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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 THE DEDICATED ROAD MAINTENANCE AGREEMENTS

THE DEDICATED ROAD MAINTENANCE (FIRST CONTRACT SECTION) AGREEMENTS

On April 30, 2021, the Company and its various subsidiaries entered into the Dedicated Road Maintenance (First Contract Section) Agreements with Jiaogong Maintenance, pursuant to which Jiaogong Maintenance agreed to undertake dedicated maintenance projects to three expressways operated by the Group, namely the Jiaxing and Ningbo Section of the Shanghai-Hangzhou-Ningbo Expressway, the Shenjiahuhang Expressway and the Zhoushan Bay Bridge.

THE DEDICATED ROAD MAINTENANCE (SECOND CONTRACT SECTION) AGREEMENTS

On April 30, 2021, the Company and its various subsidiaries entered into the Dedicated Road Maintenance (Second Contract Section) Agreements with Zhejiang Shunchang, pursuant to which Zhejiang Shunchang agreed to undertake dedicated maintenance projects to five expressways operated by the Group, namely the Hangzhou and Shaoxing Section of the Shanghai-Hangzhou-Ningbo Expressway, the Shangsang Expressway, the Jinhua Section of the Ningbo-Jinhua Expressway, the Hanghui Expressway and the Huihang Expressway.

LISTING RULES IMPLICATIONS

As at the date of this announcement, Communications Group holds approximately 67% of the issued share capital of the Company. By virtue of this shareholding interest, Communications Group is a controlling shareholder (as defined under the Listing Rules) of the Company. As at the date of this announcement, each of Jiaogong Maintenance and Zhejiang Shunchang is an indirect subsidiary of Communications Group. Therefore, each of Jiaogong Maintenance and Zhejiang Shunchang is a connected person of the Company and as a result, the respective transactions contemplated under the Agreements constitute continuing connected transactions for the Company under Chapter 14A of the Listing Rules.

Pursuant to Rule 14A.81 to Rule 14A.83 of the Listing Rules, the respective transactions contemplated under the Agreements are required to be aggregated with the respective transactions contemplated under the Previous Daily Road Maintenance Agreements which were continuing connected transactions entered into with the same connected persons.

As the applicable percentage ratios in respect of the aggregated annual cap for transactions contemplated under the Agreements and the Previous Daily Road Maintenance Agreements are more than 0.1% but less than 5%, the transactions contemplated under the Agreements and the Previous Daily Road Maintenance Agreements will be subject to the reporting, announcement and annual review requirements but exempt from the independent Shareholders' approval requirement under Chapter 14A of the Listing Rules.

THE DEDICATED ROAD MAINTENANCE (FIRST CONTRACT SECTION) AGREEMENTS

On April 30, 2021, the Company entered into the Dedicated Road Maintenance (First Contract Section) Agreements with Jiaogong Maintenance, pursuant to which Jiaogong Maintenance agreed to undertake dedicated maintenance projects to three expressways operated by the Group, namely the Jiaxing and Ningbo Section of the Shanghai-Hangzhou-Ningbo Expressway, the Shenjiahuhang Expressway and the Zhoushan Bay Bridge, which shall be completed prior to November 30, 2021.

Principal terms of the Dedicated Road Maintenance (First Contract Section) Agreements are summarised as below:

- Date: April 30, 2021
- Parties: (1) the Company and its various subsidiaries
(2) Jiaogong Maintenance
- Term: All the dedicated maintenance projects shall complete prior to November 30, 2021, followed by a defect liability period of two years.
- Subject Matter: Jiaogong Maintenance agreed to undertake dedicated maintenance projects including pavement diseases treatment, bridgeheads paving, overlays of pavements and other pavement related projects; sloping maintenance and other roadbed related projects; repair and reinforcement of diseased bridge, bridge decks repair and other bridge related projects; signs, markings upgrades and other traffic safety projects and tunnel, greenery and environmental protection facility improvements and other dedicated maintenance projects.

Service Fees: The total service fees payable by the Group to Jiaogong Maintenance will be RMB159,675,577.

Basis of Service Fees The service fees were determined as a result of public tender. Other than Jiaogong Maintenance, there were three other independent service providers which made a bid. The tender evaluation committee took into account the following when making their decisions (including, but not limited to):

- (i) tender price;
- (ii) quality of the service provider’s maintenance equipment;
- (iii) the service provider’s maintenance plan, safety management plan, and emergency plan in the event of accidents;
- (iv) the qualifications and experience of the service provider’s project manager, chief engineer and maintenance staff; and
- (v) the service provider’s past performance records.

According to the assessment made by the tender evaluation committee on March 8, 2021, Jiaogong Maintenance successfully obtained the highest overall score among all the bidders, and therefore won the above tender.

Terms of payment: The payment will be made in installments as follows:

- (i) 97% of the service fees to be payable upon completion of the dedicated maintenance projects under the Dedicated Road Maintenance (First Contract Section) Agreements; and
- (ii) 3% of the service fees to be payable within 15 days after the finalisation of the completion acceptance and settlement report.

Governing Law: The laws of the PRC.

THE DEDICATED ROAD MAINTENANCE (SECOND CONTRACT SECTION) AGREEMENTS

On April 30, 2021, the Company entered into the Dedicated Road Maintenance (Second Contract Section) Agreements with Zhejiang Shunchang, pursuant to which Zhejiang Shunchang agreed to undertake dedicated maintenance projects to five expressways operated by the Group, namely the Hangzhou and Shaoxing Section of the Shanghai-Hangzhou-Ningbo Expressway, the Shangsang Expressway, the Jinhua Section of the Ningbo-Jinhua Expressway, the Hanghui Expressway and the Huihang Expressway, which shall be completed prior to November 30, 2021.

Principal terms of the Dedicated Road Maintenance (Second Contract Section) Agreements are summarised as below:

- Date: April 30, 2021

- Parties:
 - (1) the Company and its various subsidiaries
 - (2) Zhejiang Shunchang

- Term: All the dedicated maintenance projects shall complete before November 30, 2021, followed by a defect liability period of two years.

- Subject Matter: Zhejiang Shunchang to undertake dedicated maintenance projects including pavement diseases treatment, bridgeheads paving, overlays of pavement and other pavement related projects; sloping maintenance and other roadbed related projects; repair and reinforcement of diseased bridge, bridge decks repair and other bridge related projects; signs, markings, guardrail upgrades and other traffic safety projects and tunnel, greenery and environmental protection facility improvements and other dedicated maintenance projects

- Service Fees: The total service fees payable by the Group to Zhejiang Shunchang shall be RMB158,993,744.

- Basis of Service Fees: The service fees were determined as a result of public tender. Other than Zhejiang Shunchang, there were three other independent service providers which made a bid. The tender evaluation committee took into account the following when making their decisions (including, but not limited to):
 - (i) tender price,

- (ii) quality of the service provider's maintenance equipment;
- (iii) the service provider's maintenance plan, safety management plan, and emergency plan in the event of accidents;
- (iv) the qualifications and experience of the service provider's project manager, chief engineer and maintenance staff; and
- (v) the service provider's past performance records.

According to the assessment made by the tender evaluation committee on March 8, 2021, Zhejiang Shunchang successfully obtained the highest overall score among all the bidders, and therefore won the above tender.

Terms of payment: The payment will be made in installments as follows:

- (i) 97% of the service fees to be payable upon completion of the dedicated maintenance projects under the Dedicated Road Maintenance (Second Contract Section) Agreements; and
- (ii) 3% of the service fees to be payable within 15 days after the finalisation of the completion acceptance and settlement report.

Governing Law: The laws of the PRC.

PROPOSED ANNUAL CAP AND BASIS OF DETERMINATION

In accordance with Rule 14A.53 of the Listing Rules, the Company is required to set annual cap on the total amount of the Agreements payable by the Group. The proposed annual cap on the aggregate service fees of the Agreements payable by the Group for the financial years ending December 31, 2021 is RMB319,000,000.

The proposed annual cap on the aggregate service fees of the Agreements are determined based on: (i) the historical maintenance cost incurred for the expressways operated by the Group; (ii) comparable prices available in the market; (iii) the expected maintenance services required for the expressways under the Agreements in 2021 taking into account of a reasonable buffer.

Pursuant to each of the Dedicated Road Maintenance (First Contract Section) Agreements and the Dedicated Road Maintenance (Second Contract Section) Agreements, the total service fees payable by the Group to Jiaogong Maintenance and Zhejiang Shunchang is RMB159,675,577 and RMB158,993,744 respectively in 2021. The aggregate services fees of the Agreements are RMB318,669,321, which do not exceed the proposed annual cap. If the actual total amount of the service fees made by the Group under the Agreements shall exceed the abovementioned annual cap, the Company will re-comply with all applicable requirements under the Listing Rules.

REASONS FOR AND BENEFITS OF THE TRANSACTIONS

As subsidiaries of Communications Group, Jiaogong Maintenance and Zhejiang Shunchang fully understand the Group's business and operating needs, and maintains effective communication to provide more quality services to the Group. Each of Jiaogong Maintenance and Zhejiang Shunchang has the relevant qualifications and experience to provide the Maintenance Services to the Group.

In addition, the Company went through a tender process and obtained the relevant quotations from other independent service providers to select the service provider of the Maintenance Services. Jiaogong Maintenance and Zhejiang Shunchang finally won the respective tenders.

The transactions contemplated under the Agreements are and will be conducted in the ordinary and usual course of business of the Group, and the consideration paid by the Group to Jiaogong Maintenance and Zhejiang Shunchang, respectively, will not be higher than the average market price and will not be less favourable than those provided by other independent service providers to the Group for similar services.

Given the above, the Directors (including the independent non-executive Directors) are of the view that the terms of the Agreements are on normal commercial terms, in the ordinary and usual course of business of the Group and are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

LISTING RULES IMPLICATIONS

As at the date of this announcement, Communications Group holds approximately 67% of the issued share capital of the Company. By virtue of this shareholding interest, Communications Group is a controlling shareholder (as defined under the Listing Rules) of the Company. As at the date of this announcement, each of Jiaogong Maintenance and Zhejiang Shunchang is an indirect subsidiary of Communications Group. Therefore, each of Jiaogong Maintenance and Zhejiang Shunchang is a connected person of the Company and as a result, the respective transactions contemplated under the Agreements constitute continuing connected transactions for the Company under Chapter 14A of the Listing Rules.

Pursuant to Rule 14A.81 to Rule 14A.83 of the Listing Rules, the respective transactions contemplated under the Agreements are required to be aggregated with the respective transactions contemplated under the Previous Daily Road Maintenance Agreements which were continuing connected transactions entered into with the same connected persons.

As the applicable percentage ratios in respect of the aggregated annual cap for transactions contemplated under the Agreements and the Previous Daily Road Maintenance Agreements are more than 0.1% but less than 5%, the transactions contemplated under the Agreements and the Previous Daily Road Maintenance Agreements will be subject to the reporting, announcement and annual review requirements but exempt from the independent Shareholders' approval requirement under Chapter 14A of the Listing Rules.

Mr. Yu Zhihong, Mr. Dai Benmeng, Mr. Yuan Yingjie and Mr. Fan Ye, being Directors, are deemed to have material interests in the Agreements as they are currently also employed by the Group and have abstained from voting on the relevant Board resolutions. Other than those Directors mentioned above, none of the Directors have a material interest in the transactions contemplated under the Agreements, and none are required to abstain from voting on the relevant resolutions of the Board.

INFORMATION ON THE PARTIES

The Company is a joint stock company established under the laws of the PRC with limited liability on March 1, 1997, the H Shares of which are listed on the Main Board of the Stock Exchange. It is principally engaged in investing in, developing and operating high-grade roads in the PRC. The Group also carries on certain other businesses such as securities brokerage, investment banking, asset management, margin financing and securities lending through Zheshang Securities Co., Ltd.

Jiaogong Maintenance is a subsidiary of Communications Group which was established under the laws of the PRC on January 18, 2006. Jiaogong Maintenance is principally engaged in the road construction projects and toll road maintenance.

Zhejiang Shunchang is a subsidiary of Communications Group which was established under the laws of the PRC on November 11, 2003. Zhejiang Shunchang is principally engaged in the road construction projects and toll road maintenance.

DEFINITIONS

In this announcement, unless the context specifies otherwise, the following defined expressions have the following meanings:

“Agreements”	collectively the Dedicated Road Maintenance (First Contract Section) Agreements, and the Dedicated Road Maintenance (Second Contract Section) Agreements
“Board”	the board of Directors of the Company
“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 on December 29, 2001 and the controlling shareholder of the Company
“Company”	Zhejiang Expressway Co., Ltd. (浙江滬杭甬高速公路股份有限公司), a joint stock limited company established in the PRC on March 1, 1997, whose shares are listed on the main board of the Stock Exchange
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“continuing connected transaction(s)”	has the meaning ascribed to it under the Listing Rules
“controlling shareholder”	has the meaning ascribed to it under the Listing Rules
“Dedicated Road Maintenance (First Contract Section) Agreements”	a series of agreements dated April 30, 2021 entered into between the Company and its various subsidiaries and Jiaogong Maintenance in relation to the provision of services for dedicated maintenance projects in respect of three expressways operated by the Group
“Dedicated Road Maintenance (Second Contract Section) Agreements”	a series of agreements dated April 30, 2021 entered into between the Company and its various subsidiaries and Zhejiang Shunchang in relation to the provision of services for dedicated maintenance projects in respect of five expressways operated by the Group

“Director(s)”	the director(s) of the Company
“Group”	the Company and its relevant subsidiaries
“H Shares”	the overseas listed foreign shares of RMB1.00 each in the share capital of the Company which are primarily listed on the Hong Kong Stock Exchange and traded in Hong Kong dollars since May 15, 1997
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Jiaogong Maintenance”	Zhejiang Jiaogong High-grade Expressway Maintenance Co., Ltd* (浙江交工高等級公路養護有限公司), an indirectly non-wholly owned subsidiary of Communications Group
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited, as amended, supplemented or otherwise modified from time to time
“Maintenance Co”	Zhejiang Expressway Maintenance Co., Ltd. (浙江滬杭甬養護工程有限公司), an indirectly non-wholly owned subsidiary of Communications Group
“percentage ratio”	has the meaning ascribed to it under Rule 14.04(9) of the Listing Rules
“PRC”	the People’s Republic of China which, for the purpose of this announcement only, excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“Previous Daily Road Maintenance Agreements”	the daily road maintenance agreements dated December 27, 2019 entered into between the Company, the relevant subsidiaries on the one hand, and Maintenance Co, Jiaogong Maintenance and Zhejiang Shunchang, on the other hand, pursuant to which Maintenance Co, Jiaogong Maintenance and Zhejiang Shunchang agreed to provide certain maintenance services in respect of certain expressways operated by the Group as provided in the announcement of the Company dated December 27, 2019
“RMB”	Renminbi, the lawful currency of the PRC
“Shareholder(s)”	holder(s) of the share(s) of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

“subsidiary(ies)”	has the meaning ascribed to it under the Listing Rules
“Zhejiang Shunchang”	Zhejiang Shunchang High-grade Expressway Maintenance Co., Ltd* (浙江順暢高等級公路養護有限公司), an indirectly non-wholly owned subsidiary of Communications Group
“%”	per cent

* For identification purposes only

On behalf of the Board of Directors
Zhejiang Expressway Co., Ltd.
YU Zhihong
Chairman

Hangzhou, the PRC, April 30, 2021

As at the date of this announcement, the Chairman of the Company is Mr. YU Zhihong; the executive Directors of the Company are: Mr. CHEN Ninghui and Ms. LUO Jianhu; the other non-executive Directors of the Company are: Mr. DAI Benmeng, Mr. YUAN Yingjie and Mr. FAN Ye; and the independent non-executive Directors of the Company are: Mr. PEI Ker-Wei, Ms. LEE Wai Tsang, Rosa and Mr. CHEN Bin.