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

Connected Transaction: Loan to Zhejiang Jinji Property Co., Ltd.

This announcement is made pursuant to Rule 14A.66(2) of the Listing Rules in respect of the Loan Agreement entered into between the Company, Jinji Property and the Bank on December 26, 2007 whereby the Company agreed to provide a loan of a principal amount of RMB370 million (approximately HK\$394.2 million) with a maturity period of one year to Jinji Property through the Bank.

Jinji Property is a connected person of the Company as it is a 90% subsidiary of Communications Investment, which in turn is a substantial shareholder of the Company holding approximately 56% of the issued share capital of the Company. The provision of the Loan under the Loan Agreement by the Company to Jinji Property thus constitutes a connected transaction for the Company under Rule 14A.13(2)(a)(i) of the Listing Rules.

As the value of the Loan to be provided under the Loan Agreement represents less than 2.5% of each of the percentage ratios, and the Loan Agreement is on normal commercial terms, the provision of the Loan is exempt from the approval of the independent shareholders of the Company but subject to the requirements under Rule 14A.66(2) of the Listing Rules to disclose such transaction in this announcement and in the next published annual report and accounts of the Company.

Background

On December 26, 2007, the Company entered into the Loan Agreement with Jinji Property and the Bank whereby the Company agreed to provide a loan of a principal amount of RMB370 million (approximately HK\$394.2 million) with a maturity period of one year to Jinji Property through the Bank. Pursuant to the Loan Agreement, the Company will advance the Loan to the Bank, which will in turn advance the Loan to Jinji Property. Interest will be payable by Jinji Property to the Company at a rate of 8.97% per annum, being approximately 1.50% per annum over

the current rate applicable to one year term loans in the PRC as quoted by the People's Bank of China, and subject to adjustments following any adjustments made by the People's Bank of China to its base lending rates. All handling fees payable to the Bank in connection with the Loan will be paid by Jinji Property. The interest rate for the Loan was determined following arm's length negotiation between the Company and Jinji Property and having regard to: (i) the current rate applicable to one year term loans in the PRC, as quoted by the People's Bank of China, being the current official borrowing rate; (ii) the risk profile of Jinji Property; and (iii) the Company's desire to have at least a 1% premium over the current official borrowing rate (after taxation).

Interest on the Loan is payable quarterly in arrears. The Loan was advanced in a single payment on December 26, 2007, and is repayable in a single payment on December 25, 2008.

Pursuant to PRC laws, only authorised banks are permitted to advance loans. Inter-company loan is typically made through back-to-back arrangement with an authorised bank. The arrangement with the Bank was made to comply with such legal requirements. The Bank was providing the loan services as part of its ordinary course of business.

In connection with the Loan Agreement, Communications Investment has provided a guarantee in favour of the Company and the Bank in respect of the obligations of Jinji Property for repayment of the principal and for payment of interest and related expenses under the Loan Agreement.

Reasons of the transaction

The Loan is being provided to Jinji Property for use as general working capital. The Loan was provided by the Company out of excess cash from its operations. The Directors, including the independent non-executive Directors, believe that the terms of the Loan Agreement are fair and reasonable, are on normal commercial terms, and in the best interests of the Group and the Company's shareholders as a whole, as the Loan provides a higher return than would otherwise be earned as deposit interest on cash in hand. In particular, the interest rate for the Loan is over 4.5% higher than one-year fixed deposit rates generally available at commercial banks in the PRC.

Connected transaction

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Information of the Group and Jinji Property

The Company was incorporated on March 1, 1997 in the PRC and is a joint stock limited company with a registered share capital of RMB4,343,114,500 (approximately HK\$4,627,226,200) at present. The main business of the Company and its subsidiaries is investment in, development, operation, management, and collection of tolls, of the Shanghai-Hangzhou-Ningbo Expressway and the Shangsang Expressway, both in the Zhejiang Province of the PRC; businesses ancillary to the operation of the expressways, such as billboard advertising and operation of service areas on the expressways; and the provision of securities broking services and proprietary trading. Jinji Property is principally engaged in the business of real estate investment.

Definitions

In this announcement, the following expressions have the meanings set out below unless the context requires otherwise.

“Company”	Zhejiang Expressway Co., Ltd. (浙江滬杭甬高速公路股份有限公司)
“Communications Investment”	Zhejiang Communications Investment Group Co., Ltd. (浙江省交通投資集團有限公司), a PRC state-owned enterprise
“Bank”	a PRC incorporated bank
“Directors”	the directors of the Company

“HK\$”	Hong Kong dollars, the lawful currency of the Hong Kong Special Administrative Region
“Jinji Property”	Zhejiang Jinji Property Co., Ltd. (浙江金基置業有限公司), a PRC-incorporated company
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited
“Loan”	a loan of a principal amount of RMB370 million (approximately HK\$394.2 million), made pursuant to the Loan Agreement
“Loan Agreement”	a loan agreement dated December 26, 2007 entered into between the Company, Jinji Property and the Bank whereby the Company agreed to provide the Loan to Jinji Property
“percentage ratios”	has the meaning as ascribed to it under the Listing Rules, as applicable to the transaction under the Loan Agreement
“PRC”	the People’s Republic of China
“RMB”	renminbi, the lawful currency of the PRC

The exchange rate used for reference purpose in this announcement is HK\$1 to RMB0.9386.

By Order of the Board
Geng Xiaoping
Chairman

Hangzhou, December 27, 2007

As at the date of this announcement, the executive Directors of the Company are: Messrs. Geng Xiaoping, Fang Yunti, Zhang Jingzhong and Jiang Wenyao; the non-executive Directors are: Messrs. Zhang Luyun and Zhang Yang; and the independent non-executive Directors are: Messrs. Tung Chee Chen, Zhang Junsheng and Zhang Liping.