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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 INDEPENDENT FINANCIAL ADVISER AGREEMENT

THE INDEPENDENT FINANCIAL ADVISER AGREEMENT

On May 12, 2017, Zheshang Securities, an indirect non wholly-owned subsidiary of the Company, entered into the Independent Financial Adviser Agreement with Zhejiang Communications Technology (formerly known as Jiangshan Chemical), a non wholly-owned subsidiary of the controlling shareholder of the Company, and Dongxing Securities, an independent third party, pursuant to which Zhejiang Communications Technology agreed to appoint Zheshang Securities and Dongxing Securities, as joint independent financial advisers, to provide financial advisory services with respect to its Substantial Assets Transaction.

LISTING RULES IMPLICATIONS

As at the date of this announcement, Communications Group is a controlling shareholder of the Company. Zhejiang Communications Technology is a non wholly-owned subsidiary of Communications Group. Therefore, Zhejiang Communications Technology is a connected person of the Company and as a result, the transaction under the Independent Financial Adviser Agreement constitutes a connected transaction for the Company under Chapter 14A of the Listing Rules.

As the applicable percentage ratios in respect of the transaction contemplated under the Independent Financial Adviser Agreement are more than 0.1% but less than 5%, the Independent Financial Adviser 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.

Information with respect to the Independent Financial Adviser Agreement will be disclosed in the Company's annual report for the year ended December 31, 2017.

THE INDEPENDENT FINANCIAL ADVISER AGREEMENT

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Principal terms of the Independent Financial Adviser Agreement are set out below:

- Date:** May 12, 2017
- Parties:** (1) Zhejiang Communications Technology;
(2) Zheshang Securities; and
(3) Dongxing Securities
- Underlying transaction:** Zhejiang Communications Technology's acquisition of the 100.00% equity interests in Zhejiang Communications Engineering and raising counterpart funds (the "**Substantial Assets Transaction**").
- Term:** From May 12, 2017 to the date of completion of the Substantial Assets Transaction
- Scope of services:** Zheshang Securities and Dongxing Securities agreed to provide financial advisory services with respect to the Substantial Assets Transaction as joint independent financial advisers, including but not limited to conducting due diligence, issuing the independent financial advisers report and filing relevant documents with the China Securities Regulatory Commission.
- Consideration:** RMB24,000,000, of which Zheshang Securities and Dongxing Securities will be paid 80% and 20% respectively
- Basis of consideration:** The consideration was determined based on the price tendered during the bidding process. The tenderers with the lowest price would be selected and appointed as the independent financial advisers for the Substantial Assets Transaction.

Payment: The consideration is paid in three installments: (i) RMB1,000,000 within five working days after disclosure of Substantial Assets Transaction plans, (ii) RMB15,000,000 within five working days after completion of business registration of the assets under the Substantial Assets Transaction, and (iii) RMB8,000,000 upon completion of financing of the Substantial Assets Transaction.

Governing law: PRC law

Due to the inadvertence of the management, the Independent Financial Adviser Agreement was discovered only during the annual review process of the connected transactions entered into for the financial year ended 2017. As the applicable percentage ratios in respect of the transaction contemplated under the Independent Financial Adviser Agreement are more than 0.1% but less than 5%, thus, such transaction is subject to the reporting, annual review and announcement requirements, but exempt from independent shareholders' approval requirements.

Failure to disclose this transaction constitutes a breach of the Listing Rules. The Company will take steps to strengthen its internal control measures to monitor connected transactions going forward, in order to avoid repeating similar breach. In this regard, the Company will review the internal communication and reporting system and practice with the relevant departments and staff, particularly over the reporting of potential connected transactions.

REASONS FOR AND BENEFITS OF THE TRANSACTIONS

Financial advisory services is one of the major business of Zheshang Securities. The income generated from financial advisory services accounted for a significant proportion of Zheshang Securities' total revenue in the past few years. By entering into the Independent Financial Adviser Agreement, Zheshang Securities was able to earn the advisory fees and participate in a transaction which had significant influence in the PRC capital market, thus strengthening its position as a leader in the financial services market in Zhejiang.

Given the above, the Directors (including the independent non-executive Directors) are of the view that the terms of the Independent Financial Adviser Agreement 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 Communications Technology is a non wholly-owned subsidiary of Communications Group. Therefore, Zhejiang Communications Technology is a connected person of the Company and as a result, the transaction under the Independent Financial Adviser Agreement constitute connected transactions for the Company under Chapter 14A of the Listing Rules.

As the applicable percentage ratios in respect of the transaction contemplated under the Independent Financial Adviser Agreement are more than 0.1% but less than 5%, the Independent Financial Adviser 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.

Information with respect to the Independent Financial Adviser Agreement will be disclosed in the Company's annual report for the year ended December 31, 2017.

None of the Directors have a material interest in the transaction contemplated under the Independent Financial Adviser Agreement 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 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 Zheshang Securities.

Zheshang Securities is a joint stock company established under the laws of the PRC with limited liability on 9 May 2002, the shares of which are listed on the Shanghai Stock Exchange (stock code: 601878). As at the date of this announcement, Zheshang Securities is owned as to 46.93% by the Company indirectly. Zheshang Securities is principally engaged in the provision of securities broking services, margin financing and securities lending services, securities underwriting and sponsorship services, asset management, advisory services and proprietary trading.

Zhejiang Communications Technology is a joint stock company established under the laws of the PRC with limited liability on 23 November 1998, the shares of which are listed on the Shenzhen Stock Exchange (stock code: 002061). As at the date of this announcement, Zhejiang Communications Technology is owned as to 60.24% by Communications Group directly, and therefore Zhejiang Communications Technology is an associate of the Company. Zhejiang Communications Technology is principally engaged in production, development and sales of chemical products as well as engineering construction services.

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
“Dongxing Securities”	Dongxing Securities Corporation Limited (東興證券股份有限公司), a company incorporated in the PRC and the shares of which are listed on the Shanghai Stock Exchange (stock code: 601198)
“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
“Independent Financial Adviser Agreement”	the independent financial adviser agreement dated May 12, 2017 entered into among Zhejiang Communications Technology, Zheshang Securities and Dongxing Securities, pursuant to which Zhejiang Communications Technology agreed to appoint Zheshang Securities and Dongxing Securities, as joint independent financial advisers, to provide financial advisory services with respect to its Substantial Assets Transaction

“independent third party”	has the meaning ascribed to it under the Listing Rule
“Jiangshan Chemical”	Zhejiang Jiangshan Chemical Co., Ltd.* (浙江江山化工股份有限公司), subsequently changed its name to Zhejiang Communications Technology on December 22, 2017
“Listing Rules”	Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“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
“Substantial Assets Transaction”	the acquisition of 100.00% equity interests in Zhejiang Communications Engineering and raising counterpart funds by Zhejiang Communications Technology
“%”	per cent.
“Zhejiang Communications Engineering”	Zhejiang Communications Engineering Group Co., Ltd.* (浙江交工集團股份有限公司), a company incorporated in the PRC and a non wholly-owned subsidiary of Communications Group
“Zhejiang Communications Technology”	Zhejiang Communications Technology Co., Ltd. (浙江交通科技股份有限公司), a company incorporated in the PRC and a non wholly-owned subsidiary of Communications Group

“Zheshang Securities” Zhejiang Zheshang Securities Co., Ltd. (浙商證券股份有限公司), a limited liability company incorporated in the PRC and an indirect non wholly-owned subsidiary of the Company

* *English names for reference only*

By Oder of the Board
Zhejiang Expressway Co., Ltd.
ZHAN Xiaozhang
Chairman

Hangzhou, the PRC, March 16, 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.