

Hong Kong Stock Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



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)

ANNOUNCEMENT
CONNECTED TRANSACTION
CONSTRUCTION AGREEMENT FOR THE RENOVATION OF
JIAXING SERVICE AREA PLAZA

THE CONSTRUCTION AGREEMENT

On May 13, 2022, Jiaxing Branch entered into the Construction Agreement with Jiaogong Group and Jiaogong Underground Construction being the Consortium as the contractor, and Zhejiang Commercial as the contracting party. Pursuant to the Construction Agreement, the Consortium agreed to undertake the construction work for the renovation of Jiaxing Service Area Plaza of Shanghai-Hangzhou Expressway. Zhejiang Commercial was entrusted by Jiaxing Branch to handle the bidding, procurement and construction management matters relating to the renovation of Jiaxing Service Area Plaza of Shanghai-Hangzhou Expressway with nil payment required from Jiaxing Branch. It was agreed with Zhejiang Commercial that the amount payable by Jiaxing Branch to the Consortium under the Construction Agreement will not exceed RMB17,788,100.

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 of the Company.

As at the date of this announcement, each of Jiaogong Group and Jiaogong Underground Construction is an indirectly non-wholly owned subsidiary of Communications Group, and is therefore a connected person of the Company. As a result, the transaction contemplated under the Construction Agreement constitutes a connected transaction for the Company under Chapter 14A of the Listing Rules.

As the highest applicable percentage ratio in respect of the transaction contemplated under the Construction Agreement is more than 0.1% but less than 5%, the Construction Agreement is subject to the reporting, announcement and annual review requirements but exempt from the independent Shareholders' approval requirement under Chapter 14A of the Listing Rules.

THE CONSTRUCTION AGREEMENT

On May 13, 2022, Jiaxing Branch entered into the Construction Agreement with Jiaogong Group and Jiaogong Underground Construction being a Consortium as the contractor, and Zhejiang Commercial as the contracting party, pursuant to which the Consortium agreed to undertake the construction work for the renovation of Jiaxing Service Area Plaza of Shanghai-Hangzhou Expressway.

Principal terms of the Construction Agreement are summarized below:

- Date:** May 13, 2022
- Parties:**
- (a) Jiaxing Branch (as the investor);
 - (b) Jiaogong Group (as the contractor);
 - (c) Jiaogong Underground Construction (as the contractor); and
 - (d) Zhejiang Commercial (as the contracting party)
- Subject Matter:** The Consortium will undertake the construction work for the renovation of the Jiaxing Service Area Plaza of Shanghai-Hangzhou Expressway, including but not limited to road renovation and construction work relating to water supply and drainage pipelines (including outdoor water supply and drainage, fire-fighting pipelines, water supply and drainage structures, etc.), intelligentization (including outdoor integrated pipelines), bridges, electrical works and landscape.
- Term:** All construction work shall be completed within 100 calendar days from the construction commencement date agreed between the parties, followed by a defect liability period of two years.

Contract Price: The contract price is RMB26,151,435, of which the maximum amount of construction fees payable by Jiaying Branch to the Consortium is RMB17,788,100.

It was agreed that Zhejiang Commercial will pay for the consideration under the Construction Agreement which exceeds the maximum amount payable by Jiaying Branch.

Basis of Contract Price: The consideration was determined as a result of public tender. Other than the Consortium, each of the other 14 tenderers which made a bid was an independent third party. The tender evaluation committee took into account the following factors when arriving at their decision, including but not limited to:

- (i) the tenderer’s overall construction plans, construction organization measures and quality assurance measures;
- (ii) the tenderer’s measures to ensure construction progress;
- (iii) the major construction equipment, raw material and labor arrangements;
- (iv) the allocation of personnel; and
- (v) safe and civilized construction and environmental protection measures.

According to the assessment made by the tender evaluation committee on March 4, 2022, the Consortium obtained the highest overall score among all the bidders, and therefore won the above bid.

Terms of payment:

Payment will be made according to the following terms:

- (i) 10% of the contract price (excluding provisional sum and provisional valuation) shall be paid in advance before the commencement of work;
- (ii) construction progress payments amounting to 60% of the amount of construction work completed and accepted each month shall be made;
- (iii) payment of up to an aggregate of 65% of the contract price (excluding provisional sum and provisional valuation) shall be made after completion and final acceptance;
- (iv) payment of up to an aggregate of 98.5% of the project settlement price shall be made after completion of the auditing process; and
- (v) 1.5% of the project settlement price shall be paid within 30 days after expiry of the defect liability period.

REASONS FOR AND BENEFITS OF THE CONSTRUCTION AGREEMENT

As subsidiaries of Communications Group, Jiaogong Group and Jiaogong Underground Construction are fully aware of Jiaxing Branch's business and operating needs, and maintain effective communication to provide more quality services to Jiaxing Branch. Jiaogong Group and Jiaogong Underground Construction have the relevant qualifications and expertise to provide construction and renovation services to Jiaxing Branch.

The transaction contemplated under the Construction Agreement is and will be conducted in the ordinary and usual course of business of the Group, and the consideration paid by the Jiaxing Branch to Jiaogong Group and Jiaogong Underground Construction will not be higher than the average market price and will not be less favorable than those provided by independent third parties to Jiaxing Branch for similar services.

Given the above, the Directors (including the independent non-executive Directors) who are not required to abstain from voting in the relevant Board resolution, are of the view that the terms of the Construction Agreement are on normal commercial terms, in the ordinary and usual course of business of the Company and are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

INFORMATION OF 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 is also engaged in expressway-related development and operation, as well as securities business.

Jiaxing Branch was formerly known Zhejiang Jiaxing Expressway Co., Ltd. which has been absorbed and merged by LongLiLiLong Co, a wholly-owned subsidiary of the Company as of the date of this announcement and its main assets and business continued to exist under Jiaxing Branch.

Jiaogong Group is an indirectly owned subsidiary of Communications Group established under the laws of the PRC. Jiaogong Group is principally engaged in the construction, design and technical services of roads, bridges, tunnels, ports, waterways, navigation locks, airports, municipalities, railways, urban railways and underground corridors and other transportation projects; highway management and maintenance, urban greening management, municipal facilities management; construction projects and other businesses.

Jiaogong Underground Construction is a wholly owned subsidiary of Jiaogong Group established under the laws of the PRC. Jiaogong Underground Construction is principally engaged in construction services for building works, building decoration, environmental protection and municipal works.

Zhejiang Commercial is a wholly owned subsidiary of Communications Group established under the laws of the PRC. Zhejiang Commercial is principally engaged in service area planning and design, investment operation and construction, integrated energy supply and management, retail chains, advertising, catering and other related businesses.

LISTING RULE 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 of the Company.

As at the date of this announcement, Jiaogong Group and Jiaogong Underground Construction are indirectly non-wholly owned subsidiaries of Communications Group, and are therefore connected persons of the Company. As a result, the transaction contemplated under the Construction Agreement constitutes a connected transaction for the Company under Chapter 14A of the Listing Rules.

As the highest applicable percentage ratio in respect of the transaction contemplated under the Construction Agreement is more than 0.1% but less than 5%, the Construction Agreement is subject to the reporting, announcement and annual review requirements but exempt from the independent Shareholders' approval requirement under Chapter 14A of the Listing Rules.

As Mr. Yu Zhihong, Mr. Jin Chaoyang, Mr. Fan Ye and Mr. Huang Jianzhang are currently also employed by Communications Group, they have abstained from voting at the Board meeting at which the Construction Agreement was considered and approved. Save for Mr. Yu Zhihong, Mr. Jin Chaoyang, Mr. Fan Ye and Mr. Huang Jianzhang, none of the Directors has any material interest in the Construction Agreement or is required to abstain from voting on the relevant Board resolution.

DEFINITIONS

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

“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 as at the date of this announcement
“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
“Consortium”	Jiaogong Group and Jiaogong Underground Construction
“Construction Agreement”	the construction agreement for the renovation of Jiaxing Service Area Plaza of Shanghai-Hangzhou Expressway dated May 13, 2022 entered into between Jiaxing Branch, the Consortium and Zhejiang Commercial, pursuant to which the Consortium agreed to undertake the construction work for the renovation of Jiaxing Service Area Plaza of Shanghai-Hangzhou Expressway

“controlling shareholder”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	the director(s) of the Company
“Group”	the Company and its 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 Group”	Zhejiang Communications Construction Group Co., Ltd.* (浙江交工集團股份有限公司), a company incorporated in the PRC and a non-wholly owned subsidiary of Communications Group as at the date of this announcement
“Jiaogong Underground Construction”	Zhejiang Jiaogong Underground Construction Co., Ltd.* (浙江交工地下工程有限公司), a company incorporated in the PRC and a non-wholly owned subsidiary of Communications Group as at the date of this announcement
“Jiaxing Branch”	Jiaxing Branch of LongLiLiLong Co
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange, as amended, supplemented or otherwise modified from time to time
“LongLiLiLong Co”	Zhejiang LongLiLiLong Expressway Co. Ltd.* (浙江龍麗龍高速公路有限公司), which is a limited company established in the PRC and a wholly owned subsidiary of the Company as at the date of this announcement
“percentage ratio”	has the meaning ascribed to it under Rule 14.04(8) 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

“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 Commercial”	Zhejiang Commercial Group Co., Ltd.* (浙江省商業集團有限公司), a company established in the PRC and a subsidiary of Communications Group as at the date of this announcement
“%”	per cent

* For identification purposes only.

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

Hangzhou, the PRC, May 13, 2022

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 Mr. YUAN Yingjie; the other non-executive Directors of the Company are: Mr. JIN Chaoyang, Mr. FAN Ye and Mr. HUANG Jianzhang; and the independent non-executive Directors of the Company are: Mr. PEI Ker-Wei, Ms. LEE Wai Tsang, Rosa and Mr. CHEN Bin.