
THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in doubt as to any aspect of this Circular or as to the action to be taken, you should consult your stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountants or other professional adviser.

If you have sold or transferred all your shares in Zhejiang Expressway Co., Ltd., you should at once hand this Circular with the accompanying form of proxy to the purchaser or the transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or the transferee.

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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
IN RELATION TO A NEW FINANCIAL SERVICES AGREEMENT WITH ZHEJIANG
COMMUNICATIONS INVESTMENT GROUP FINANCE CO., LTD.
AND
ELECTION OF DIRECTORS AND SUPERVISORS OF THE SEVENTH SESSION
AND
NOTICE OF 2014 ANNUAL GENERAL MEETING**

**Independent Financial Adviser to
the Independent Board Committee and the Independent Shareholders of
Zhejiang Expressway Co., Ltd.**

 **BRIDGE PARTNERS**

BRIDGE PARTNERS CAPITAL LIMITED

A letter from the Board is set out on pages 5 to 16 of this Circular.

A letter from the Independent Board Committee is set out on pages 17 to 18 of this Circular.

A letter from the Independent Financial Adviser containing its recommendations to the Independent Board Committee and the Independent Shareholders is set out on pages 19 to 31 of this Circular.

A notice for convening the 2014 annual general meeting (the "AGM") of the Company to be held at 10 a.m. on June 18, 2015 at 5/F, No. 2 Mingzhu International Business Center, 199 Wuxing Road, Hangzhou City, Zhejiang Province, People's Republic of China is set out on pages 40 to 42 of this Circular.

A form of proxy for use at the AGM is enclosed. Whether or not you are able to attend the meeting in person, you are requested to complete and return the accompanying form of proxy in accordance with the instructions printed thereon. In case of H Shares, the proxy form should be lodged with the Company's H Shares Registrar, Hong Kong Registrars Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, not less than 24 hours before the time for holding the AGM (or any adjournment thereof). Completion and delivery of the form of proxy will not preclude you from attending and voting in person at the AGM or any adjournment thereof should you so wish.

May 4, 2015

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DEFINITIONS

In this Circular, unless the context specifies otherwise, the following expressions shall have the meanings stated below:

“%”	per cent.
“AGM”	the 2014 annual general meeting of the Shareholders of the Company to be convened for the purposes of, among other things, (i) electing the Directors and the supervisors of the seventh session, except for the supervisor representing the employees of the Company; and (ii) the approval by the Independent Shareholders of the New Financial Services Agreement, the notice of which is set out on pages 40 to 42 of this Circular
“annual cap”	has the meaning ascribed to it under Rule 14A.53 of the Listing Rules
“Articles of Association”	the articles of association of the Company
“associate(s)”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of Directors
“Bridge Partners” or “Independent Financial Adviser”	Bridge Partners Capital Limited, a corporation licensed to conduct type 1 (dealing in securities) and type 6 (advising on corporate finance) regulated activities under the SFO, being the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the Deposit Services under the New Financial Services Agreement
“business day”	any day, other than a Saturday or Sunday or a public holiday in the PRC, on which banks are generally open for business in the PRC
“Capital Contribution”	the capital contribution by the Company in the amount of RMB280,000,000, by way of cash, into the equity capital of Zhejiang Communications Finance pursuant to a capital contribution agreement dated March 30, 2013 entered into between the Company, Zhejiang Communications Finance, Communications Group, Ningbo Expressway Co. and Taizhou Expressway Co., the details of which are contained in the announcement of the Company dated March 30, 2013
“CBRC”	China Banking Regulatory Commission (中國銀行業監督管理委員會) of the PRC
“Circular”	this Circular to the Shareholders

DEFINITIONS

“Clearing Services”	the clearing services provided or proposed to be provided by Zhejiang Communications Finance to the Company pursuant to the Existing Financial Services Agreement or (as the case may be) the New Financial Services Agreement as described under the section headed “2. Continuing Connected Transactions – Principal services to be provided” in this Circular
“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” or “Zhejiang Expressway”	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(s)”	has the meaning ascribed to it under the Listing Rules
“continuing connected transaction”	has the meaning ascribed to it in the Listing Rules
“controlling shareholder”	has the meaning ascribed to it under the Listing Rules
“Deposit Services”	the cash deposit services provided or proposed to be provided by Zhejiang Communications Finance to the Company pursuant to the Existing Financial Services Agreement or (as the case may be) the New Financial Services Agreement as described under the section headed “2. Continuing Connected Transactions – Principal services to be provided” in this Circular
“Directors”	the directors of the Company
“Existing Financial Services Agreement”	the financial services agreement dated July 18, 2013 entered into between the Company and Zhejiang Communications Finance (as supplemented by a supplemental agreement dated March 28, 2014), pursuant to which Zhejiang Communications Finance agreed to provide the Group with the Deposit Services, the Loan and Financial Leasing Services, the Clearing Services and the Other Financial Services, subject to the terms and conditions provided therein
“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

DEFINITIONS

“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Board Committee”	an independent committee of the Board comprising all independent non-executive Directors, namely, Mr. Zhou Jun, Mr. Pei Ker-Wei and Ms. Lee Wai Tsang Rosa
“Independent Shareholders”	Shareholders who are independent within the meaning of the relevant provisions of the Listing Rules, and, in relation to the approval of the New Financial Services Agreement at the AGM, means the Shareholders other than Communications Group and its associates
“Independent Third Party”	a party independent and not connected with the Company, any of its subsidiaries or any of their respective Directors or substantial shareholders
“Latest Practicable Date”	April 28, 2015, being the latest practicable date for ascertaining certain information contained in this Circular
“Listing Rules”	Rules Governing the Listing of Securities on the Stock Exchange
“Loan and Financial Leasing Services”	the loan and financial leasing services provided or proposed to be provided by Zhejiang Communications Finance to the Company pursuant to the Existing Financial Services Agreement or (as the case may be) the New Financial Services Agreement as described under the section headed “2. Continuing Connected Transactions – Principal services to be provided” in this Circular
“New Financial Services Agreement”	the new financial services agreement dated April 24, 2015 entered into between the Company and Zhejiang Communications Finance as described in this Circular
“Ningbo Expressway Co.”	Zhejiang Ningbo Yongtaiwen Expressway Co., Ltd. (浙江寧波甬台溫高速公路有限公司), a limited liability company incorporated in the PRC and a 75% owned subsidiary of Communications Group
“Nomination Committee”	the nomination committee of the Company
“Other Financial Services”	the financial services (other than the Deposit Services, Loan and Financial Leasing Services and Clearing Services) provided or proposed to be provided by Zhejiang Communications Finance to the Company pursuant to the Existing Financial Services Agreement or (as the case may be) the New Financial Services Agreement as described under the section headed “2. Continuing Connected Transactions – Principal services to be provided” in this Circular

DEFINITIONS

“percentage ratio”	has the meaning ascribed to it under Rule 14.04(9) of the Listing Rules
“PBOC”	the People’s Bank of China
“PRC”	the People’s Republic of China (for the purpose of this Circular, excludes Hong Kong, Macau and Taiwan)
“RMB”	Renminbi, the lawful currency of the PRC
“SFO”	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“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
“Taizhou Expressway Co.”	Zhejiang Taizhou Yongtaiwen Expressway Co., Ltd. (浙江台州甬台温高速公路有限公司), a limited liability company incorporated in the PRC and a 75% owned subsidiary of the Communications Group
“Zhejiang Communications Finance”	Zhejiang Communications Investment Group Finance Co., Ltd. (浙江省交通投資集團財務有限責任公司), a limited liability company incorporated in the PRC, which is owned as to 35%, 40%, 15.625% and 9.375% by the Company, Communications Group, Ningbo Expressway Co. and Taizhou Expressway Co. respectively

LETTER FROM THE BOARD



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)

Executive Directors:

Mr. Zhan Xiaozhang (*Chairman*)
Ms. Luo Jianhu
Mr. Ding Huikang

Registered Address:

12/F, Block A, Dragon Century Plaza
1 Hangda Road
Hangzhou, Zhejiang 310007
People's Republic of China

Non-executive Directors:

Mr. Wang Dongjie
Mr. Dai Benmeng
Mr. Zhou Jianping

Independent Non-executive Directors:

Mr. Zhou Jun
Mr. Pei Ker-wei
Ms. Lee Wai Tsang, Rosa

May 4, 2015

To the Shareholders

Dear Sir or Madam,

**CONTINUING CONNECTED TRANSACTIONS
IN RELATION TO THE NEW FINANCIAL SERVICES AGREEMENT WITH ZHEJIANG
COMMUNICATIONS INVESTMENT GROUP FINANCE CO., LTD.
AND
ELECTION OF DIRECTORS AND SUPERVISORS
OF THE SEVENTH SESSION
AND
NOTICE OF 2014 ANNUAL GENERAL MEETING**

1. INTRODUCTION

a. Continuing connected transactions in relation to the New Financial Services Agreement

Reference is made to the announcements of the Company dated July 19, 2013 and March 28, 2014 relating the Existing Financial Services Agreement in relation to, among others, the provision of Deposit Services, Loan and Financial Leasing Services, Clearing Services and the Other Financial Services by Zhejiang Communications Finance to the Group.

LETTER FROM THE BOARD

It is currently expected by the Company that the existing annual cap for the Deposit Services will be insufficient to satisfy the Group's future needs. As such, on April 24, 2015 the Company entered into the New Financial Services Agreement with Zhejiang Communications Finance to, among others, increase the annual cap for the Deposit Services.

As at the Latest Practicable Date, Communications Group holds approximately 67% of the issued share capital of the Company. By virtue of this shareholding interest, Communications Group is a substantial shareholder (as defined under the Listing Rules) of the Company. As at the Latest Practicable Date, Zhejiang Communications Finance is owned as to 35%, 40%, 15.625% and 9.375% by the Company, Communications Group, Ningbo Expressway Co. and Taizhou Expressway Co. respectively. Therefore, Zhejiang Communications Finance is a connected person of the Company and as a result, each of the Deposit Services, the Loan and Financial Leasing Services, the Clearing Services and the Other Financial Services contemplated under the New Financial Services Agreement constitutes a continuing connected transaction for the Company under Chapter 14A of the Listing Rules. As one or more of the applicable percentage ratios in respect of the annual cap for Deposit Services under the New Financial Services Agreement is more than 5%, the Deposit Services will constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules subject to the reporting, announcement and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

b. Election of Directors and supervisors of the seventh session

Pursuant to the Articles of Association, the term of office of the Directors and supervisors of each session shall be three years and eligible for re-election and re-appointment. Under the Articles of Association, all of the Directors and outside supervisors of a new session will be elected in a general meeting through resolutions adopted by more than half of the voting rights held by the shareholders (including their proxies) attending the meeting. The supervisor representing the employees will be elected by the employees of the Company.

The purpose of this Circular is to provide, among other things, (i) further information about the New Financial Services Agreement; (ii) letters from the Independent Board Committee and the Independent Financial Adviser, respectively; (iii) further information in relation to the Directors and supervisors proposed to be elected for the seventh session; and (iv) a notice of AGM and other information as required under the Listing Rules.

LETTER FROM THE BOARD

2. CONTINUING CONNECTED TRANSACTIONS

The principal terms of the New Financial Services Agreement are set out below:

Date	:	April 24, 2015
Term	:	Three years from the date when the New Financial Services Agreement comes into effect.
Parties	:	(1) The Company (2) Zhejiang Communications Finance
Condition precedent	:	The New Financial Services Agreement is conditional upon the resolution(s) regarding the New Financial Services Agreement (including the proposed annual cap for the Deposit Services) and the transactions contemplated thereunder being approved by the Independent Shareholders at the AGM.
Termination of Existing Financial Services Agreement	:	The New Financial Services Agreement, once it becomes effective, will supersede the Existing Financial Services Agreement and the Existing Financial Services Agreement will be deemed to have been mutually terminated by the parties and each of the parties shall have no claim against the other in respect of the early termination of the Existing Financial Services Agreement. However, the entering into of the New Financial Services Agreement and the termination of the Existing Financial Services Agreement shall not otherwise affect any payment obligations incurred but not yet satisfied under the Existing Financial Services Agreement.
Principal services to be provided	:	Pursuant to the New Financial Services Agreement, the services to be provided by Zhejiang Communications Finance to the Group include the Deposit Services, the Loan and Financial Leasing Services, the Clearing Services and the Other Financial Services. <ul style="list-style-type: none">In respect of the provision of the Deposit Services, Zhejiang Communications Finance may provide current deposit, time deposit, call deposit or agreement deposit services to the Group, subject to a daily cap on the aggregate deposit amount (including any interest accrued thereon) of RMB2,500,000,000.

LETTER FROM THE BOARD

- In respect of the provision of the Loan and Financial Leasing Services, Zhejiang Communications Finance will grant integrated credit facilities to the Group.
- In respect of the provision of the Clearing Services under the New Financial Services Agreement, Zhejiang Communications Finance will provide clearing services to the Group in connection with the making and receiving of payments and related ancillary services.
- In respect of the provision of the Other Financial Services under the New Financial Services Agreement, Zhejiang Communications Finance will provide such services within the permitted business scope of Zhejiang Communications Finance as approved by CBRC, which include, but is not limited to, financial consulting service, letters of credit and related consulting services, insurance agency, entrusted loans, and acceptance and discount of bills. The Company and Zhejiang Communications Finance will enter into separate agreement(s) for the relevant Other Financial Services actually provided, and such separate agreement(s) must comply with the principles and terms set out in the New Financial Services Agreement and applicable laws. Zhejiang Communications Finance should also actively explore with the CBRC the possibility of expanding the business scope of its license, so as to enable it to improve and increase the types of financial services that it is currently providing to the Group.

The parties to the New Financial Services Agreement further agree to enter into separate agreements for the relevant financial services actually provided under the New Financial Services Agreement and the terms of such agreements shall be based on the New Financial Services Agreement and shall be in compliance with the terms stipulated therein in all material aspects.

LETTER FROM THE BOARD

Basis of consideration : *Deposit Services*
The interest rate to be paid by Zhejiang Communications Finance for the Group's deposits with Zhejiang Communications Finance shall be determined based on the prevailing deposit interest rate promulgated by the PBOC for the same period and should not be lower than the deposit interest rates offered by major commercial banks in the PRC for comparable deposits of comparable periods.

Loan and Financial Leasing Services
The interest rate to be charged by Zhejiang Communications Finance for loans granted to the Group by Zhejiang Communications Finance shall be based on the prevailing bank lending interest rate promulgated by the PBOC for the same period and should not be higher than the interest rates charged by major commercial banks in the PRC for comparable loans of comparable periods.

Clearing Services
The service fee to be charged by Zhejiang Communications Finance for the Clearing Services to be provided by Zhejiang Communications Finance to the Group shall be agreed between the parties and should not be higher than the service fees charged by other financial institutions (being independent third parties) for comparable services in the PRC.

Other Financial Services
The service fee to be charged by Zhejiang Communications Finance for the Other Financial Services to be provided by Zhejiang Communications Finance to the Group shall be agreed between the parties and should not be higher than the service fees charged by other financial institutions (being independent third parties) for comparable services in the PRC.

Governing Law : The laws of the PRC

Other than those set out above, the principal terms of the New Financial Services Agreement are substantially the same as those under the Existing Financial Services Agreement.

LETTER FROM THE BOARD

3. HISTORICAL TRANSACTION AMOUNTS

The historical amounts for the Deposit Services under the Existing Financial Services Agreement are as follows:

Maximum daily outstanding balance of deposit for the period from the date of the Existing Financial Services Agreement to December 31, 2013 (RMB'000)	Maximum daily outstanding balance of deposit for the year ended December 31, 2014 (RMB'000)
345,453	627,870

The historical amounts for the Loan and Financial Leasing Services under the Existing Financial Services Agreement are as follows:

Maximum daily outstanding balance of loans for the period from the date of the Existing Financial Services Agreement to December 31, 2013 (RMB'000)	Maximum daily outstanding balance of loans for the year ended December 31, 2014 (RMB'000)
340,000	0

The historical amounts for the Clearing Services under the Existing Financial Services Agreement are as follows:

Aggregate fees paid for the period from the date of the Existing Financial Services Agreement to December 31, 2013 (RMB'000)	Aggregate fees paid for the year ended December 31, 2014 (RMB'000)
0	0

LETTER FROM THE BOARD

The historical amounts for the Other Financial Services under the Existing Financial Services Agreement are as follows:

Aggregate fees paid for the period from the date of the Existing Financial Services Agreement to December 31, 2013	Aggregate fees paid for the year ended December 31, 2014
<i>(RMB'000)</i>	<i>(RMB'000)</i>
0	0

4. PROPOSED ANNUAL CAP AND BASIS OF DETERMINATION FOR ANNUAL CAP

a. Deposit Services

Pursuant to the New Financial Services Agreement, it is proposed that the annual cap for the maximum daily aggregate outstanding balance of deposits (including any interest accrued thereon) be increased from RMB700,000,000 to RMB2,500,000,000. The proposed annual cap was determined after taking into account of:

- (i) the relatively large amounts of cash and cash equivalents of the Group for year ended December 31, 2014 and the expected amount of interest income from Zhejiang Communications Finance compared with interest income that could be otherwise obtained from other major commercial banks. The total bank balances and cash of the Group amounted to approximately RMB4,063.04 million as at December 31, 2014, representing an increase of approximately 61.78% as compared to approximately RMB2,511.44 million as at December 31, 2013; and
- (ii) the historical and expected growth of deposits to Zhejiang Communications Finance by the Group in view of the synergy derived from utilizing its services provided by Zhejiang Communications Finance and to facilitate the utilization of the Loan Services by the Group. In particular, the Company noted that the maximum daily deposit balance under the Existing Financial Services Agreement during 2014 was RMB627,870,000, representing an increase of approximately 81.75% as compared to RMB345,453,000 during 2013.

In view of the above factors, and the favourable deposit interest rates currently offered by Zhejiang Communications Finance (as further described below), the Group plans to reallocate funds from independent commercial banks in the PRC to Zhejiang Communications Finance and increase the annual cap for the maximum daily aggregate outstanding balance of deposits under the New Financial Services Agreement, in order to achieve effective treasury management and fund deployment of the Group.

As described under the section headed “2. Continuing Connected Transactions – Basis of consideration” above, the deposit interest rates offered by Zhejiang Communications Finance for the Group’s deposits shall be determined based on the prevailing deposit interest rates promulgated by the PBOC for the same period. The PBOC currently allows financial institutions to upward adjust their deposit interest rates up to a limit of 130% of the prevailing deposit interest rates promulgated by the PBOC. As at the Latest Practicable Date, the deposit interest rates offered by Zhejiang Communications

LETTER FROM THE BOARD

Finance to the Group represent approximately 110% to 120% of the prevailing deposit interest rates promulgated by the PBOC for the same type of deposits and the same periods. In addition, the deposit interest rates offered by Zhejiang Communications Finance should in line with or higher than the deposit interest rates offered by major commercial banks in the PRC for comparable deposits of comparable periods pursuant to the New Financial Services Agreement.

Before the Company or any of its subsidiaries enters into any individual agreement for deposits with Zhejiang Communications Finance or other commercial banks/financial institutions in the PRC, the Company, after considering factors including, among other things, (i) the Group's expected cashflow and (ii) the pricing terms offered by the Zhejiang Communications Finance and other commercial banks, will submit a deposit instruction form to the senior management of the Company and the executive Director who is in charge of the Group's financial management for approval. In reviewing the pricing terms of the deposits, the Company will obtain not less than two verbal quotations from other independent financial institutions (which shall be leading licensed banks in the PRC) in relation to deposit services of the same type and with the same duration in order to ensure that the terms and conditions of the deposits offered by Zhejiang Communications Finance are in compliance with the pricing basis of the Deposit Services as set out in the New Financial Services Agreement.

b. Loan and Financial Leasing Services

The maximum daily aggregate outstanding balance of loans to be provided is proposed to be RMB2,500,000,000. The annual cap for the Loan and Financial Leasing Services is determined with reference to (i) the amount of the borrowings of the Group for the period from the date of the Existing Financial Services Agreement to December 31, 2013 and the year ended December 31, 2014; and (ii) the expected new borrowings of the Group for the three years ending December 31, 2017 and with a view to managing its financial risks effectively and reasonably.

c. Clearing Services

Based on the aggregate amount of fees paid for Clearing Services under the Existing Financial Services Agreement for the period from the date of the Existing Financial Services Agreement to December 31, 2013 and the year ended December 31, 2014, the Company expects that each of the applicable percentage ratios of the total fees payable by the Group to Zhejiang Communications Finance under the Clearing Services will fall within the de minimis threshold as stipulated under Rule 14A.76 of the Listing Rules.

d. Other Financial Services

Based on the aggregate amount of fees paid for Other Financial Services under the Existing Financial Services Agreement for the period from the date of the Existing Financial Services Agreement to December 31, 2013 and the year ended December 31, 2014, the Company expects that each of the applicable percentage ratios of the total fees payable by the Group to Zhejiang Communications Finance under the Other financial Services will fall within the de minimis threshold as stipulated under Rule 14A.76 of the Listing Rules. The Company confirms that there will be no provision of financial assistance by the Group to Zhejiang Communications Finance under the New Financial Services Agreement.

LETTER FROM THE BOARD

5. REASONS FOR AND BENEFITS FOR ENTERING INTO THE NEW FINANCIAL SERVICES AGREEMENT

As disclosed in the announcement of the Company dated March 30, 2013, the Company has contributed an amount of RMB280,000,000, by way of cash, into the equity capital of Zhejiang Communications Finance. Following the completion of the Capital Contribution, Zhejiang Communications Finance has become an associate of the Company. With the New Financial Services Agreement, the Company expects to derive synergy from utilising services provided by Zhejiang Communications Finance through the ordinary and usual course of business of both companies. The parties entered into the New Financial Services Agreement to amend certain terms under the Existing Financial Services Agreement as set out in this Circular, in order that the Company may better utilise the platform of Zhejiang Communications Finance in relation to financial matters, deepen the Company's cooperation with Zhejiang Communications Finance, increase the Company's capital investment and reduce its financing costs and risks. Any deposits with Zhejiang Communications Finance will be placed by the Company on an as needed basis, and will not have any adverse impact on the Company's future business developments (including, but not limited to, the Company's ability to acquire suitable expressway assets in the future, when and if such opportunities arise).

Taking into account of the above, the Directors (excluding the members of the Independent Board Committee, whose views are set out in the letter from the Independent Board Committee on pages 17 to 18 of this Circular) consider that the New Financial Services Agreement, including the annual cap for the Deposit Services, the Loan and Financial Leasing Services, the Clearing Services and the Other Financial Services, are fair and reasonable and on normal commercial terms in the ordinary course of business of the Company, and are in the interests of the Company and the Shareholders as a whole.

As Mr. Zhan Xiaozhang, Mr. Wang Dongjie, Mr. Dai Benmeng and Mr. Zhou Jianping are all Directors of the Company and employees of the Communications Group, they have abstained from voting at the board meeting at which the New Financial Services Agreement was considered and approved.

6. INFORMATION ON ZHEJIANG COMMUNICATIONS FINANCE

Zhejiang Communications Finance is a limited liability company incorporated in the PRC on November 9, 2012 and approved by CBRC as a non-banking financial institution on October 17, 2012 with a registered capital of RMB800 million. As at the Latest Practicable Date, Zhejiang Communications Finance is owned as to 35%, 40%, 15.625% and 9.375% by the Company, Communications Group, Ningbo Expressway Co. and Taizhou Expressway Co. respectively.

Zhejiang Communications Finance is principally engaged in the business of providing financial services to the subsidiaries of Communications Group, including but not limited to advising the subsidiaries of the Communications Group in relation to financing, letters of credit and other agency services; authorised insurance businesses; providing guarantees, accepting and discounting commercial notes, arranging for loans and financial leases, and receiving deposits from the subsidiaries of the Communications Group.

LETTER FROM THE BOARD

7. INFORMATION ON THE COMPANY

The Company is a joint stock limited 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 automobile servicing, operation of gas stations and billboard advertising along expressways, as well as securities related business.

8. LISTING RULES IMPLICATIONS

As at the Latest Practicable Date, Communications Group holds approximately 67% of the issued share capital of the Company. By virtue of this shareholding interest, Communications Group is a substantial shareholder (as defined under the Listing Rules) of the Company. As at the Latest Practicable Date, Zhejiang Communications Finance is owned as to 35%, 40%, 15.625% and 9.375% by the Company, Communications Group, Ningbo Expressway Co. and Taizhou Expressway Co. respectively. Therefore, Zhejiang Communications Finance is a connected person of the Company and as a result, each of the Deposit Services, the Loan and Financial Leasing Services, the Clearing Services and the Other Financial Services contemplated under the New Financial Services Agreement constitutes a continuing connected transaction for the Company under Chapter 14A of the Listing Rules.

As one or more of the applicable percentage ratios (other than the profits ratio) in respect of the Deposit Services under the New Financial Services Agreement is more than 5%, the Deposit Services will constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules subject to the reporting, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules. Communications Group and its associates will abstain from voting on the resolutions in respect of the Deposit Services under the New Financial Services Agreement and the annual cap for the Deposit Services at the AGM.

The Loan and Financial Leasing Services under the New Financial Services Agreement will constitute financial assistance provided by a connected person. As such loan services will be provided on normal commercial terms or on terms which are more favorable to the Group and will not be secured by the assets of the Group, the Loan and Financial Leasing Services under the New Financial Services Agreement are exempt from announcement, reporting, annual review and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

The Company expects that each of the applicable percentage ratios of the total fees payable by the Company to Zhejiang Communications Finance under each of the Clearing Services and the Other Financial Services will fall within the de minimis threshold as stipulated under Rule 14A.76 of the Listing Rules. As such, each of the Clearing Services and the Other Financial Services is exempt from announcement, reporting, annual review and independent shareholders' approval requirements under Chapter 14A of the Listing Rules. The Company will comply with the reporting, announcement and independent shareholders' approval requirements of the Listing Rules in the event that the transaction amount of the Clearing Services or the Other Financial Services to be provided by Zhejiang Communications Finance to the Company under the New Financial Services Agreement is expected to exceed the relevant threshold.

LETTER FROM THE BOARD

The Group will be closely monitoring the deposit amounts under the Deposit Services to ensure that the existing annual cap is not exceeded before obtaining the approval from the Independent Shareholders in respect of the annual cap for the Deposit Services under the New Financial Services Agreement at the AGM.

Subject to obtaining approval by Independent Shareholders at the AGM, the New Financial Services Agreement will come into effect and the Existing Financial Services Agreement will be terminated. A separate announcement will be made by the Company when the New Financial Services Agreement comes into effect and the Existing Financial Services Agreement is terminated in accordance with the Listing Rules.

9. ELECTION OF DIRECTORS AND SUPERVISORS OF THE SEVENTH SESSION

Pursuant to the Articles of Association, the term of office of the Directors and supervisors of each session shall be three years and eligible for re-election and re-appointment. As the term of the Directors and supervisors of the sixth session will expire on June 30, 2015, the Nomination Committee of the Company has proposed the candidates set out in Appendix I of this Circular to be nominated for, and elected or re-elected as Directors or supervisors of the seventh session respectively. The term of the new Directors and supervisors will be for a period of three years which is proposed to commence on July 1, 2015 and will expire on June 30, 2018.

The current board of Directors of the Company comprises nine Directors including three executive Directors and six non-executive Directors (three of whom are independent non-executive Directors), while the supervisory committee of the Company comprises four supervisors including three outside supervisors (including two independent supervisors and one supervisor representing the shareholders) and one supervisor representing the employees of the Company.

Pursuant to the Articles of Association, all of the Directors and outside supervisors of a new session will be elected in a general meeting through resolutions adopted by more than half of the voting rights held by the shareholders (including their proxies) attending the meeting. The supervisor representing the employees will be elected by the employees of the Company.

10. DIRECTORS AND SUPERVISORS' EMOLUMENTS

The proposed remunerations for executive Directors, which are fixed for their three-year term of service based on remuneration for the sixth session of the Board, are as follows:

	1st year <i>RMB</i>	2nd year <i>RMB</i>	3rd year <i>RMB</i>
Chairman	859,000	859,000	859,000
Director/General Manager/ Secretary of the Party Committee of the Company	709,000	709,000	709,000
Director/Deputy General Manager	615,000	615,000	615,000

LETTER FROM THE BOARD

Non-executive Directors and supervisors do not receive any fixed remuneration from the Company, though all Directors and supervisors are provided with allowances that are subject to their levels of participation in the Company's meetings as determined by the board of Directors at their discretion and there are no applicable scale for determining such remuneration.

11. FINAL DIVIDEND

The Directors have resolved to recommend a final dividend of RMB26.5 cents per share in respect of the year ended December 31, 2014.

12. THE AGM

You will find on pages 40 to 42 of this Circular a notice of the AGM to be held at 10 a.m. on June 18, 2015 at 5/F, No. 2 Mingzhu International Business Center, 199 Wuxing Road, Hangzhou City, Zhejiang Province, People's Republic of China.

A form of proxy for use at the AGM is enclosed. Whether or not you are able to attend the meeting in person, you are requested to complete and return the accompanying form of proxy in accordance with the instructions printed thereon. In case of H Shares, the proxy form shall be lodged with the Company's H Shares Registrar, Hong Kong Registrars Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, not less than 24 hours before the time for holding the AGM (or any adjournment thereof). Completion and delivery of the form of proxy will not preclude you from attending and voting in person at the AGM or any adjournment thereof should you so wish.

13. OTHER INFORMATION

Your attention is also drawn to the letter from the Independent Board Committee, the letter from the Independent Financial Adviser and the additional information set out in the appendices to this Circular and the notice of the AGM.

Yours faithfully,
For and on behalf of
Zhejiang Expressway Co., Ltd.
Zhan Xiaozhang
Chairman

LETTER FROM THE INDEPENDENT BOARD COMMITTEE



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)

May 4, 2015

To the Independent Shareholders

Dear Sir or Madam,

**CONTINUING CONNECTED TRANSACTIONS
IN RELATION TO FINANCIAL SERVICES AGREEMENT WITH ZHEJIANG
COMMUNICATIONS INVESTMENT GROUP FINANCE CO., LTD.**

We refer to the circular of the Company dated May 4, 2015 to the Shareholders (the “**Circular**”), of which this letter forms part. Terms defined in the Circular shall have the same meanings when used in this letter, unless the context otherwise requires.

We have been appointed by the Board as members of the Independent Board Committee to advise you as to the fairness and reasonableness of the terms of the Deposit Services under the New Financial Services Agreement and whether the annual cap for the Deposit Services are in the interests of the Company and the Shareholders as a whole. Bridge Partners Capital Limited (the “**Independent Financial Adviser**”) has been appointed as the Independent Financial Adviser to advise you and us in this regard. Details of the recommendations from the Independent Financial Adviser are set out in its letter of advice on pages 19 to 31 of the Circular.

Your attention is also drawn to the letter from the Board set out on pages 5 to 16 of the Circular and the additional information set out in the appendices to the Circular.

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

Having considered the terms of the New Financial Services Agreement, and taken into account the advice from the Independent Financial Adviser and in particular the principal factors and reasons considered by the Independent Financial Adviser in respect of the Deposit Services under the New Financial Services Agreement as set out in its letter of advice, we are of the view that the terms of the Deposit Services under the New Financial Services Agreement and the annual cap for the Deposit Services are on normal commercial terms and are fair and reasonable and are in the ordinary and usual course of business of the Company and in the interests of the Company and the Shareholders as a whole. Accordingly, we recommend the Independent Shareholders to vote in favour of the relevant resolution to approve the Deposit Services under the New Financial Services Agreement and the annual cap for the Deposit Services at the AGM.

Yours faithfully,
Independent Board Committee

Mr. Zhou Jun
*Independent non-executive
Director*

Mr. Pei Ker-wei
*Independent non-executive
Director*

Ms. Lee Wai Tsang, Rosa
*Independent non-executive
Director*

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

The following is the full text of the letter of advice from Bridge Partners Capital Limited to the Independent Board Committee and the Independent Shareholders, which has been prepared for the purpose of inclusion in this circular.



BRIDGE PARTNERS CAPITAL LIMITED

Room 3303, 33/F, West Tower, Shun Tak Centre,
200 Connaught Road Central, Hong Kong

May 4, 2015

*To the Independent Board Committee
and the Independent Shareholders of
Zhejiang Expressway Co., Ltd*

Dear Sir or Madam,

CONTINUING CONNECTED TRANSACTIONS IN RELATION TO THE NEW FINANCIAL SERVICES AGREEMENT WITH ZHEJIANG COMMUNICATIONS INVESTMENT GROUP FINANCE CO., LTD.

INTRODUCTION

We refer to our appointment as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the Deposit Services under the New Financial Services Agreement, details of which are set out in the “Letter from the Board” (the “**Board Letter**”) contained in the circular of Zhejiang Expressway Co., Ltd. (the “**Company**”) dated May 4, 2015 issued to the Shareholders (the “**Circular**”), of which this letter forms part. Terms used in this letter shall have the same meanings as those defined in the Circular, unless otherwise specified.

As stated in the Board Letter, the Company proposes to enter into the New Financial Services Agreement with Zhejiang Communications Finance to increase the annual cap for the Deposit Services to RMB2.5 billion (the “**Proposed Deposit Cap**”) and to revise certain terms of the Existing Financial Services Agreement. The New Financial Services Agreement, once it becomes effective, will supersede the Existing Financial Services Agreement and the Existing Financial Services Agreement will be deemed to have been mutually terminated by the parties. Each of the parties shall have no claim against the other in respect of the early termination of the Existing Financial Services Agreement. Background and terms of the New Financial Services Agreement are set out in the Board Letter contained in the Circular.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Communications Group currently holds approximately 67% of the issued share capital of the Company. By virtue of this shareholding interest, Communications Group is a substantial shareholder (as defined under the Listing Rules) of the Company. As at the Latest Practicable Date, the Company, Communications Group, Ningbo Expressway Co. and Taizhou Expressway Co. beneficially owned 35%, 40%, 15.625% and 9.375% of the issued share capital of Zhejiang Communications Finance respectively. Therefore, Zhejiang Communications Finance is a connected person of the Company.

As such, the Deposit Services contemplated under the New Financial Services Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules. As one or more of the applicable percentage ratios in respect of the Deposit Services under the New Financial Services Agreement exceed 5%, such transactions are subject to, among other things, the reporting, annual review, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

The Independent Board Committee, comprising all independent non-executive Directors, namely Mr. Zhou Jun, Mr. Pei Ker-Wei and Ms. Lee Wai Tsang, Rosa, has been formed to advise the Independent Shareholders on whether the terms of the Deposit Services (including the Proposed Deposit Cap) under the New Financial Services Agreement are on normal commercial terms and are fair and reasonable and are in the ordinary and usual course of business of the Company and in the interests of the Company and the Shareholders as a whole. We, Bridge Partners, has been appointed as the independent financial adviser of the Company to advise the Independent Board Committee and the Independent Shareholders in this regard.

BASIS OF OUR OPINION

In formulating our opinion and recommendation to the Independent Board Committee and the Independent Shareholders, we have reviewed, inter alia, the Circular, the terms of the Deposit Services under the New Financial Services Agreement and the Existing Financial Services Agreement, the annual reports of the Company for the two years ended December 31, 2014 and December 31, 2013 (the “**2014 Annual Report**” and the “**2013 Annual Report**”) and the letter from the independent auditors of the Company, Deloitte Touche Tohmatsu, in respect of the Group's continuing connected transactions for each of the two years ended December 31, 2013 and December 31, 2014 dated March 17, 2014 and March 18, 2015 respectively (“**Auditors' Letters**”). We have also reviewed certain information provided by the management of the Company relating to the operations, financial condition and prospects of the Group. We have also (i) considered such other information, analyses and market data which we deemed relevant; and (ii) conducted verbal discussions with the management of the Company regarding the terms of the Deposit Services under the New Financial Services Agreement, the basis for determination of the Proposed Deposit Cap, the businesses and future outlook of the Group. We have assumed that such information and statements, and any representation made to us, are true, accurate and complete in all material respects as of the date hereof and we have relied upon them in formulating our opinion.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

All Directors collectively and individually accept full responsibility for the purpose of giving information with regard to the Company in the Circular and, having made all reasonable enquiries, confirm that to the best of their knowledge and belief, the information contained in the Circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement in the Circular misleading. We consider that we have been provided with, and we have reviewed, all currently available information and documents which are available under present circumstances to enable us to reach an informed view regarding the terms of the Deposit Services, and reasons for entering into the New Financial Services Agreement, and to justify reliance on the accuracy of the information contained in the Circular so as to provide a reasonable basis of our opinion. We have no reasons to suspect that any material information has been withheld by the Directors or management of the Company, or is misleading, untrue or inaccurate. We have not, however, for the purpose of this exercise, conducted any independent detailed investigation or audit into the business or affairs or future prospects of the Group. Our opinion is necessarily based on financial, economic, market and other conditions in effect, and the information made available to us, at the Latest Practicable Date.

This letter is issued for the information for the Independent Board Committee and the Independent Shareholders solely in connection with their consideration of the Deposit Services under the New Financial Services Agreement and, except for its inclusion in the Circular, is not to be quoted or referred to, in whole or in part, nor shall this letter be used for any other purposes, without our prior written consent.

PRINCIPAL FACTORS AND REASONS CONSIDERED

In assessing the terms of the Deposit Services under the New Financial Services Agreement, together with the Proposed Deposit Cap, and in giving our recommendation to the Independent Board Committee and the Independent Shareholders, we have taken into account the following principal factors and reasons:

1. Background of and reasons for the Deposit Services

(i) *Information of the Group and Zhejiang Communications Finance*

The Company is a joint stock limited 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 automobile servicing, operation of gas stations and billboard advertising along expressways, as well as securities related business.

Zhejiang Communications Finance is a limited liability company incorporated in the PRC on November 9, 2012 and approved by CBRC as a non-banking financial institution on October 17, 2012 with a registered capital of RMB800 million. As at the Latest Practicable Date, Zhejiang Communications Finance is owned as to 35%, 40%, 15.625% and 9.375% by the Company, Communications Group, Ningbo Expressway Co. and Taizhou Expressway Co. respectively.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Zhejiang Communications Finance is principally engaged in the business of providing financial services to the subsidiaries of Communications Group, including but not limited to advising the subsidiaries of the Communications Group in relation to financing, letters of credit and other agency services; authorised insurance businesses; providing guarantees, accepting and discounting commercial notes, arranging for loans and financial leases, and receiving deposits from the subsidiaries of the Communications Group.

From the information provided by the Company, Zhejiang Communications Finance recorded revenue of approximately RMB250.06 million, net interest income of approximately RMB237.91 million and net profit of approximately RMB153.20 million for the year ended December 31, 2014. Zhejiang Communications Finance has also complied with the capital ratios requirements in accordance with the regulatory requirement as at December 31, 2014.

(ii) Background of the Deposit Services under the New Financial Services Agreement

As disclosed in the Company's announcement dated March 30, 2013 and stated in the Board Letter, the Company has contributed an amount of RMB280 million, by way of cash, into the equity capital of Zhejiang Communications Finance. Following the completion of the Capital Contribution, Zhejiang Communications Finance has become an associate of the Company.

It is common for the group companies in the PRC to set up and maintain a finance company to provide treasury services within the group. In addition, it is relevant to note that the PRC laws do not permit companies, including affiliates, to extend intra-group loans directly without going through a financial agency and an intra-group finance company is established to allow financial resources to be better distributed within the group and assist the group companies in reducing financing and transactions costs of treasury activities.

Zhejiang Communications Finance is subject to the supervision of the CBRC and as confirmed by the management of the Company, up to the Latest Practicable Date, Zhejiang Communications Finance has been in compliance with all the rules and regulations of the PRC, which the Company believes that the risk profile of Zhejiang Communications Finance is not greater than other independent commercial banks in the PRC.

With a view to derive synergy from utilising services provided by Zhejiang Communications Finance through the ordinary and usual course of business of both companies, the Company and Zhejiang Communications Finance entered into the Existing Financial Services Agreement on July 18, 2013 (as supplemented by the supplemental agreement dated March 28, 2014) in relation to the provision of a range of financial services, including the Deposits Services, to the Group for three years commencing on the date of the Existing Financial Services Agreement.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

As stated in the Board Letter, it is expected by the Company that the existing annual cap for the maximum daily aggregate outstanding balance of deposits of RMB700 million (“Existing Deposit Cap”) for the Deposit Services will be insufficient to satisfy the Group’s future needs and the Company proposes to enter into the New Financial Services Agreement with Zhejiang Communications Finance to increase the annual cap for the Deposit Services to RMB2.5 billion.

As the financial services to be provided by Zhejiang Communications Finance under the New Financial Services Agreement are in line with the principal business of Zhejiang Communications Finance and within the restrictions imposed by the PRC regulations, we are of the opinion that the Deposit Services under the New Financial Services Agreement will be entered into in the ordinary and usual course of business of the Group.

2. Principal terms of the Deposit Services under the New Financial Services Agreement

Key terms of the Deposit Services under the New Financial Services Agreement are as follows:

- | | | |
|---------------------------|---|---|
| Date of execution | : | April 24, 2015 |
| Parties | : | (1) the Company; and
(2) Zhejiang Communications Finance |
| Term | : | Three years from the date when the New Financial Services Agreement comes into effect |
| Scope of Deposit Services | : | (1) The Group can make deposits with Zhejiang Communications Finance at its discretion, such as current deposit, time deposit, call deposit, and agreement deposit.

(2) The interest rates to be paid by Zhejiang Communications Finance for the Group’s deposits with Zhejiang Communications Finance shall be determined based on the prevailing deposit interest rates promulgated by the PBOC for the same period and should not be lower than the deposit interest rates offered by major commercial banks in the PRC for comparable deposits of comparable periods.

(3) Deposit Cap: The daily balance of the Group’s deposits (including any interest accrued thereon) with Zhejiang Communications Finance shall not exceed RMB2.5 billion. |

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

- (4) Zhejiang Communications Finance will ensure the security of the Group's deposits and shall repay the Group the amount of deposits due to the Group upon the Group's request.

As advised by the management of the Company and also from our examination of both New Financial Services Agreement and Existing Financial Services Agreement, the terms of Deposits Services under the New Financial Services Agreement, except for the Proposed Deposit Cap, do not have material difference in comparison with the Existing Financial Services Agreement.

As advised by the management of the Company, the Group is neither obliged nor committed to engage Zhejiang Communications Finance to provide the Deposit Services pursuant to the terms of New Financial Services Agreement and the Group has the discretion to choose any banks or financial institutions to satisfy its financial service needs.

Pricing basis of the Deposit Services under the New Financial Services Agreement

Pursuant to the New Financial Services Agreement, the interest rates to be paid by Zhejiang Communications Finance for the Group's deposits with Zhejiang Communications Finance shall be determined based on the prevailing deposit interest rates promulgated by the PBOC for the same period and should not be lower than the deposit interest rates offered by major commercial banks in the PRC for comparable deposits of comparable periods.

Set below is the current benchmark deposit interest rates promulgated by the PBOC (“**PBOC Rates**”):

	Current PBOC Rates (per annum) (before upward adjustments allowed by PBOC) (Note 1)
Deposits	
Demand deposits	0.35
Time deposits of lump sum deposits and withdrawal	
3 months	2.10
6 months	2.30
1 year	2.50
2 years	3.10
3 years	3.75
Agreement deposits	1.15
Call deposits	
1 day	0.80
7 days	1.35

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Note:

1. The standard rate of deposit is allowed to have a certain percentage of upward adjustment subject to the commercial decision of financial institutions. Since March 1, 2015, the upper limit of the floating range for deposit interest rates was raised from 1.2 to 1.3 times the benchmark level.

As advised by the management of the Company, the deposit interest rates currently offered by Zhejiang Communications Finance are as follows:

	Current deposit rates % (per annum)
Deposits	
Demand deposits	0.420
Time deposits of lump sum deposits and withdrawal	
3 months	2.520
6 months	2.760
1 year	3.000
2 years	3.720
3 years	4.500
Agreement deposits	1.265
Call deposits	
1 day	0.880
7 days	1.485

We note that the deposit interest rates for demand deposits and time deposits offered by Zhejiang Communications Finance represent approximately 120% of the current relevant PBOC Rates and the deposit interest rates for both agreement deposits and call deposits represent 110% of the relevant PBOC Rates. The interest rates currently offered by Zhejiang Communications Finance are within the range allowed by the PBOC.

As advised by the management of the Company, the interest rates offered by Zhejiang Communications Finance will make reference to the PBOC Rates and Zhejiang Communications Finance will review from time to time its offering rates with the deposit interest rates published by the commercial banks in the PRC. In addition, based on our research and review of the current RMB deposits rates quoted by the leading commercial banks in the PRC, we understand that it is the normal market practice for the commercial banks in the PRC to make reference on the PBOC Rates in determining their interest rates. We also note that the current interest rates offered by Zhejiang Communications Finance in respect of RMB deposits, which range from 0.42% to 4.50% per annum depending on amounts and terms of the deposits that are within the range allowed by PBOC, are also in line with or higher than the market rates and are subject to adjustment as per PBOC's regulations and requirements on the interest rates.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Having considered that (i) the deposit interest rates offered by Zhejiang Communications Finance are within the range allowed by the PBOC and in line with or higher than the interest rates offered by other major independent commercial banks in the PRC for the same type of deposit under the same duration; and (ii) there is sufficient internal control measures in place to ensure that the interest rates of the deposits to be placed with Zhejiang Communications Finance will be set in accordance with the pricing basis under the New Financial Services Agreement (as analysed in the section headed “Internal control and risk management measures of deposits management” below), we concur with the Directors’ view that such deposit rates of the New Financial Services Agreement offered by Zhejiang Communications Finance to the Company will be no less favourable than those provided by other independent financial institutions and are in the interests of the Shareholders and the Company as a whole.

3. Internal control and risk management measures of deposits management

We have discussed with the management of the Company and reviewed the internal control measures in place in respect of the deposits management of the Group.

The Planning & Finance Department of the Company has been assigned to be responsible for formulating proposal for deposits management. Before the Company or any of its subsidiaries enters into any individual agreement for deposits with Zhejiang Communications Finance or other commercial banks/ financial institutions in the PRC, the Planning & Finance Department of the Company, after considering factors including, among other things (i) the Group’s expected cashflow and (ii) the pricing terms offered by the Zhejiang Communications Finance and other commercial banks of the Group, will submit the deposit instruction form to the senior management and the executive Director who is in charge of the Group’s financial management for approval.

As advised by the management of the Company, the Planning & Finance Department, in reviewing the pricing terms of the deposits will obtain not less than two verbal quotations from other independent financial institutions (which shall be leading licensed banks in the PRC) in relation to deposit services of the same type and with the same duration in order to ensure that the terms and conditions of the deposits are to the benefits of the Group and, if for the deposits to be placed with Zhejiang Communications Finance, to observe the compliance with the pricing basis of the Deposits Services.

The Planning & Finance Department of the Company will also monitor the daily balance of the deposits made by the Group with all financial institutions, including Zhejiang Communications Finance and will submit weekly/monthly reports on the Group’s cashflow position to the senior management of the Company for review and consideration of the overall funding position of the Group.

In addition, as advised by the management of the Company, both the Company and Zhejiang Communications Finance have adopted additional risk management measures in relation to the provision of Deposit Services by Zhejiang Communications Finance in order to ensure the protection of the interests of the Company and the Shareholders as a whole, which include:

- (i) Zhejiang Communications Finance shall provide with the Company its (i) audited annual financial statements and unaudited interim financial statements and (ii) financial information and regulatory indicators on quarterly basis in order to allow the Company to monitor and assess the financial position of Zhejiang Communications Finance.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

- (ii) Zhejiang Communications Finance will monitor the maximum daily balance of the deposits placed by the Group (including interest accrued thereon) on a daily basis to ensure that the aggregate daily balance of the deposits does not exceed the approved deposit cap.
- (iii) The Group may at any point of time request for the deposited fund to be withdrawn from Zhejiang Communications Finance, partially or fully, at its discretion, to evaluate and ensure the liquidity and safety of the deposited funds.
- (iv) Zhejiang Communications Finance shall provide with the Company and each of the Group companies a monthly report on their deposited funds.
- (v) The Company, as the shareholder of Zhejiang Communications Finance can nominate a director to Zhejiang Communications Finance, in order to monitor and inspect the risk management measures of Zhejiang Communications Finance from time to time.

4. Proposed Deposit Cap

The table below sets forth the historical transaction amounts of the deposits placed by the Company with Zhejiang Communications Finance and the Existing Deposit Cap for the year ended December 31, 2013 and 2014:

	For the year ended December 31, 2013	For the year ended December 31, 2014
	<i>RMB million</i>	<i>RMB million</i>
Maximum daily balance of the deposits (including interests accrued thereon)	345.45	627.87
Existing Deposit Cap	700.00	700.00
Utilization rate	49.35%	89.70%

We note that the maximum daily balance of the deposits placed by the Group with Zhejiang Communications Finance significantly increased by approximately 81.75% for the year ended December 31, 2014 as compared to the year ended December 31, 2013. In addition, the utilization rate of the Existing Deposit Cap (as represented by the historical maximum daily balance of the deposits to the Existing Deposit Cap) increased from approximately 49.35% for the year ended December 31, 2013 to approximately 89.70% for the year ended December 31, 2014.

Pursuant to the New Financial Services Agreement, the Proposed Deposit Cap for the maximum daily aggregate outstanding balance of deposits will be increased to RMB2.5 billion. As advised by the management of the Company, the Proposed Deposit Cap is determined after taking into account of:

- (i) the relatively large amounts of cash and cash equivalents of the Group for the year ended December 31, 2014 and the expected amount of interest income from Zhejiang Communications Finance compared with the interest income that could otherwise be obtained from other major commercial banks; and

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

- (ii) the historical and expected growth of deposits to Zhejiang Communications Finance by the Group in view of the synergy derived from utilizing its services provided by Zhejiang Communications Finance and to facilitate the utilization of the Loan and Financial Leasing Services by the Group.

We note that the Proposed Deposit Cap under the New Financial Services Agreement nearly quadruple the maximum daily balance of the deposits of RMB627.87 million for the year ended December 31, 2014.

According to the 2014 Annual Report, we noted that the total cash and bank balances, including time deposits with original maturity over and less than three months, cash and cash equivalents and unrestricted bank balances and cash, of the Group amounted to approximately RMB4,063.04 million as at December 31, 2014, representing an increase of approximately 61.78% as compared to approximately RMB2,511.44 million as at December 31, 2013. We note that the percentage of the maximum daily outstanding balances of deposits (including interest accrued thereon) placed by the Company with Zhejiang Communications Finance for the year ended December 31, 2013 and 2014 over the total cash balance of the Group as at December 31, 2013 and 2014 represents 13.76% and 15.45% respectively.

In order to achieve effective treasury management and fund deployment within the Group (as explained in detailed below), the Company plans to reallocate funds from independent commercial banks in the PRC to Zhejiang Communications Finance in the coming years, resulting in the increase in the amount of the Proposed Deposit Cap.

We have also considered the recent financial performance of the Group and noted that the business operations of the Group maintained a steady growth for the past few years. As disclosed in the 2014 Annual Report, the Group total revenue and net profit attributable of owners of the Company reported a year-on-year growth of approximately 15.28% and 23.15% respectively for the year ended December 31, 2014, as compared to the year ended December 31, 2013 and approximately 13.33% and 15.64% respectively for the year ended December 31, 2013 as compared to the year ended December 31, 2012. We note in the 2014 Annual Report that the Group's core toll road operations will see a moderate growth for year 2015 and its securities business is expected to benefit from the favorable PRC government policies to promote the development of the capital markets in the PRC, including an expansion of the Shanghai-Hong Kong Connect Program and the possible launch of Shenzhen-Hong Kong Connect Program. In addition, the Group will look for appropriate investment projects through diversified channels to further exploit its growth potential and boost profitability in the future although, as advised by the management of the Company, there is no specific investment project that has been identified by the Group as at the Latest Practicable Date.

Based on the foregoing, we consider the Proposed Deposit Cap is justifiable compared with the cash and bank balances of the Group and to cope with the financial needs for the continuing business development of the Group.

Zhejiang Communications Finance is regulated by PBOC and CBRC which provides its services in accordance with and in satisfactory of the rules and operational requirements as regulated by these regulatory authorities. Having discussed with the management of the Company in respect of the services provided by Zhejiang Communications Finance, we understand that Zhejiang Communications Finance

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

has been providing stable and high quality financial services to the members of the Group and as stated in the Board Letter, the Directors are of the view that entering into the New Financial Services Agreement may deepen the Company's cooperation with Zhejiang Communications Finance. Zhejiang Communications Finance, as an intra-group service provider, is more familiar with the Group's operation to facilitate efficient financial services to the benefit of the Group. In addition, the integrated financial services offered by Zhejiang Communications Finance, which include deposit services, loan and finance leasing services, clearing and settlement services enable the Group to better utilize the platform of Zhejiang Communications Finance for efficiently manage the Group's financial resources in order to achieve cost savings and optimize the funding position of the Group.

Pursuant to the New Financial Services Agreement, we note the total amount of financing that Zhejiang Communications Finance shall make available to the Group under the Loan and Financial Leasing Services would not be less than the Group's cash deposit with the Zhejiang Communications Finance (i.e. both the Proposed Deposit Cap and the annual cap for the Loan and Financial Leasing Services under the New Financial Services Agreement are RMB2.5 billion.) As such, we are advised that the deposits with Zhejiang Communications Finance will increase whenever the Group utilizes the Loan and Financial Leasing Services provided by Zhejiang Communications Finance as the loan proceeds, with the maximum daily balance of RMB2.5 billion, would be deposited with Zhejiang Communications Finance. The increase in the Proposed Deposit Cap is to facilitate the utilization of the Loan and Financial Leasing Services by the Group.

In addition, the utilization of the Deposit Services when considered in the context of the other financial services (including the Loan and Financial Leasing services and other financial services) that are available to the Group can greatly facilitate deployment of surplus funds within the Group. The arrangement under the New Financial Services Agreement would also allow for certain degree of concentration of the Group's deposited funds (limited by the Proposed Deposit Cap), which would expedite the monitoring of the use and application of funds within the Group, and would provide the Group with higher bargaining power (than when the deposited sum was split among other financial institutions) with regards to the terms and interest rates of the Deposit Services as well as other financial services under the New Financial Services Agreement.

We have also reviewed and compared the interest rates quoted by Zhejiang Communications Finance with those quoted by the major commercial banks in the PRC for the period since the date of the Existing Financial Services Agreement up to the Latest Practicable Date (the "**Review Period**"). We note that the deposit rates offered by the Zhejiang Communications Finance were in line with or better than those offered by other independent major commercial banks in the PRC during the Review Period.

In view of the above, there will most probably be an enhancement on the return of the surplus funds from the possible higher deposit interests from Zhejiang Communications Finance and can save finance costs in utilizing the Deposit Services when considered in the context of the other financial services under the New Financial Services Agreement.

The Company is of the view that the Deposit Services under the New Financial Services Agreement will have positive impact on the Group's earnings as the Group can enjoy a higher interest rate and the flexibility of the financing to be provided by the Zhejiang Communications Finance.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Taking into account of (i) the historical growth of deposits placed by the Group with the Zhejiang Communications Finance; (ii) the Group's steady growth of its business and its relatively large balance of cash and cash equivalents; (iii) the Group has the right but not the obligation to place deposits with Zhejiang Communications Finance; (iv) the deposit rates to be offered by Zhejiang Communications Finance will not be lower than PBOC Rates or offered by other major independent commercial banks in the PRC for the same type of deposit under the same duration; and (v) the expected growth of deposits to be placed with Zhejiang Communications Finance and the expected positive impact on the Group's earnings due to the synergy derived from utilizing the financial services provided by Zhejiang Communications Finance and to facilitate the Loan and Financial Leasing Services under the New Financial Services Agreement, we are of the view that the Proposed Deposit Cap for the Deposit Services under the New Financial Services Agreement are fair and reasonable so far as the Company and Independent Shareholders are concerned.

However, the Shareholders should note that as the Proposed Deposit Cap is determined based on various factors relating to the future events and assumptions which may or may not remain valid for the entire period of the New Financial Services Agreement, it does not represent forecast of revenue to be generated from the operations of the Group. Consequently, we express no opinion on how closely the actual amounts to be reached by the Group will correspond with the Proposed Deposit Cap.

5. Review of past transactions

We have reviewed the 2014 and 2013 Annual Reports as well as the Auditors' Letters in respect of the continuing connected transactions of the Group for each of the two years ended December 31, 2013 and December 31, 2014 and noted that the auditors of the Company have issued an unqualified letter for both years 2013 and 2014 containing their finding and conclusion in respect of the continuing connected transactions in accordance with Rule 14A.56 of the Listing Rules.

ANNUAL REVIEW OF THE TRANSACTIONS

The Proposed Deposit Cap will be subject to the annual review by the independent non-executive Directors, details of which must be included in the Company's subsequent published annual report and accounts. In addition, pursuant to the Listing Rules, the auditors of the Company must provide a letter to the Board confirming, among others, that the continuing connected transactions of the Group are conducted in accordance with their terms and that the Proposed Deposit Cap not being exceeded. Moreover, pursuant to the Listing Rules, the Company shall publish an announcement if it knows or has reason to believe that the independent non-executive Directors and/or its auditors will not be able to confirm the terms of such transactions or the relevant annual cap being exceeded. We are of the view that there are appropriate measures in place to govern the conduct of the proposed continuing connected transactions under the New Financial Services Agreement and safeguard the interests of the Independent Shareholders.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

RECOMMENDATION

Taking into account of the above principal factors and reasons, we consider that the entering into of the Deposit Services contemplated under the New Financial Services Agreement is in the ordinary and usual course of business of the Group and is in the interests of the Company and the Shareholders as a whole and the terms of the Deposit Services, including the Proposed Deposit Cap under the New Financial Services Agreement are on normal commercial terms and are fair and reasonable so far as the Company and the Shareholders are concerned.

Accordingly, we would recommend the Independent Shareholders and advise the Independent Board Committee to recommend to the Independent Shareholders, to vote in favour of the ordinary resolution(s) to be proposed at the AGM in respect of the Deposit Services contemplated under the New Financial Services Agreement and the Proposed Deposit Cap.

Yours faithfully,
For and on behalf
Bridge Partners Capital Limited
Monica Lin
Managing Director

NAMES AND PROFILES OF THE CANDIDATES OF THE BOARD OF DIRECTORS OF THE SEVENTH SESSION

The proposed candidates of the board of Directors of the seventh session of the Company are nominated by the Nomination Committee of the Company. Mr. ZHAN Xiaozhang, Ms. LUO Jianhu, Mr. WANG Dongjie, Mr. DAI Benmeng, Mr. ZHOU Jianping, Mr. ZHOU Jun, Mr. PEI Ker-Wei and Ms. LEE Wai Tsang, Rosa are members of the board of Directors of the sixth session and have been nominated as candidates for re-election as members of the board of Directors of the seventh session. Mr. CHENG Tao is a newly nominated candidate for election as a member of the board of Directors of the seventh session. The profiles of the candidates nominated to the board of Directors of the seventh session are as follows:

Executive Directors

Mr. ZHAN Xiaozhang, born in 1964, is a senior economist. Mr. Zhan holds a bachelor's degree in law. He further obtained a master's degree in public administration from the Business Institute of Zhejiang University in 2005. He has been appointed as the Chairman of the Company since June 2012.

From 1985 to 1991, Mr. Zhan worked as an officer at Transport Administrative Division under Waterway Transport Authority of Zhejiang Provincial Bureau of Construction. From 1991 to 1998, he served as Deputy Secretary and Secretary of the Communist Youth League Commission at Zhejiang Provincial Bureau of Communications. From 1998 to 2002, he was Deputy Director of Waterway Transport Authority under Zhejiang Provincial Bureau of Communications. From 2002 to 2003, he was Deputy Director of Human Resources Department at Zhejiang Provincial Bureau of Communications. From 2003 to 2006, Mr. Zhan was Chairman of Zhejiang Wenzhou Yongtaiwen Expressway Co., Ltd. From 2006 to 2008, he became Chairman of Zhejiang Jinji Property Co., Ltd. Mr. Zhan has been Assistant to General Manager and Manager of Research and Development Department at Communications Group from 2006 to 2009.

He served as an Executive Director and the General Manager of the Company from March 2009 to June 2012. Mr. ZHAN currently also serves as Deputy General Manager of Communications Group.

Mr. CHENG Tao, born in 1964, graduated from Changsha University of Science & Technology with a bachelor's degree in road and bridge. He is a senior economist. Since he started his career in September 1983, Mr. CHENG had held such positions as Secretary of the Communist Youth League Commission of Zhejiang Shipping Apprentices School, Secretary of the Communist Youth League Commission of the Zhejiang Road and Bridge Engineering Bureau, person-in-charge of the Third Company of Zhejiang Transportation Engineering Construction Group, Deputy Secretary of the Party Committee of Zhejiang Transportation Engineering Construction Group Co., Ltd., Deputy Chairman, Secretary of the Party Committee and Chairman of Zhejiang Transportation Engineering Construction Group Co., Ltd. Mr. CHENG currently also serves as Secretary of the Party Committee of the Company.

Ms. LUO Jianhu, born in 1971, graduated from the Department of Law at Hangzhou University with a bachelor's degree in law, majoring in Economic Law. She is a lawyer and senior economist. Ms. Luo has been appointed as an Executive Director and the General Manager of the Company since June 2012.

Since she started her career in August 1994, Ms. Luo had held such positions as the board secretary of Zhejiang Transportation Engineering Construction Group Co., Ltd., the Deputy Director, Director of the Legal Affairs Department, the Deputy Director, Director of the Secretarial Office to the Board, Board Secretary and the Manager of the Investment and Development Department of Communications Group.

Non-Executive Directors

Mr. WANG Dongjie, born in 1977, graduated from Southeast University majoring in Highway and Railway Engineering with a master's degree in engineering. He is a Senior Engineer.

Since he started his career in March 2002, Mr. Wang had served as an Engineer of the Executive Commission of Hangzhou Ring Road North Line Project, the Deputy Executive Chief of the Executive Commission for the interflow renovation of Hangzhou airport road, the Engineering Division Chief of Management Office of Chun'an section of Hangqian Expressway and the Director and Deputy General Manager of Hangzhou Transportation Road and Bridge Construction Company.

He joined Communications Group in January 2007 and is currently the President of the Investment and Development Department.

Mr. DAI Benmeng, born in 1965, graduated from the Party School of the Zhejiang Committee of the Communist Party of China with a bachelor's degree specialising in economics and management and is a Senior Economist. He began working in February 1987 and has been a director and the Deputy General Manager of Wenzhou Shipping Co., Ltd., a Director and the General Manager of Zhejiang Wenzhou Yongtaiwen Expressway Co., Ltd., a Director and the General Manager of Zhejiang Jinji Property Co., Ltd., the person in charge of Zhejiang Province North Zhejiang Expressway Management Co., Ltd., the Chairman of Zhejiang ShenSuZheWan Expressway Co., Ltd., and the General Manager of the Shanghai-Jiaxing-Huzhou- Hangzhou branch of the Communications Group. Mr. Dai is currently the Manager of the Human Resources Department of the Communications Group.

Mr. ZHOU Jianping, born in 1957, graduated from Xi'an Highway College with a bachelor's degree specialising in vehicular transport and is a Senior Engineer at professor level. He began working in September 1975 and has been the Deputy Supervisor of the Business Management Office, Supervisor of the office, Assistant of the General Manager, and Deputy General Manager of Zhejiang Province Vehicular Transport General Company, the Deputy Head of Quzhou Municipal Communications Bureau, Zhejiang Province, the manager of the Asset Management Department of the Communications Group, and the person in charge of the Hangjinq Branch of the Communications Group. Mr. Zhou is currently the Deputy Chief Economist and the Manager of the Operations Department of the Communications Group.

Independent Non-Executive Directors

Mr. ZHOU Jun, born in 1969, is the Executive Director and Vice President of Shanghai Industrial Investment (Holdings) Co. Ltd. (“SIIC”). Mr. Zhou graduated from Nanjing University and Fudan University with a bachelor’s degree and a master’s degree in Economics, majoring in International Finance. He also serves as the Chairman of S.I. Infrastructure Holdings Ltd. and eight other companies, the Chairman of SIIC Environment Holdings Ltd. in Singapore (a company listed on the Singapore Exchange), Executive Director and Deputy CEO of Shanghai Industrial Holdings Ltd. (a company listed on the Main Board of the Stock Exchange), Executive Director of Shanghai Industrial Urban Development Group Ltd. (a company listed on the Main Board of the Stock Exchange). He worked for Guotai Securities Co., Ltd. (now Guotai Junan Securities Co). Since joining SIIC in April 1996, the management positions he had held within the SIIC group of companies were Deputy General Manager of SIIC Real Estate Holdings (Shanghai) Co., Ltd., Deputy General Manager of Shanghai United Holdings Co., Ltd. (a company listed on the Shanghai Stock Exchange), Managing Director of Shanghai Cyber Galaxy Investment Co., Ltd. and General Manager of the Strategic Investment Department of SIIC. Mr. Zhou has about 20 years’ professional experience in general management, financial investment, real estate and project planning.

Mr. PEI Ker-Wei, born in 1957, is a Professor of Accountancy and Executive Dean for China Region at W. P. Carey School of Business, Arizona State University. Mr. Pei received his Ph.D. degree in Accounting from University of North Texas in 1986.

He is currently the director of W.P. Carey EMBA programs in China. He served as the chairman of the Globalization Committee of the American Accounting Association in 1997 and as the president of the Chinese Accounting Professors Association-North America in 1993 to 1994.

Mr. Pei currently serves as an Outside Director of Baosteel Group Corporation and Independent Director of Want Want China Holdings Limited and Zhong An Real Estate Limited (the last two companies are both listed on the Main Board of the Stock Exchange).

Ms. LEE Wai Tsang, Rosa, born in 1977, is the Chairman and an Executive Director of Grand Investment International Ltd. (a company listed on the Main Board of the Stock Exchange) and oversees its day-to-day investment, operation and administration. Ms. Lee holds a bachelor degree from the University of Southern California, a Master of Science in Finance from Boston College and a MBA from the University of Chicago. Ms. Lee is a licensed person for the regulated activities of dealing and advising in securities and asset management under the SFO. Ms. Lee is a director of Grand Finance Group Company Ltd. and several of its subsidiaries, also a director of Tianjin Yishang Friendship Holdings Co., Ltd. Ms. Lee has extensive experience in management, investment, securities and auditing.

NAMES AND PROFILES OF THE CANDIDATES TO THE SUPERVISORS OF THE SUPERVISORY COMMITTEE OF THE SEVENTH SESSION

The outside supervisors of the Company are elected and removed at a general meeting, whereas the supervisor representing the employees is elected and removed by the employees of the Company. Mr. WU Yongmin and Mr. ZHANG Guohua are the members of the supervisory committee of the sixth session and have been nominated as candidates for re-election as the independent supervisors of the supervisory committee of the seventh session. Mr. YAO Huiliang and Mr. SHI Ximin are newly nominated candidates for election as supervisor representing shareholders of the Company and independent supervisor for the supervisory committee of the seventh session, respectively. Mr. LU Xinghai has been elected by employees of the Company as the supervisor representing employees of the Company for the supervisory committee of the seventh session. The profiles of the candidates to the new supervisory committee of the seventh session are as follows:

Supervisor representing shareholders

Mr. YAO Huiliang, born in 1972, graduated from the Zhejiang University with a bachelor's degree in Business Administration and is a senior accountant.

Since he started his career in August 1990, Mr. YAO had serviced as Project Management Manager at Zhejiang Zhetong Road Operation Co., Ltd., Finance Manager of the Management Committee of the Ningbo Second Phase of Yongtaiwen Expressway, Assistant to the General Manager and Finance Manager of the Ningbo Expressway Co., and Deputy Manager of the Finance Management Department, and Vice Manager of the Finance Center of the Communications Group. Mr. YAO currently serves as Deputy Manager of the Finance Management Department of the Communications Group.

Independent supervisors

Mr. WU Yongmin, born in 1963, is an Assistant Professor. Mr. Wu graduated from China University of Political Science and Law with a master's degree in Law.

He was the Deputy Dean of the Department of Law at Hangzhou University, Deputy Dean of the Department of Law at Zhejiang University's Law School, and Director of Zheda Law Firm. Mr. Wu studied at the Christian-Albrechts- Universitat zu Kiel in 1996 as a visiting scholar. He is currently the Dean of the Department of Law at the Law School of Zhejiang University, a Supervisor for master's degree candidates in Business Law, a member of China Business Law Research Council, Deputy Director of Zhejiang Tax Law Research Council, an Arbitrator of Hangzhou Arbitration Committee, and a Lawyer at Zhejiang Zeda Law Firm.

Mr. ZHANG Guohua, born in 1963, obtained a doctorate degree in human resources management. He is a Senior Economist and the Deputy President of China Everbright Bank, Hangzhou Branch (official chairman-level). Mr. Zhang graduated from Hangzhou University in 1985 with a bachelor's degree in education and then received a master's degree in educational psychology in 1988. In 2000, he was granted the Graduate Certificate of Completion in Finance by the School of Economics of Zhejiang University, and then obtained the doctorate degree from the School of Management of Zhejiang University in 2007.

Since 1988, Mr. Zhang had successively worked in the headquarters of Industrial and Commercial Bank of China, Hangzhou Institute of Financial Managers, Hangzhou Financial Urban Credit Cooperative and China Everbright Bank, Hangzhou Branch and Wuxi Branch, and Ping An Bank, Hangzhou Branch. He had held the positions of Deputy Director of the Office, Supervisor of the Credit Union, Deputy President and President, respectively.

Since July 10, 2008, he has served as an Independent Director of Zheshang Securities Co., Ltd.

Mr. SHI Ximin, born in 1960, obtained a doctorate degree in Accounting from the Central University of Finance and Economics, and has a doctorate degree in Management.

Since he started his career in July 1983, Mr. Shi had serviced as Deputy Dean of the Accounting Department, and Director of Graduate School, of the Zhejiang University of Finance & Economics, as well as Dean of the Zhejiang Business College. MR. Shi currently serves as a professor in the Accounting Department of the Zhejiang University of Finance & Economics, Deputy Chairman of the Zhejiang Association of CFO, and independent director of Wolong Real Group Estate Co., Ltd. and Zhejiang Jianfeng Group Co.,Ltd. (both companies listed on the Shanghai Stock Exchange).

Supervisor representing employees (elected by employees of the Company)

Mr. LU Xinghai, born in 1967, graduated from the Department of Psychology of the Hangzhou University with a doctorate degree in Management Psychology, is a senior economist.

Mr. Lu had served as Manager of the Human Resources Department of Hangzhou BC Foods Co., Ltd., Assistant to the Manager and Deputy Manager of the Human Resources Department of the Company. He currently also serves as the Head of the Party-Staff Work Department and Head of Discipline Inspection and Supervision Department of the Company.

OTHER INFORMATION

Save as disclosed in the above, the proposed candidates for the board of Directors and supervisors of the seventh session of the Company have no relationships with any Directors, senior management or substantial or controlling shareholders of the Company.

The proposed term of office of the Directors and supervisors of the seventh session will be for a period of three years, commencing on July 1, 2015 and expiring on June 30, 2018.

None of the proposed candidates for the board of Directors and supervisors of the seventh session of the Company has an interest in the shares of the Company (within the meaning of Part XV of the SFO).

1. RESPONSIBILITY STATEMENT

This Circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this Circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this Circular misleading.

2. DISCLOSURE OF INTERESTS OF DIRECTORS, SUPERVISORS AND CHIEF EXECUTIVES**(a) Interests in the Company and its associated corporations**

As at the Latest Practicable Date, none of the Directors, supervisors and chief executives of the Company had an interest or short position in any shares, underlying shares or equity derivatives or debentures of the Company or any associated corporations (within the meaning of Part XV of the SFO) which is required to be (i) notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which the Directors, supervisors or chief executives of the Company was taken or deemed to have under such provisions of the SFO); or (ii) entered in the register kept by the Company pursuant to section 352 of the SFO; or (iii) notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies.

As at the Latest Practicable Date, none of the Directors, supervisors or chief executives of the Company or their spouses or children under 18 years of age were granted or had exercised any right to subscribe for any equity or debt securities of the Company or any of its associated corporations (within the meaning of Part XV of the SFO).

(b) Other interests

As at the Latest Practicable Date, so far is known to the Directors, none of the Directors and supervisors of the Company was materially interested in any contract or arrangement entered into by the Company or any of its subsidiaries which was subsisting and significant in relation to the business of the Group taken as a whole.

3. DISCLOSURE OF INTERESTS OF SUBSTANTIAL SHAREHOLDERS

As at the Latest Practicable Date, save as disclosed below, so far as is known to the Directors or chief executives of the Company, no other person had an interest or short position in the Shares and underlying Shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or were required to be notified to the Company and the Stock Exchange pursuant to section 324 of the SFO, or, who is, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any members of the Group.

Name of Shareholder	Capacity	Total interests in number of ordinary shares of the Company	Percentage of the issued share capital of the Company (domestic shares)
Communications Group	Beneficial owner	2,909,260,000	100%

Name of Shareholder	Capacity	Total interests in number of ordinary shares of the Company	Percentage of the issued share capital of the Company (H Shares)
BlackRock, Inc.	Interest of controlled corporations	186,632,470 (L)	13.02% (L)
		1,184,000 (S)	0.08% (S)
JP Morgan Chase & Co	Beneficial owner, investment manager and custodian corporation/ approved lending agent	170,185,641 (L)	11.86% (L)
		30,000 (S)	0% (S)
		87,710,608 (P)	6.11% (P)

The letter "L" denotes a long position. The letter "S" denotes a short position. The letter "P" denotes interest in a lending pool.

4. COMPETING INTERESTS

As at the Latest Practicable Date, none of the Directors and their respective close associates had any interest in a business, apart from the business of the Company, which competes or may compete with the business of the Company or has any other conflict of interest with the Company which would be required to be disclosed under Rule 8.10 of the Listing Rules.

5. INTERESTS IN CONTRACT OR ARRANGEMENT

As at the Latest Practicable Date, none of the Directors had any direct or indirect interest in any contract, transaction or assets which have been acquired or disposed of by, or leased to, or which are proposed to be acquired or disposed of by, or leased to, any member of the Group since December 31, 2014, being the date to which the latest published audited accounts of the Group were made up.

6. SERVICE CONTRACTS OF THE DIRECTORS

As at the Latest Practicable Date, none of the Directors and supervisors of the Company entered or proposed to enter into any service contract with the Group which is not determinable by the Group within one year without payment of compensation other than statutory compensation.

7. MATERIAL ADVERSE CHANGE

As at the Latest Practicable Date, the Directors were not aware of any material adverse change in the financial or trading position of the Group since December 31, 2014, the date to which the latest published audited accounts of the Company were made up.

8. EXPERTS AND CONSENTS

The following are the qualifications of the experts who have been named in this Circular or have given opinion or advice contained in this Circular:

Name	Qualification
Bridge Partners	a corporation licensed to carry out type 1 (dealing in securities) and type 6 (advising on corporate finance) regulated activities under the SFO

As at the Latest Practicable Date, Bridge Partners does not have any shareholding in any member of the Group nor has any right, whether legally enforceable or not, to subscribe for or to nominate persons to subscribe for securities in any member of the Group.

Bridge Partners has given and has not withdrawn its written consent to the issue of this Circular with the inclusion of its letter or report and references to its name in the form and context in which they appear.

The letter and recommendation from Bridge Partners are set out on pages 19 to 31 of this Circular and are given for incorporation herein.

Bridge Partners does not have, or have had, direct or indirect interest in any assets which have been acquired or disposed of by, or leased to, any member of the Group or are proposed to be acquired or disposed of by, or leased to, any member of the Group since December 31, 2014, the date to which the latest published audited accounts of the Group was made up.

9. DOCUMENTS FOR INSPECTION

A copy of the following documents will be available for inspection at the office of Herbert Smith Freehills at 23rd Floor, Gloucester Tower, 15 Queen's Road Central, Hong Kong during normal business hours on any weekday (except public holidays) for a period of 14 days from the date hereof:

- (a) the articles of association of the Company;
- (b) the audited consolidated accounts of the Group for each of the two financial years ended December 31, 2013 and 2014;
- (c) the New Financial Services Agreement;
- (d) the letter from the Independent Board Committee, as set out on pages 17 to 18 of this Circular;
- (e) the letter from the Independent Financial Adviser, as set out on pages 19 to 31 of this Circular;
- (f) the written consent referred to in the paragraph headed "Experts and Consents" above; and
- (g) this Circular.



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)

NOTICE OF 2014 ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the 2014 annual general meeting (the “**AGM**”) of Zhejiang Expressway Co., Ltd. (the “**Company**”) will be held at 10 a.m. on June 18, 2015 at 5/F, No. 2 Mingzhu International Business Center, 199 Wuxing Road, Hangzhou City, Zhejiang Province, People's Republic of China (the “**PRC**”), for the purpose of considering and, if thought fit, passing with or without modification or amendment the following resolutions:

AS ORDINARY RESOLUTIONS

1. to consider and approve the report of the directors of the Company (the “**Directors**”) for the year 2014;
2. to consider and approve the report of the supervisory committee of the Company for the year 2014;
3. to consider and approve the audited financial statements of the Company for the year 2014;
4. to consider and approve final dividend of RMB26.5 cents per share in respect of the year ended December 31, 2014;
5. to consider and approve the final accounts of the Company for the year 2014 and the financial budget of the Company for the year 2015;
6. to consider and approve the re-appointment of Deloitte Touche Tohmatsu Certified Public Accountants Hong Kong as the Hong Kong auditors of the Company, and to authorize the board of Directors of the Company (the “**Board**”) to fix their remuneration;
7. to consider and approve the re-appointment of Pan China Certified Public Accountants as the PRC auditors of the Company, and to authorize the Board to fix their remuneration;
8. to elect Directors of the Company, and consider and approve their remuneration and allowance package;
9. to elect supervisors of the Company, and consider and approve their allowance package;
10. to authorise the Board to approve the Directors' service contracts, the supervisors' service contracts and all other relevant documents and to authorise any one executive Director of the Company to sign such contracts and other relevant documents for and on behalf of the Company and to take all necessary actions in connection therewith; and

11. to approve and confirm:
- a. the financial services agreement between the Company and Zhejiang Communications Investment Group Finance Co., Ltd. dated April 24, 2015 (the “**New Financial Services Agreement**”) and the terms thereof and the transactions contemplated thereunder, a copy of which marked “A” has been produced at the meeting and signed by the chairman of the meeting for identification purpose, be and are hereby approved;
 - b. the annual cap for the Deposit Services (as defined in the circular of the Company dated May 4, 2015) under the New Financial Services Agreement be and is hereby approved; and
 - c. the Board be and is hereby authorized to take all steps necessary or expedient in its opinion to implement and/or give effect to the New Financial Services Agreement.

By order of the board of Directors
Zhejiang Expressway Co., Ltd.
Tony Zheng
Company Secretary

Hangzhou, the PRC, May 4, 2015

Notes:

1. The above mentioned resolution No. 11 shall be approved by independent shareholders as required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited. Zhejiang Communications Investment Group Co., Ltd. and its associates will abstain from voting in relation to such resolution. Details regarding such resolution are set out in the circular of the Company dated May 4, 2015.
2. **Registration procedures for attending the AGM**
 - (1) Holders of H shares of the Company (“**H Shares**”) and domestic shares of the Company (“**Domestic Shares**”) intending to attend the AGM should return the reply slip for attending the AGM to the Company by post or by facsimile (address and facsimile numbers are shown in paragraph 7(2) below) such that the same shall be received by the Company on or before May 28, 2015.
 - (2) A shareholder or his/her/its proxy should produce proof of identity when attending the AGM. If a corporate shareholder appoints its legal representative to attend the meeting, such legal representative shall produce proof of identity and a copy of the resolution of the board of directors or other governing body of such shareholder appointing such legal representative to attend the meeting.
3. **Proxy**
 - (1) A shareholder eligible to attend and vote at the AGM is entitled to appoint, in written form, one or more proxies to attend and vote at the AGM on behalf of him/her/it. A proxy need not be a shareholder of the Company.
 - (2) A proxy shall be appointed by a written instrument signed by the appointor or an attorney authorised by him/her/it for such purpose. If the appointor is a corporation, the same shall be affixed with the seal of such corporation, or signed by its director(s) or duly authorized representative(s). If the instrument appointing a proxy is signed by a person authorized by the appointor, the power of attorney or other authorization document(s) shall be notarized.

- (3) To be valid, the power of attorney or other authorization document(s) (which have been notarized) together with the completed form of proxy must be delivered, in the case of holders of Domestic Shares, to the Company at the address shown in paragraph 7(2) below and, in the case of holders of H Shares, to Hong Kong Registrars Limited at 17M Floor, Hopewell Center, 183 Queen's Road East, Hong Kong, at least 24 hours before the time designated for holding of the AGM.
- (4) Any vote of the shareholders of the Company present in person or by proxy at the AGM must be taken by poll.

4. Book closing period

For the purpose of the AGM and to determine the shareholders who qualify for the proposed final dividend, the register of members holding H shares of the Company will be closed from May 19, 2015 to June 17, 2015 (both days inclusive), and from June 24, 2015 to June 29, 2015 (both days inclusive).

5. Last day of transfer and record date

Holders of H Shares who intend to attend the AGM and qualify for the proposed final dividend must deliver all transfer instruments and the relevant shares certificates to Hong Kong Registrars Limited at Rooms 1712-1716, 17/F, Hopewell Center, 183 Queen's Road East, Hong Kong, at or before 4:30 p.m. on May 18, 2015 and on June 23, 2015 respectively.

For the purpose of the AGM and qualify for the proposed final dividend, the record date will be May 25, 2015 and June 29, 2015 respectively.

6. Dividend Payable date

Upon relevant approval by shareholders at the AGM, the final dividend is expected to be paid out on July 28, 2015.

7. Miscellaneous

- (1) The AGM will not last for more than one day. Shareholders who attend shall bear their own traveling and accommodation expenses.
- (2) The principal place of business of the Company in the PRC is:

5/F, No. 2 Mingzhu International Business Center
199 Wuxing Road
Hangzhou City, Zhejiang Province
People's Republic of China
310020
Telephone No.: (+86)-571-8798 7700
Facsimile No.: (+86)-571-8795 0329

As at the date of this notice, the executive Directors of the Company are: Mr. ZHAN Xiaozhang, Ms. LUO Jianhu and Mr. DING Huikang; the non-executive Directors of the Company are: Mr. WANG Dongjie, Mr. DAI Benmeng and Mr. ZHOU Jianping; and the independent non-executive Directors of the Company are: Mr. ZHOU Jun, Mr. PEI Ker-Wei and Ms. LEE Wai Tsang, Rosa.