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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 ROAD MAINTENANCE AGREEMENTS**

### **THE ROAD MAINTENANCE AGREEMENTS**

On November 10, 2023, the various subsidiaries of the Company entered into the Road Maintenance Agreements with Zhejiang Shunchang, pursuant to which Zhejiang Shunchang agreed to undertake maintenance services to Jinhua Section of Ningbo-Jinhua Expressway and Shangsheng Section of Shangsang Expressway which will be affected by Jinhua-Ningbo Railway.

### **LISTING RULES IMPLICATIONS**

As at the date of this announcement, Communications Group is a controlling shareholder of the Company. As an indirect non-wholly owned subsidiary of Communications Group, Zhejiang Shunchang is a connected person of the Company and as a result, the respective transactions contemplated under the 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 Road Maintenance Agreements are required to be aggregated with the respective transactions under the Previous Daily and Dedicated Road Maintenance Agreements which were continuing connected transactions entered into with the associate of the same connected person (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 Road Maintenance Agreements after aggregating with those of the Previous Daily and Dedicated Road Maintenance Agreements are more than 0.1% but less than 5%, the transactions contemplated under the 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.

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Principal terms of the Road Maintenance Agreements are summarized as below:

Date:	November 10, 2023
Parties:	(1) the various subsidiaries of the Company (2) Zhejiang Shunchang
Term:	Commencing from the date as specified by the project supervisor and the projects shall be delivered prior to December 30, 2023.
Subject Matter:	Zhejiang Shunchang agreed to undertake maintenance services to the expressways operated by the Group which will be affected by Jinhua-Ningbo Railway. Such maintenance services mainly include construction and defective repair of roadbed, pavement, bridge, traffic safety, and greenery and environmental protection to Jinhua Section of Ningbo-Jinhua Expressway and Shangsheng Section of Shangsang Expressway.
Service Fees:	The total service fees payable to Zhejiang Shunchang will be RMB18,288,360.

**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 factors 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, methods and technical measures of the major construction projects;
- (iii) the sufficiency of the safety production 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 qualification and experience of the proposed project manager and chief officer;
- (vi) the allocation of the main equipment; and
- (vii) the service provider's past performance records and credibility.

According to the assessment made by the tender evaluation committee on September 25, 2023, Zhejiang Shunchang successfully obtained the highest overall score among all the bidders, and therefore won the above tender.

**Terms of payment:** The minimum limit for the progress payment certificate is RMB500,000 and 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 various subsidiaries of the Company; and (ii) 1.5% of the service fees to be payable after the defect liability period and the issuance of the defects liability termination certificate.

**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 the service fees under the Road Maintenance Agreements payable by the Group.

The proposed annual cap on the aggregate service fees under the Road Maintenance Agreements payable by the Group for the financial year ending December 31, 2023 is RMB19,000,000.

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

If the actual total amount of the service fees payable by the Group under the 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 a subsidiary of Communications Group, Zhejiang Shunchang fully understands the Group's business and operating needs, and maintains effective communication to provide more quality services to the Group. Zhejiang Shunchang has the relevant qualifications and experience to provide the services as required under the Road Maintenance Agreements 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 for maintenance services to the expressways operated by the Group which will be affected by Jinhua-Ningbo Railway under the Road Maintenance Agreements. Zhejiang Shunchang finally won the tender.

The transactions contemplated under the Road Maintenance Agreements are and will be conducted in the ordinary and usual course of business of the Group, and the consideration payable to Zhejiang Shunchang under the Road Maintenance Agreements, 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 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..

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.

## **LISTING RULES IMPLICATIONS**

As at the date of this announcement, Communications Group is a controlling shareholder of the Company. As an indirect non-wholly owned subsidiary of Communications Group, Zhejiang Shunchang is a connected person of the Company and as a result, the respective transactions contemplated under the 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 Road Maintenance Agreements are required to be aggregated with the respective transactions under the Previous Daily and Dedicated Road Maintenance Agreements which were continuing connected transactions entered into with the associate of the same connected person (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 Road Maintenance Agreements after aggregating with those of the Previous Daily and Dedicated Road Maintenance Agreements are more than 0.1% but less than 5%, the transactions contemplated under the 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.

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 Road Maintenance Agreements, 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:

“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
“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
“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 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 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
“Maintenance Co”	Zhejiang Expressway Maintenance Co., Ltd. (浙江滬杭甬養護工程有限公司), an indirect non-wholly owned subsidiary of Communications Group

“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 Daily and Dedicated Road Maintenance Agreements”	<p>collectively,</p> <ul style="list-style-type: none"> <li>(i) a series of daily road maintenance agreements (First to Third Contract Sections) 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 of each of the First to Third Contract Sections;</li> <li>(ii) a daily road maintenance agreement (Fourth Contract Section) 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 expressway of the Fourth Contract Section;</li> <li>(iii) a series of dedicated road maintenance agreements (First to Third Contract Sections) dated April 25, 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 dedicated road maintenance services to the relevant expressways of each of the First to Third Contract Sections; and</li> <li>(iv) a dedicated road maintenance agreement (Third Contract Section of LongLiLiLong Expressway) dated April 25, 2023 and entered into by LongLiLiLong Co with Jiaogong Maintenance, in relation to the provision of dedicated road maintenance services to the relevant expressway of the Third Contract Section of LongLiLiLong Expressway.</li> </ul>

Please refer to the announcements of the Company dated January 10, 2023 and April 25, 2023, for details.

“RMB”	Renminbi, the lawful currency of the PRC
“The Road Maintenance Agreements”	the agreements dated November 10, 2023 entered into between the various subsidiaries of the Company and Zhejiang Shunchang in relation to the provision of maintenance services to Jinhua Section of Ningbo-Jinhua Expressway and Shangsheng Section of Shangsang Expressway which will be affected by Jinhua-Ningbo Railway
“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 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.**  
**YUAN Yingjie**  
*Chairman*

Hangzhou, the PRC, November 10, 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.*