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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)

CONNECTED TRANSACTION

ESTABLISHMENT OF A JOINT VENTURE FOR THE PPP PROJECT

The Board is pleased to announce that on 8 February, 2018, the Company and Zhejiang Hongtu have received the notification of award regarding a tender by Deqing County Department of Transportation to engage in the construction of bridges, tunnels and public service station in the PPP Project.

JOINT VENTURE AGREEMENT

The Company and Zhejiang Hongtu entered into the Joint Venture Agreement pursuant to which the Company and Zhejiang Hongtu will establish the Joint Venture for purposes of investing into the PPP Project. The Joint Venture Agreement takes effect as of the date of this announcement, and sets out, among other things, the manner of formation of the Joint Venture, the management of the Joint Venture and certain rights and obligations of the shareholders of the Joint Venture and their financial commitments to the Joint Venture.

LISTING RULES IMPLICATIONS

Communications Group is a controlling shareholder of the Company. Zhejiang Hongtu is an indirect non-wholly owned subsidiary of Communications Group. Therefore, Zhejiang Hongtu is a connected person of the Company and as a result, the transactions under the Joint Venture Agreement constitute connected transactions for the Company under Chapter 14A of the Listing Rules.

As the applicable percentage ratios in respect of the transactions contemplated under the Joint Venture Agreement are more than 0.1% but less than 5%, the Joint Venture Agreement is 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

The Board is pleased to announce that on 8 February, 2018, the Company and Zhejiang Hongtu have received the notification of award regarding a tender by Deqing County Department of Transportation to engage in the construction of bridges, tunnels and public service station in the PPP Project.

THE PPP PROJECT

The PPP Project involves the construction of bridges, tunnels and public service station in Deqing County. The total route length is approximately 14.62 km and consists of constructing 4 two-way driving lanes, 3 large-sized bridges (1,104m), 9 medium-sized bridges (623m), 4.5 tunnels (3,496m) and one public service station. The planned construction period is three years.

THE JOINT VENTURE AGREEMENT

Parties

- (1) The Company; and
- (2) Zhejiang Hongtu.

Establishment of the Joint Venture

The Company and Zhejiang Hongtu will establish the Joint Venture to engage in the construction of bridges, tunnels and public service station in Deqing County and the Joint Venture Agreement took effect as of the date of this announcement.

Registered capital of the Joint Venture

The registered capital of the Joint Venture shall not be less than RMB100 million and shall be fully paid in time, according to progress of the PPP Project and requirements of financing institutions (if applicable) and shall be injected within two years.

The initial registered capital shall not be less than 30% or RMB30 million, and shall be injected prior to commencement of the PPP Project.

The project capital of the Joint Venture is RMB320 million of which not less than RMB100 million shall be the registered capital and shall be contributed by the parties in the following proportion:

Name of Shareholder	Capital Contribution (RMB)	% of the total equity interests of the Joint Venture
Company	256,320,000	80.1%
Zhejiang Hongtu	63,680,000	19.9%
Total	320,000,000	100%

The registered capital of the Joint Venture was determined after arm's length negotiation between the parties and is based on the funding requirements of the Joint Venture.

Responsibilities of the Parties

The Company is responsible for construction management and Zhejiang Hongtu is responsible for project construction, operation and maintenance work over the operation period.

Board Composition

The board of directors of the Joint Venture shall consist of three directors, nominated by the Company and elected by shareholders' meeting. The term of office of the directors shall be three years and shall be eligible for re-election. The chairman and legal representative shall be nominated by the Company. The Joint Venture shall also consist of one supervisor, nominated by Zhejiang Hongtu and elected by shareholders' meeting.

Apportionment of Costs

Relevant expenses incurred in the implementation process of the PPP Project shall be apportioned according to actual workload undertaken by each party.

Future financing

Additional financing in excess of the registered capital shall first be financed by way of bank loans. If guarantees are required from the shareholders for financing, the obligations of each shareholder as between themselves is to be on a pro rata basis to their respective shareholding.

Restriction on transfers

Shareholders of the Joint Venture may not transfer all or part of the equity interests in the Joint Venture within five years (inclusive) from the date of establishment. Any equity transfer of the Joint Venture following five years of its establishment shall be in accordance with articles of association of the Joint Venture.

REASONS FOR AND BENEFITS OF THE TRANSACTIONS

One of the major business of the Company is expressway infrastructure investment and construction. The Directors believe that the establishment of the Joint Venture will facilitate the Company to better utilize its experience and advantages in construction to complement its existing network of expressways. The establishment of the Joint Venture is also consistent with the Company's core business goals and development strategies.

The Directors (including the independent non-executive Directors) are of the view that the terms of the Joint Venture Agreement is 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.

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INFORMATION ON THE PARTIES

The Company is a joint stock company established under the laws of the PRC with limited liability on 1 March 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 Hongtu is an indirect non-wholly owned subsidiary of Communications Group which is incorporated under the laws of the PRC on 31 October, 2001, and Zhejiang Hongtu is an associate of the Company. Zhejiang Hongtu is principally engaged in the business of providing construction and technical services for road, bridge and tunnel works, marketing and sale of construction materials, irrigating works, industrial and civil construction, repairing, maintaining and rent service for construction equipment, and investment in transportation construction.

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 Rule
“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 Rule
“Deqing County Department of Transportation”	the Department of Transportation* (德清縣交通運輸局) in Deqing County
“Director(s)”	the directors of the Company
“Group”	the Company and its subsidiaries
“H Shares”	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
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Joint Venture”	a joint venture company to be established in the PRC pursuant to the Joint Venture Agreement
“Joint Venture Agreement”	the agreement entered into between the Company and Zhejiang Hongtu in relation to the formation of the Joint Venture
“Listing Rules”	Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“PPP Project”	The Public-Private-Partnership (PPP) project in respect of the construction of bridges, tunnels and public service station from Deqing County to the juncture between Deqing County and Anji County
“percentage ratio”	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)

“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
“%”	per cent.
“Zhejiang Hongtu”	Zhejiang Hongtu Transportation Construction Company* (浙江交工宏途交通建設有限公司), a limited liability company incorporated in the PRC and non-wholly owned by Communications Group, as at the date of this announcement.

* *English names for reference only*

On behalf of the Board
Zhejiang Expressway Co., Ltd.
ZHAN Xiaozhang
Chairman

Hangzhou, the PRC, 8 February, 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.