) Data Center Infrastructure Platform Development Project; (ii) Highway Equipment Management System; (iii) Monitoring System Improvement Phase II Project; and (iv) ETC Construction Project.

Principal terms of the Zhejiang Information Transactions are set out below:

### **I. Data Center Infrastructure Platform Development Project**

<b>Date:</b>	January 9, 2017
<b>Parties:</b>	(1) The Company; and (2) Zhejiang Information
<b>Term:</b>	For the year ended 2017

<b>Consideration:</b>	RMB8,985,000
<b>Basis of consideration:</b>	Consideration has been determined by public tender procedures which are open to other independent third party service providers. The Company's assessment committee considered factors including, but not limited to, the tender prices, qualifications and relevant experience in software development for highways, function design, after-sales technical support and enterprise credit. According to the evaluation of the assessment committee, Zhejiang Information successfully obtained the highest overall score among all the bidders.
<b>Payment:</b>	The consideration will be paid in four installments: 30% to be paid upon execution of the agreement; 40% to be paid after completion of software products and acceptance of trial within one week of operation; 25% to be paid after acceptance of delivery within one week after 90 days of operation; 5% to be paid within one week of the end of the 3-year expiry date of the software products
<b>Scope of services:</b>	Data center infrastructure platform development services
<b>Governing law:</b>	PRC law

## **II. Highway Equipment Management System**

<b>Date:</b>	January 12, 2017
<b>Parties:</b>	(1) The Company; and (2) Zhejiang Information
<b>Term:</b>	For the year ended 2017
<b>Consideration:</b>	RMB353,590

**Basis of consideration:** Consideration has been determined the Company's 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 infrastructure design and project implementation, qualifications and business credit. Accordingly to the evaluation of the assessment committee, Zhejiang Information successfully obtained the highest overall score among all the bidders.

**Payment:** The consideration will be paid in four installments: 30% to be paid after execution of the agreement and assessment of preliminary design of software; 30% to be paid after completion of software development and commencement trial operation; 35% to be paid after acceptance of trial operation; 5% to be paid upon the end of the defects liability period

**Scope of services:** Highway equipment management system development and implementation services

**Governing law:** PRC law

### **III. Monitoring System Improvement Phase II Project**

**Date:** August 1, 2017

**Parties:** (1) The Company; and  
(2) Zhejiang Information

**Term:** For the year ended 2017

**Consideration:** RMB280,000

**Basis of consideration:** Consideration has been determined after arm's length negotiation between the parties based on actual needs of software development, 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 will be paid in three installments: 50% to be paid after execution of the agreement and assessment of preliminary design of software; 45% to be paid after completion of software development, and acceptance and completion of trial operation; 5% to be paid upon the end of the defects liability period

**Scope of services:** Monitoring system and security facilities improvement services

**Governing law:** PRC law

#### **IV. ETC Construction Project**

**Date:** December 15, 2017

**Parties:**

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

**Term:** 3 months ended March 15, 2018

**Consideration:** RMB19,955,733

<b>Basis of consideration:</b>	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.
<b>Payment:</b>	The consideration will be paid in three installments: 90% to be paid after acceptance of delivery; 5% to be paid at the end of a 12-month period after the expiry of the defects liability period; 5% to be paid at the end of a 24-month period after the expiry of the defects liability period
<b>Scope of services:</b>	ETC construction services
<b>Governing law:</b>	PRC law

### **Cap for the Zhejiang Information Transactions**

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 and its subsidiaries during the relevant terms of the agreements entered into with respect to the Zhejiang Information Transactions, which shall not exceed RMB29,574,323.

For the Data Center Infrastructure Platform Development Project, Highway Equipment Management System and ETC Construction Project, the cap was determined by public tender procedures which are open to other independent third party service providers. The Company's assessment committee considered factors such as the quality of the tender documents submitted, qualifications and relevant experience of bidders, familiarity with the Company's business operations, and the tender prices. According to the evaluation of the assessment committee, Zhejiang Information successfully obtained the highest overall score among all the bidders.

For the Monitoring System Improvement Phase II Project, the cap was determined after arm's length negotiation between the parties based on actual needs of software development, 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.

## **REASONS FOR AND BENEFITS OF THE TRANSACTIONS**

As a wholly-owned subsidiary of Communications Group, Zhejiang Information is able to fully understand the Company's business and operating needs, and maintain effective communication to provide more quality services to the Company. Zhejiang Information and its subsidiaries also possess the relevant qualifications and expertise. The Zhejiang Information Transactions 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 is neither higher than the average market price, nor 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 Zhejiang Information Transactions 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 Zhejiang Information Transaction 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 Zhejiang Information Transactions and the Technological Cooperation and Service Agreements were entered into with parties who are connected with one another and within a 12-month period, the Zhejiang Information Transactions and the Technological Cooperation and Service Agreements 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 Zhejiang Information Transactions, after aggregating the Technological Cooperation and Service Agreements, are more than 0.1% but less than 5%, the Zhejiang Information Transactions 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 transaction contemplated under the Zhejiang Information Transaction 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 Zheshang Securities.

Zhejiang Information is a wholly-owned subsidiary of Communications Group which is incorporated under the laws of the PRC in 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:

<b>“Board”</b>	the board of Directors
<b>“Communications Group”</b>	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
<b>“Company”</b>	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
<b>“connected person”</b>	has the meaning ascribed to it under the Listing Rules
<b>“controlling shareholder”</b>	has the meaning ascribed to it under the Listing Rule
<b>“Director(s)”</b>	the directors of the Company
<b>“Group”</b>	the Company and its subsidiaries
<b>“H Shares”</b>	overseas listed foreign shares in the share capital of the Company with a nominal value of RMB1 per share, which are listed on the Main Board of the Stock Exchange
<b>“Hanghui Co”</b>	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
<b>“Hong Kong”</b>	the Hong Kong Special Administrative Region of the PRC
<b>“Jiaxing Co”</b>	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



<b>“Jinhua Co”</b>	Zhejiang Jinhua Yongjin Expressway Co., Ltd. (浙江金華甬金高速公路有限公司), a 100% owned subsidiary of the Company
<b>“Listing Rules”</b>	Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
<b>“percentage ratio”</b>	has the meaning ascribed to it under Rule 14.04(9) of the Listing Rules
<b>“PRC”</b>	the People’s Republic of China (for the purpose of this announcement, excludes Hong Kong, Macau and Taiwan)
<b>“RMB”</b>	Renminbi, the lawful currency of the PRC
<b>“Shangsan Co”</b>	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
<b>“Shareholder(s)”</b>	holder(s) of the share(s) of the Company
<b>“Stock Exchange”</b>	The Stock Exchange of Hong Kong Limited
<b>“subsidiary(ies)”</b>	has the meaning ascribed to it under the Listing Rules
<b>“Technological Cooperation and Service Agreement”</b>	the technological cooperation and service agreement dated December 22, 2017 entered into between Zhejiang Intelligent and the Company and the relevant subsidiaries of the Company (namely Zhejiang Shangsan Expressway Co., Ltd. (浙江上三高速公路有限公司), Zhejiang Jiaying Expressway Co., Ltd. (浙江嘉興高速公路有限責任公司), Zhejiang Jinhua Yongjin Expressway Co., Ltd. (浙江金華甬金高速公路有限公司) and Zhejiang Hanghui Expressway Co., Ltd. (浙江杭徽高速公路有限公司)), respectively, pursuant to which the Company agreed to purchase highway operations monitoring and public travel information services from Zhejiang Intelligent
<b>“%”</b>	per cent.

<b>“Zhejiang Information”</b>	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
<b>“Zhejiang Information Transactions”</b>	the agreements entered into between the Company and Zhejiang Information in 2017 for services relating to data center infrastructure platform development, highway equipment management, monitoring system improvement and ETC construction
<b>“Zhejiang Intelligent”</b>	Zhejiang Intelligent Expressway Services Co., Ltd (浙江智慧高速公路服務有限公司), a company incorporated in the PRC and a 89.36% owned subsidiary of Zhejiang Information
<b>“Zheshang Securities”</b>	Zhejiang Zheshang Securities Co., Ltd. (浙商證券股份有限公司), a limited liability company incorporated in the PRC and a direct non wholly-owned subsidiary of the Company

\* *English names for reference only*

On behalf of the Board  
**ZHEJIANG EXPRESSWAY CO., LTD.**  
**ZHAN Xiaozhang**  
*Chairman*

Hangzhou, the PRC, January 4, 2018

*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 and Mr. DAI Benmeng; and the independent non-executive directors of the Company are: Mr. ZHOU Jun, Mr. PEI Ker-Wei and Ms. LEE Wai Tsang, Rosa.*