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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) CONNECTED TRANSACTIONS
WITH ZHEJIANG INFORMATION
AND
(2) CONNECTED TRANSACTION
THE CONSTRUCTION AGREEMENT**

(1) THE AGREEMENTS

On October 27, 2023 (after trading hours), the Company and its relevant subsidiaries entered into the Agreements with Zhejiang Information to engage Zhejiang Information for the provision of a series of services to (i) under the Expressway Surveillance System Improvement Agreements, enhance the expressway surveillance system and establish the emergency response integration service platform; (ii) under the Electromechanical System Improvement Agreements, provide renovations services of the electromechanical equipment and facilities for certain sections of the expressways owned by the Group; and (iii) under the Safety and Emergency Management System Project Agreements, establish the safety and emergency management system.

Listing Rules Implications

As at the date of this announcement, Communications Group is a controlling shareholder of the Company. Zhejiang Information, as a 65.85% owned subsidiary of Communications Group, is a connected person of the Company and as a result, the transactions contemplated under the Agreements constitute connected transactions of the Company under Chapter 14A of the Listing Rules.

Pursuant to Rule 14A.81 and Rule 14A.82 of the Listing Rules, as the respective transactions contemplated under the Agreements and the Previous Transactions were entered into or completed within a 12-month period with Zhejiang Information, a connected person of the Company, the transactions contemplated under the Agreements and the Previous Transactions are required to be aggregated for the calculation of the relevant percentage ratios to determine the classification of the transactions contemplated under the Agreements.

As one or more of the applicable percentage ratios in respect of the transactions contemplated under the Agreements, after aggregating with the Previous Transactions, are more than 0.1% but less than 5%, the transactions contemplated under the 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) THE CONSTRUCTION AGREEMENT

Reference is made to the Announcements. Unless otherwise stated, terms used in this announcement shall have the same meanings as those defined in the Announcements.

On October 27, 2023, Jiaxing Branch entered into the Construction Agreement in addition to the Jiaxing Service Area Construction Agreement with Jiaogong Underground Construction to specify the rights and obligations in respect of construction of projects in certain parts of the north section of Jiaxing Service Area which is within a 30-meter range adjacent to the Shanghai-Kunming High-Speed Railway.

Listing Rules Implications

Pursuant to Rule 14A.81 and Rule 14A.82 of the Listing Rules, as the transaction contemplated under the Construction Agreement and transactions under the agreements set out in the Announcements were entered into or completed within a 12-month period with Jiaogong Underground Construction, a connected person of the Company, the transaction contemplated under the Construction Agreement and transactions under the agreements set out in the Announcements are required to be aggregated for the calculation of the relevant percentage ratios to determine the classification of the transaction contemplated under the Construction Agreement.

As one or more of the applicable percentage ratios in respect of the transaction contemplated under the Construction Agreement, after aggregating with those transactions under the agreements set out in the Announcements, are more than 0.1% but less than 5%, the transaction contemplated under 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.

(1) THE AGREEMENTS

Introduction

On October 27, 2023 (after trading hours), the Company and its relevant subsidiaries entered into the Agreements with Zhejiang Information to engage Zhejiang Information for the provision of a series of services to (i) under the Expressway Surveillance System Improvement Agreements, enhance the expressway surveillance system and establish the emergency response integration service platform; (ii) under the Electromechanical System Improvement Agreements, provide renovations services of the electromechanical equipment and facilities for certain sections of the expressways owned by the Group; and (iii) under the Safety and Emergency Management System Project Agreements, establish the safety and emergency management system.

The Agreements

Principal terms of each of the Agreements are summarized as below:

- Date:** October 27, 2023 (after trading hours)
- Parties:** (i) the Company and its relevant subsidiaries; and
(ii) Zhejiang Information

Scope of services:

Zhejiang Information agreed to provide several information technology services and mechanical and electrical engineering services for the purpose of, among others:-

(i) *in relation to the Expressway Surveillance System*

Improvement Agreements:-

(a) improvement of the existing expressway mainline monitoring system and extension of the monitoring coverage density, which allows for a more comprehensive, accurate, and real-time understanding of road conditions, thereby enhancing the detection rate of traffic accidents and improving accident response efficiency (the “**Expressway Surveillance System Improvement Project**”); and

(b) establishing the emergency response integration service platform which integrates information from multiple resources to ensure the safety of lives and properties, and prevent the occurrence and escalation of secondary disasters (the “**Emergency Response Integration Service Platform Project**”);

(ii) *in relation to the Electromechanical System*

Improvement Agreements:-

renovations of the electromechanical equipment and facilities for certain sections of the expressways owned by the Group, including: (1) procurement of 6 units of 5KW UPS/EPS; (2) installation of 14 garage roller shutter doors for relevant expressway management center; (3) retrofitting of 236 sets LED greenhouse lights for 9 toll stations; (4) replacement of 355 sets of lighting fixtures for relevant expressway tunnel; and (5) renovation of water pipes for relevant toll stations;

(iii) *in relation to the Safety and Emergency Management System Project Agreements:-*

the expressway safety and emergency management system with the following functional modules: a module to visualize and display risks types in the format of four-color map, risk monitoring and early warning module, hidden risks investigation and management module, safety production responsibility module, safety culture module, certified safety engineer module, and emergency plan management module.

Term:

- (i) *in relation to the Expressway Surveillance System Improvement Agreements:-*
 - (a) the Expressway Surveillance System Improvement Project:-

30 days of service period plus 24 months of general defect liability period and 60 months of defect liability period for key component;
 - (b) the Emergency Response Integration Service Platform Project:-

the delivery date is November 30, 2023; and 24 months of warranty period.

- (ii) *in relation to the Electromechanical System Improvement Agreements:-*

60 days or 120 days where applicable of service period plus 24 months of general defect liability period and 60 months of defect liability period for key component;

- (iii) *in relation to the Safety and Emergency Management System Project Agreements:-*

4 months of service period plus 1 month of trial operation period and 12 months of warranty period.

Consideration and basis of consideration:

- (i) *in relation to the Expressway Surveillance System Improvement Agreements:-*

RMB9,607,510.29;
- (ii) *in relation to the Electromechanical System Improvement Agreements:-*

RMB1,237,880;
- (iii) *in relation to the Safety and Emergency Management System Project Agreements:-*

RMB1,000,000.

The considerations under the Agreements were determined through public selection or fee quotation procedures.

Other than Zhejiang Information, there were three, seven and two other independent third party service providers who made a bid to provide services under each of the Expressway Surveillance System Improvement Agreements, the Electromechanical System Improvement Agreements, and the Safety and Emergency Management System Project Agreements, respectively.

The factors for assessment included, but were not limited to:

- (a) business aspect: the bidders' qualifications and performance;
- (b) technical aspect: proposal compatibility and feasibility, project planning and arrangement, project safety production measures and progress assurance measures and where applicable after-sales services; and
- (c) the bid price.

Zhejiang Information successfully obtained the highest overall score among all the bidders for each of the projects under the Agreements respectively, and therefore won the above tenders.

Terms of payment:

- (i) *in relation to the Expressway Surveillance System Improvement Agreements:-*
 - (a) the Expressway Surveillance System Improvement Project:-
 - First installment: up to the amount equal to 80% of the completed construction work shall be paid to Zhejiang Information upon the completion of the project and subject to preliminary examination.
 - Second installment: up to 98.5% of the settlement price shall be paid to Zhejiang Information upon the expiration of the trial operation period and subject to final examination and acceptance of the project.
 - Third installment: the remaining 1.5% shall be paid to Zhejiang Information upon expiry of the 24-month defect liability period.

(b) the Emergency Response Integration Service Platform Project:-

- First installment: 95% of the contract price shall be paid to Zhejiang Information within 10 working days after the relevant subsidiaries of the Company receive the value-added tax invoice of the same amount provided by Zhejiang Information after examination and acceptance of the project.
- Second installment: 5% of the contract price shall be paid to Zhejiang Information within 10 working days after the relevant subsidiaries of the Company receive the value-added tax invoice of the same amount provided by Zhejiang Information upon the expiry of the warranty period and subject to all the issues identified are resolved.

(ii) *in relation to the Electromechanical System Improvement Agreements:-*

- First installment: 97% of the settlement price shall be paid to Zhejiang Information upon examination and acceptance of the project.
- Second installment: the remaining 3% shall be paid to Zhejiang Information upon expiry of the 24-month defect liability period.

(iii) *in relation to the Safety and Emergency Management System Project Agreements:-*

- First installment: 20% of the contract price shall be paid to Zhejiang Information upon signing of the agreements.
- Second installment: 75% of the contract price shall be paid to Zhejiang Information upon completion of the project and subject to examination and acceptance of the project.
- Third installment: the remaining 5% shall be paid to Zhejiang Information upon expiry of the 12-month warranty period.

Governing law:

The laws of the PRC.

Reasons for and Benefits of the Agreements

Being a subsidiary of Communications Group, Zhejiang Information is fully aware of the Group's business and operating needs, and maintains effective communication to provide more quality services to the Group. Zhejiang Information has the relevant qualifications and expertise to provide information technology products research and development services and expressway mechanical and electrical engineering services to the Group. 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 Zhejiang Information will not be higher than the average market price and will not be less favorable than those provided by independent third parties to the Group for similar services.

The Directors (including independent non-executive Directors) who are not required to abstain from voting in the relevant Board resolution are of the opinion that, the Agreements are entered into during the usual and ordinary course of business of the Group on normal commercial terms, the terms of which are fair and reasonable and in the interests of the Company and its 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..

Zhejiang Information is a 65.85% owned subsidiary of Communications Group which was established under the laws of the PRC. Zhejiang Information is principally engaged in development, transfer and consulting services of traffic mechanical and electrical system integration technology and information technology, designing, development, sales and construction of traffic safety facilities, and designing and construction of computer system engineering, information system engineering and expressway supporting systems engineering.

Listing Rules Implications

As at the date of this announcement, Communications Group is a controlling shareholder of the Company. Zhejiang Information, as a 65.85% owned subsidiary of Communications Group, is a connected person of the Company and as a result, the transactions contemplated under the Agreements constitute connected transactions of the Company under Chapter 14A of the Listing Rules.

Pursuant to Rule 14A.81 and Rule 14A.82 of the Listing Rules, as the respective transactions contemplated under the Agreements and the Previous Transactions were entered into or completed within a 12 month period with Zhejiang Information, a connected person of the Company, the transactions contemplated under the Agreements and the Previous Transactions are required to be aggregated for the calculation of the relevant percentage ratios to determine the classification of the transactions contemplated under the Agreements.

The Previous Transactions refer to a total of 4 transactions entered into or completed within 12-month period prior to the date of this announcement between the Group and Zhejiang Information in relation to the provision of information technology services and mechanical and electrical engineering services, which consist of the relevant agreements entered into with Zhejiang Information as disclosed in the announcements of the Company dated May 31, 2021, December 8, 2022 and one connected transaction which fell below the de minimis thresholds and was fully exempt from all reporting, announcement, circular and independent Shareholders' approval requirements under Chapter 14A of the Listing Rules. The key terms of those transactions, including nature of transaction, basis of consideration and terms of payment, largely resemble those of the Agreements.

The Previous Transactions primarily relate to the provision of information technology services and mechanical and electrical engineering services by Zhejiang Information. The individual service fee payable by the Group ranges from RMB337,681.73 to RMB25,596,049.67 and the aggregate amount of the service fees payable by the Group to Zhejiang Information under the Previous Transactions amounts to RMB34,693,731.40.

As one or more of the applicable percentage ratios in respect of the transactions contemplated under the Agreements, after aggregating with the Previous Transactions, are more than 0.1% but less than 5%, the transactions contemplated under the 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.

Among the existing Directors, Mr. Yuan Yingjie, Mr. Fan Ye and Mr. Huang Jianzhang, being Directors 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 existing Directors has a material interest in the transactions contemplated under the Agreements, and none is required to abstain from voting on the relevant resolution of the Board.

(2) THE CONSTRUCTION AGREEMENT

Reference is made to the Announcements. Unless the context otherwise requires, capitalized terms used herein shall have the same meanings as those defined in the Announcements.

In addition to the Jiaxing Service Area Construction Agreement, on October 27, 2023, Jiaxing Branch entered into the Construction Agreement with Jiaogong Underground Construction to specify the rights and obligations in respect of construction of projects in certain parts of the north section of Jiaxing Service Area which is within a 30-meter range adjacent to the Shanghai-Kunming High-Speed Railway (the “**Project in Proximity to Railway**”).

The material additions to the terms of the Jiaxing Service Area Construction Agreement as a result of the Construction Agreement are summarized below:

- Subject matter:** Jiaogong Underground Construction will undertake the construction work of Project in Proximity to Railway including but not limited to the railway boundary wall and lightweight concrete projects for expansion of Jiaxing Service Area.

- Term:** The construction of the Project in Proximity to Railway shall be completed within 60 calendar days upon signing of the Construction Agreement.

- Consideration:** The contract price in relation to the Construction Agreement is RMB12,781,853 (including safety and civilized construction fees, provisional amount and fees for regulatory, tax, and other related expenses).

- Basis of consideration:** The consideration under the Construction Agreement was determined after taking into account of the design of the Project in Proximity to the Railway approved by the Shanghai Railway Administration and having been audited by an independent third party auditor.

All other terms in the Jiaxing Service Area Construction Agreement remain unchanged in all material respect.

Reasons for and Benefits of the Construction Agreement

The Project in Proximity to Railway contemplated under the Construction Agreement is intended to reflect the practical needs for implementation of the Jiaxing Service Area Construction Agreement and the consideration paid by Jiaxing Branch to Jiaogong Underground Construction under the Construction Agreement 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.

The Directors (including independent non-executive Directors) who are not required to abstain from voting in the relevant Board resolution are of the opinion that, the Construction Agreement has been entered into during the usual and ordinary course of business of the Group on normal commercial terms, the terms of which are fair and reasonable and in the interests of the Company and its Shareholders as a whole.

Listing Rules Implications

Pursuant to Rule 14A.81 and Rule 14A.82 of the Listing Rules, as the transaction contemplated under the Construction Agreement and transactions under the agreements set out in the Announcements were entered into or completed within a 12-month period with Jiaogong Underground Construction, a connected person of the Company, the transactions contemplated under the Construction Agreement and transactions under the agreements set out in the Announcements are required to be aggregated for the calculation of the relevant percentage ratios to determine the classification of the transaction contemplated under the Construction Agreement.

As one or more of the applicable percentage ratios in respect of the transactions contemplated under the Construction Agreement, after aggregating with those transactions under the agreements set out in the Announcements, are more than 0.1% but less than 5%, the transaction contemplated under 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.

Among the existing Directors, Mr. Yuan Yingjie, Mr. Fan Ye and Mr. Huang Jianzhang, being Directors 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 existing Directors has a material interest in the transaction contemplated under the Construction Agreement, and none is required to abstain from voting on the relevant resolution of the Board.

DEFINITIONS

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

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| “Announcements” | the announcements of the Company dated April 18, 2023 and April 25, 2023 respectively in relation to the construction agreements between Shangsang Co and Jiaying Branch with Jiaogong Underground Construction as the contractor for the construction work for the expansion of Shengzhou Service Area and Jiaying Service Area |
| “Agreements” | collectively, the Expressway Surveillance System Improvement Agreements, the Electromechanical System Improvement Agreements and the Safety and Emergency Management System Project 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 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 |
| “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 |
| “Construction Agreement” | the agreement dated October 27, 2023 entered into between Jiaying Branch and Jiaogong Underground Construction to specify the rights and obligations in respect of construction of projects in certain parts of the north section of Jiaying Service Area which is within a 30-meter range adjacent to the Shanghai-Kunming High-Speed Railway |
| “Director(s)” | the director(s) of the Company |

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| “Electromechanical System Improvement Agreements” | the agreements dated October 27, 2023 entered into between the Company and its relevant subsidiaries and Zhejiang Information, pursuant to which Zhejiang Information has been engaged for the provision of renovations services of the electromechanical equipment and facilities for certain sections of the expressways owned by the Group |
| “Expressway Surveillance System Improvement Agreements” | the agreements dated October 27, 2023 entered into between the Company and its relevant subsidiaries and Zhejiang Information, pursuant to which Zhejiang Information has been engaged for enhancing the expressway surveillance system and establishing the emergency response integration service platform |
| “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 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 |
| “Listing Rules” | the Rules Governing the Listing of Securities on the Stock Exchange, as amended, supplemented or otherwise modified from time to time |
| “percentage ratio(s)” | 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 Transactions” | a series of agreements entered into or completed within a 12-month period prior to the date of the Agreements between or among the Company and its relevant subsidiaries and Zhejiang Information in relation to information technology services and mechanical and electrical engineering services |
| “RMB” | Renminbi, the lawful currency of the PRC |

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| “Safety and Emergency Management System Project Agreements” | the agreements dated October 27, 2023 (after trading hours) entered into between the Company and its relevant subsidiaries and Zhejiang Information, pursuant to which Zhejiang Information has been engaged for establishing the safety and emergency management system |
| “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 Information” | Zhejiang Expressway Information Engineering Technology Co., Ltd.* (浙江高信技術股份有限公司), a joint stock limited company established in the PRC and a 65.85% owned subsidiary of Communications Group |
| “%” | per cent |

* For identification purposes only

On behalf of the Board of Directors
Zhejiang Expressway Co., Ltd.
YUAN Yingjie
Chairman

Hangzhou, the PRC, October 27, 2023

As at the date of this announcement, the Chairman of the Company is Mr. YUAN Yingjie; the executive Directors of the Company are: Mr. WU Wei and Mr. LI Wei; 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.