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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)**

**(1) CONTINUING CONNECTED TRANSACTIONS  
THE DEDICATED ROAD MAINTENANCE AGREEMENTS  
AND  
(2) CLARIFICATION ANNOUNCEMENT**

**(1) THE DEDICATED ROAD MAINTENANCE AGREEMENTS**

***The Dedicated Road Maintenance Agreements (First to Third Contract Sections)***

On April 25, 2023 (after trading hours), the Company and its various subsidiaries entered into a series of Dedicated Road Maintenance Agreements (First to Third Contract Sections) with Maintenance Co, Zhejiang Shunchang and Jiaogong Maintenance, respectively, pursuant to which, each of Maintenance Co, Zhejiang Shunchang and Jiaogong Maintenance agreed to undertake the dedicated road maintenance projects in respect of the relevant expressways as specified therein operated by the Group, respectively.

***The Dedicated Road Maintenance Agreement (Third Contract Section of LongLiLiLong Expressway)***

On April 25, 2023 (after trading hours), LongLiLiLong Co entered into the Dedicated Road Maintenance Agreement (Third Contract Section of LongLiLiLong Expressway) with Jiaogong Maintenance, pursuant to which, Jiaogong Maintenance agreed to undertake the dedicated road maintenance projects in respect of the relevant expressways as specified therein owned by the Group.

## **LISTING RULES IMPLICATIONS**

As at the date of this announcement, Communications Group is a controlling shareholder of the Company, holding approximately 67% of the issued share capital of the Company, and each of Maintenance Co, Zhejiang Shunchang and Jiaogong Maintenance is an indirect subsidiary of Communications Group. Therefore, each of Maintenance Co, Zhejiang Shunchang and Jiaogong Maintenance is a connected person of the Company and as a result, the respective transactions contemplated under the Dedicated Road Maintenance 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 Dedicated Road Maintenance 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 associates of the same connected persons (i.e. Communications Group) and are of the same nature.

As one or more of the applicable percentage ratios in respect of the annual cap for transactions contemplated under the Dedicated Road Maintenance Agreements after aggregating with that of the Previous Daily Road Maintenance Agreements, are more than 0.1% but less than 5%, the transactions contemplated under the Dedicated 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.

### **(2) CLARIFICATION ANNOUNCEMENT**

Reference is made to the announcement of the Company dated April 18, 2023. The Company wishes to clarify an inadvertent translation error in the Chinese version of such announcement.

### **(1) THE DEDICATED ROAD MAINTENANCE AGREEMENTS**

#### ***The Dedicated Road Maintenance Agreements (First to Third Contract Sections)***

On April 25, 2023 (after trading hours), the Company and its various subsidiaries entered into a series of Dedicated Road Maintenance Agreements (First to Third Contract Sections) with Maintenance Co, Zhejiang Shunchang and Jiaogong Maintenance, respectively, pursuant to which, each of Maintenance Co, Zhejiang Shunchang and Jiaogong Maintenance agreed to undertake the dedicated road maintenance projects in respect of the relevant expressways as specified therein operated by the Group, respectively.

Principal terms of the Dedicated Road Maintenance Agreements (First to Third Contract Sections) are summarized as below:

**Date:** April 25, 2023

**Parties:** *In relation to Dedicated Road Maintenance Agreements (First Contract Section):-*

- (i) the Company and its various subsidiaries; and
- (ii) Maintenance Co

*In relation to Dedicated Road Maintenance Agreements (Second Contract Section):-*

- (i) the Company and its various subsidiaries; and
- (ii) Zhejiang Shunchang

*In relation to Dedicated Road Maintenance Agreements (Third Contract Section):-*

- (i) the Company and its various subsidiaries; and
- (ii) Jiaogong Maintenance

**Term:** For a term of eight months from the commencement date as specified by the project supervisor

**Subject Matter:** Each of Maintenance Co, Zhejiang Shunchang and Jiaogong Maintenance agreed to provide services with respect to overlays of pavements, pavement diseases treatment, bridgeheads paving, preventive maintenance, as well as construction and defective repair of roadbed, bridges and tunnels, traffic safety, greenery and environmental protection and other dedicated maintenance projects to the following expressways as specified in the Dedicated Road Maintenance Agreements (First to Third Contract Sections), respectively:-

- (i) Jiaxing Section and Hangzhou Section of Shanghai-Hangzhou-Ningbo Expressway, Jiaxing Section of Zhajiasu Expressway, Hanghui Expressway and Huihang Expressway (the “**First Contract Section**”);

- (ii) Shaoxing Section of Shanghai-Hangzhou-Ningbo Expressway, Shangsheng Section and Xintian Section of Shangsang Expressway and Jinhua Section of the Ningbo-Jinhua Expressway (the “**Second Contract Section**”); and
- (iii) Ningbo Section of Shanghai-Hangzhou-Ningbo Expressway and Ningbo-Zhoushan Expressway (the “**Third Contract Section**”, collectively the “**First to Third Contract Sections**”)

**Service Fees:**

The total service fees payable by the Group for the maintenance services under the Dedicated Road Maintenance Agreements (First to Third Contract Sections) amounted to RMB363,627,382, comprising:-

- (i) In relation to the First Contract Section, RMB121,618,073 payable to Maintenance Co;
- (ii) In relation to the Second Contract Section, RMB147,328,553 payable to Zhejiang Shunchang; and
- (iii) In relation to the Third Contract Section, RMB94,680,756 payable to Jiaogong Maintenance.

**Basis of Service Fees:**

The service fees were determined as a result of public tender.

Other than Maintenance Co, Zhejiang Shunchang and Jiaogong Maintenance, there were three other independent service providers which made a bid for each of the First to Third Contract Sections. The tender evaluation committee took into account the following when making their decisions (including, but not limited to):

- (i) the tender price;
- (ii) the service provider’s overall construction organization, the reasonableness and feasibility of the construction proposal, construction methods and technical measures of major construction projects;
- (iii) the service provider’s safety construction management, emergency plan in the event of accidents, as well as system and guarantee measures for ensuring smooth traffic;

- (iv) the quality and duration assurance measures;
- (v) the qualifications and experience of the service provider's project manager and chief engineer;
- (vi) the allocation of major equipment; and
- (vii) the service provider's past performance records and credibility.

According to the assessment made by the tender evaluation committee on March 20, 2023, Maintenance Co, Zhejiang Shunchang and Jiaogong Maintenance each obtained the highest overall score among all the bidders for each of the First to Third Contract Sections, and therefore won the above tenders.

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

- (i) 98.5% of the service fees to be payable in installments based on the progress payment certificate to be executed by the Company and its various subsidiaries; and
- (ii) 1.5% of the service fees to be payable after the defects liability period and the issuance of the defects liability termination certificate.

**Governing Law:** The laws of the PRC.

***The Dedicated Road Maintenance Agreement (Third Contract Section of LongLiLiLong Expressway)***

On April 25, 2023 (after trading hours), LongLiLiLong Co entered into the Dedicated Road Maintenance Agreement (Third Contract Section of LongLiLiLong Expressway) with Jiaogong Maintenance, pursuant to which, Jiaogong Maintenance agreed to undertake the dedicated road maintenance projects in respect of the relevant expressways specified therein owned by the Group.

Principal terms of the Dedicated Road Maintenance Agreement (Third Contract Section of LongLiLiLong Expressway) are summarised as below:

- Date:** April 25, 2023
  
- Parties:**
  - (i) LongLiLiLong Co; and
  
  - (ii) Jiaogong Maintenance
  
- Term:** For a term of 214 calendar days commencing from the date as instructed by the supervisor of the project
  
- Subject Matter:** Jiaogong Maintenance agreed to provide overlays of pavements, pavement diseases treatment, bridgeheads paving, preventive maintenance, improvement of signs and marking and other dedicated maintenance projects to Lishui Section and Quzhou Section of LongLiLiLong Expressway (the “**Third Contract Section of LongLiLiLong Section**”).
  
- Service Fees:** The total service fees payable by LongLiLiLong Co to Jiaogong Maintenance for the Third Contract Section of LongLiLiLong Expressway shall be RMB64,130,397.
  
- 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 for the Third Contract Section of LongLiLiLong Expressway. The tender evaluation committee took into account the following when making their decisions (including, but not limited to):
  - (i) the tender price;
  
  - (ii) the service provider’s overall construction organization, the reasonableness and feasibility of the construction proposal, construction methods and technical measures of major construction projects;
  
  - (iii) the service provider’s safety construction management, emergency plan in the event of accidents, as well as system and guarantee measures for ensuring smooth traffic;

- (iv) the quality and duration assurance measures;
- (v) the qualifications and experience of the service provider's project manager and chief engineer;
- (vi) the allocation of major equipment; and
- (vii) the service provider's past performance records and credibility.

According to the assessment made by the tender evaluation committee on March 1, 2023, Jiaogong Maintenance obtained the highest overall score among all the bidders for the Third Contract Section of LongLiLiLong Expressway, and therefore won the above tenders.

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

- (i) service fees shall be made in installments which accounts for 95% of the service fees for each stipulated. Such payment shall cease when it reaches 95% of the total service fees provided under the agreement;
- (ii) 3.5% of the service fees to be payable upon completion of audit; and
- (iii) 1.5% of the service fees to be payable within 30 days after te defect liability period.

**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 an annual cap on the total amount of service fees under the Dedicated Road Maintenance Agreements payable by the Group.

The proposed annual cap on the aggregate service fees under the Dedicated Road Maintenance Agreements (First to Third Contract Sections) payable by the Company and its various subsidiaries for the financial year ending 31 December 2023 is RMB370,000,000 and the proposed annual cap on the aggregate service fees under the Dedicated Road Maintenance Agreement (Third Contract Section of LongLiLiLong Expressway) payable by LongLiLiLong Co for the financial year ending 31 December 2023 is RMB65,000,000. The proposed annual cap of the aggregate service fees under the Dedicated Road Maintenance Agreements payable by the Group for the financial year ending 31 December 2023 is RMB435,000,000.

The proposed annual cap on the aggregate service fees under the Dedicated Road Maintenance Agreements is determined based on: (i) the historical maintenance cost incurred for the expressways operated by the Group; (ii) the comparable prices available in the market; and (iii) the expected maintenance services required for the expressways under the Dedicated Road Maintenance Agreements for the financial year ending 31 December 2023 taking into account of a reasonable buffer.

If the actual total amount of the service fees payable by the Group under the Dedicated Road Maintenance 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, Maintenance Co, Zhejiang Shunchang and Jiaogong Maintenance fully understand the Group's business and operating needs, and maintain effective communication to provide more quality services to the Group. Each of Maintenance Co, Zhejiang Shunchang and Jiaogong Maintenance has the relevant qualifications and experience to provide the dedicated road maintenance services to the Group.

In addition, the Group went through a tender process and obtained the relevant quotations from other independent service providers to select the service providers of the road maintenance services. Maintenance Co, Zhejiang Shunchang and Jiaogong Maintenance finally won the respective tenders.

The transactions contemplated under the Dedicated Road Maintenance Agreements are and will be conducted in the ordinary and usual course of business of the Group, and the consideration payable by the Group to each of Maintenance Co, Jiaogong Maintenance and Zhejiang Shunchang 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 independent non-executive Directors) are of the opinion that the terms of the Dedicated Road Maintenance 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.

### **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.



LongLiLiLong Co is a limited liability company established under the law of PRC on April 8, 2005. LongLiLiLong Co is principally engaged in the operation and management of toll collection business of the LongLiLiLong Expressway located in Zhejiang Province, the PRC, with a total length of 222.2 kilometres. As at the date of this announcement, LongLiLiLong Co is a wholly owned subsidiary of the Company.

Maintenance Co is a subsidiary of Communications Group which was established under the laws of the PRC on January 28, 2014. Maintenance Co is principally engaged in the construction of road projects and maintenance of toll road.

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 construction of road projects and maintenance of toll road.

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

## **LISTING RULES IMPLICATIONS**

As at the date of this announcement, Communications Group is a controlling shareholder of the Company, holding approximately 67% of the issued share capital of the Company, and each of Maintenance Co, Zhejiang Shunchang and Jiaogong Maintenance is an indirect subsidiary of Communications Group. Therefore, each of Maintenance Co, Zhejiang Shunchang and Jiaogong Maintenance is a connected person of the Company and as a result, the respective transactions contemplated under the Dedicated Road Maintenance 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 Dedicated Road Maintenance 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 associates of the same connected persons (i.e. Communications Group) and are of the same nature.

As one or more of the applicable percentage ratios in respect of the annual cap for transactions contemplated under the Dedicated Road Maintenance Agreements after aggregating with that of the Previous Daily Road Maintenance Agreements, are more than 0.1% but less than 5%, the transactions contemplated under the Dedicated 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. Yuan Yingjie, Mr. Fan Ye and Mr. Huang Jianzhang, being the Directors, are deemed to have material interests in the Dedicated Road Maintenance Agreements as they are currently also employed by Communications Group and have abstained from voting on the relevant Board resolution. Other than the Directors mentioned above, none of the Directors have a material interest in the transactions contemplated under the Dedicated Road Maintenance Agreements, and none are required to abstain from voting on the relevant resolution of the Board.

## (2) CLARIFICATION ANNOUNCEMENT

Reference is made to the announcement of the Company dated April 18, 2023 (the “**Announcement**”) in respect of the connected transactions under the Construction Agreements, pursuant to which Jiaogong Underground Construction agreed to undertake the construction work for the expansion of Shengzhou Service Area and Jiaxing Service Area. Terms used in this announcement have the same meanings as defined in the Announcement unless otherwise stated.

The Company wishes to clarify that there is an inadvertent translation error in the Chinese version of the Announcement where the second paragraph of the section “REASONS FOR AND BENEFITS OF THE TRANSACTIONS” should be: “施工合同項下擬進行的交易為並將在本集團的日常及一般業務過程中進行，並且上三公司及嘉興分公司向交工地下工程支付的代價將不會高於平均市場價格，亦不遜於獨立第三方向上三公司及嘉興分公司提供類似服務的代價。”

Save as disclosed in this announcement, all information set out in the English version and Chinese version of the Announcement remain unchanged.

## 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-controlled 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 Agreements”	collectively, the Dedicated Road Maintenance Agreements (First to Third Contract Sections) and the Dedicated Road Maintenance Agreement (Third Contract Section of LongLiLiLong Expressway)
“Dedicated Road Maintenance Agreements (First to Third Contract Sections)”	A series of dedicated road maintenance agreements dated April 25, 2023 (after trading hours) entered into by the Company and its various subsidiaries with each of Maintenance Co, Zhejiang Shunchang and Jiaogong Maintenance, respectively, in relation to the provision of dedicated road maintenance services to the relevant expressways of each of the First to Third Contract Sections
“Dedicated Road Maintenance Agreement (Third Contract Section of LongLiLiLong Expressway)”	A dedicated road maintenance agreement dated April 25, 2023 (after trading hours) entered into by LongLiLiLong Co with Jiaogong Maintenance in relation to the provision of dedicated road maintenance services to the relevant expressways of the Third Contract Section of LongLiLiLong Expressway
“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 Maintenance”	Zhejiang Jiaogong High-grade Expressway Maintenance Co., Ltd.* (浙江交工高等級公路養護有限公司), a company established in the PRC and an indirect 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
“Longlilong Co”	Zhejiang LongLiLiLong Expressway Co., Ltd.* (浙江龍麗麗龍高速公路有限公司), a limited liability company established in the PRC and wholly owned by the Company as at the date of this announcement
“Maintenance Co”	Zhejiang Expressway Maintenance Co., Ltd.* (浙江滬杭甬養護工程有限公司), a company incorporated in the PRC and an indirect 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”	collectively, (i) the daily road maintenance agreements dated January 10, 2023 and entered into by the Company and its various subsidiaries with each of Maintenance Co., Zhejiang Shunchang and Jiaogong Maintenance, respectively in relation to the provision of daily road maintenance services to the relevant expressways; and (ii) the daily road maintenance agreement dated January 10, 2023 and entered into by LongLiLiLong Co with Zhejiang Shunchang in relation to the provision of daily road maintenance services to the relevant expressways. Please refer to the announcement of the Company dated January 10, 2023 for details
“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), a company established in the PRC and an indirect 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 25, 2023

*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. YANG Xudong, 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.*