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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 ENTRUSTED MANAGEMENT AGREEMENTS**

### **ENTRUSTED MANAGEMENT AGREEMENTS**

On January 12, 2024 (after trading hours), the Company entered into the Entrusted Management Agreements with subsidiaries of Communications Group, pursuant to which each of Zhejiang HNPL Co, HangShaoYong Co and Hangrao Co shall entrust the Company to take over the operation and management of (i) Phase I Ningbo Section of the Parallel Line G92N of Hangzhou Bay Ring Expressway (Hangzhou-Ningbo Expressway Parallel Line Phase I); (ii) Hangzhou to Shaoxing Section of Hangzhou-Shaoxing-Ningbo Expressway; and (iii) Huzhou Section of the West Parallel Line of the Hangzhou Ring Expressway.

### **LISTING RULES IMPLICATIONS**

As at the date of this announcement, Communications Group is a controlling shareholder of the Company. As at the date of this announcement, Zhejiang HNPL Co, HangShaoYong Co and Hangrao Co are non-wholly owned subsidiaries of Communications Group. Therefore, each of Zhejiang HNPL Co, HangShaoYong Co and Hangrao Co is a connected person of the Company and as a result, the respective transactions contemplated under the Entrusted Management Agreements constitute continuing connected transactions for the Company under Chapter 14A of the Listing Rules.

Pursuant to Rule 14A.81 and Rule 14A.83 of the Listing Rules, the transactions contemplated under the Entrusted Management Agreements are required to be aggregated with the respective transactions under the Previous Agreements which were continuing connected transactions entered into with the associates of the same connected person (i.e. Communications Group) and are of the same nature.

As one or more of the percentage ratios in respect of the aggregated annual cap for transactions contemplated under the Entrusted Management Agreements and the respective transactions carried out on a continuing basis under the Previous Agreements are more than 0.1% but less than 5%, the transactions contemplated under the Entrusted Management Agreements are subject to reporting, announcement and annual review requirements but exempt from the independent Shareholders' approval requirement under Chapter 14A of the Listing Rules.

## THE ENTRUSTED MANAGEMENT AGREEMENTS

Principal terms of the Entrusted Management Agreements are summarized as below:

Date: January 12, 2024 (after trading hours)

Parties: (i) *In relation to Phase I Ningbo Section of the Parallel Line G92N of Hangzhou Bay Ring Expressway (Hangzhou-Ningbo Expressway Parallel Line Phase I):*

(1) Zhejiang HNPL Co (as the principal); and

(2) the Company (as the trustee)

(ii) *In relation to Hangzhou to Shaoxing Section of Hangzhou-Shaoxing-Ningbo Expressway:*

(1) HangShaoYong Co (as the principal); and

(2) the Company (as the trustee)

(iii) *In relation to Huzhou Section of the West Parallel Line of the Hangzhou Ring Expressway:*

(1) Hangrao Co (as the principal); and

(2) the Company (as the trustee)

Scope of entrusted operation and management:

The Company is entrusted to take charge of the management of the assets, interests, rights and obligations of the relevant expressways and related structures, attachments and corresponding toll road rights, including but not limited to: (i) the daily management of the party, work union and youth league organizations, (ii) operation management, maintenance management and financial management, (iii) road property and road rights maintenance, (iv) wrecker and rescue, safety management, (v) the civilization awareness campaigns, (vi) organizational management, personnel management, performance appraisal and overall management, (vi) other operation and management related matters.

Term of entrusted management:

(i) In relation to Phase I Ningbo Section of the Parallel Line G92N of Hangzhou Bay Ring Expressway (Hangzhou-Ningbo Expressway Parallel Line Phase I) and Hangzhou to Shaoxing Section of Hangzhou-Shaoxing-Ningbo Expressway: a term of three years commencing from the date when the aforementioned expressways are open to traffic, which is expected to be January 19, 2024 subject to confirmation from the relevant government authorities; and (ii) In relation to Huzhou Section of the West Parallel Line of the Hangzhou Ring Expressway: a term of three years ending December 21, 2026.

The term of entrusted management may be terminated in advance upon agreement by the parties. Parties shall negotiate whether to extend the term three months before the Entrusted Management Agreements expires and shall execute a separate agreement to effect the extension if necessary.

Entrusted management service fees and payment method:

It is expected that the annual entrusted management service fees receivable under the Entrusted Management Agreements would not exceed the cap amount of RMB9,000,000, comprising:-

- (i) RMB4,000,000 payable by Zhejiang HNPL Co;
- (ii) RMB3,500,000 payable by HangShaoYong Co; and
- (iii) RMB1,500,000 payable by Hangrao Co.

The annual entrusted management service fees shall be paid within one month after the receipt and acknowledgement of the settlement notice issued by the Company, pursuant to the terms of the Entrusted Management Agreements.

Pricing policy: The entrusted management service fees shall be calculated in accordance with the following formula for each of the Relevant Expressways:

$$\left( \frac{1}{2} * \frac{\text{Toll revenue of Relevant Expressway}}{\text{Toll revenue of expressways managed by the Company}} + \frac{1}{2} * \frac{\text{Length of Relevant Expressway}}{\text{Length of expressways managed by the Company}} \right) * \text{Total administrative cost for toll road operations of the Company}$$

The maximum annual entrusted management service fees payable are determined after arm's length negotiations between the parties with reference to the Company's operation and management experience of toll expressways and estimation of potential revenue, cost and expenses arising from operation and management of the Relevant Expressways and all the other expressways which are operated and managed by the Company. Same standards have been applied with respect to the estimations for other expressways operated and managed by the Company.

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 entrusted management service fees receivable by the Company under the Entrusted Management Agreements.

The proposed annual cap on the entrusted management service fees of the Entrusted Management Agreements for each of the three years during the term of entrusted management shall not exceed RMB9,000,000.

The proposed annual cap on the entrusted management service fees of the Entrusted Management Agreements is determined based on: (i) the Company's operation and management experience of toll expressways; (ii) entrusted management service fees charged by the Company in relation to the Company's operation and management of other expressways; and (iii) the length of the Relevant Expressways and estimation of potential revenue arising from operation of the Relevant Expressways.

## **REASONS FOR AND BENEFITS OF THE TRANSACTION**

The Company has accumulated extensive management experience and possessed competent management skill in toll, road maintenance, and road property safety. Entering into the Entrusted Management Agreements shall further expand the road property portfolio managed by the Company. It will also facilitate the Company to pool its resources for professional management, reduce management cost, and improve performance and competitiveness of the Company in the expressway management and maintenance market.

The Directors (including independent non-executive Directors) are of the view that, the Entrusted Management Agreements are entered into in the usual and ordinary course of business of the Company 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 HNPL Co is a non-wholly owned subsidiary of the Communications Group which was established under the laws of the PRC. Zhejiang HNPL Co is principally engaged in the construction, operation and management of Phase I Ningbo Section of the Parallel Line G92N of Hangzhou Bay Ring Expressway (Hangzhou-Ningbo Expressway Parallel Line Phase I) with a total length of 55.833 kilometers.

HangShaoYong Co is a non-wholly owned subsidiary of the Communications Group which was established under the laws of the PRC. HangShaoYong Co is principally engaged in the construction, operation and management of Hangzhou to Shaoxing Section of Hangzhou-Shaoxing-Ningbo Expressway with a total length of 52.8 kilometers.

Hangrao Co is a non-wholly owned subsidiary of the Communications Group which was established under the laws of the PRC. Hangrao Co is principally engaged in the construction, operation and management of Huzhou Section of the West Parallel Line of the Hangzhou Ring Expressway with a total length of 50.8 kilometers.

## **LISTING RULES IMPLICATIONS**

As at the date of this announcement, Communications Group is a controlling shareholder of the Company. As at the date of this announcement, Zhejiang HNPL Co, HangShaoYong Co and Hangrao Co are non-wholly owned subsidiaries of Communications Group. Therefore, each of Zhejiang HNPL Co, HangShaoYong Co and Hangrao Co is a connected person of the Company and as a result, the respective transactions contemplated under the Entrusted Management Agreements constitute continuing connected transactions for the Company under Chapter 14A of the Listing Rules.

Pursuant to Rule 14A.81 and Rule 14A.83 of the Listing Rules, the transactions contemplated under the Entrusted Management Agreements are required to be aggregated with the respective transactions under the Previous Agreements which were continuing connected transactions entered into with the associates of the same connected person (i.e. Communications Group) and are of the same nature.

The Previous Agreements refer to a total of seven transactions entered into or completed within 12-month period prior to the date of this announcement between the Company and the associates of Communications Group in relation to the provision of entrusted management services of expressways, which consist of the entrusted management agreements entered into with HangNing Co (as defined and disclosed in the announcement of the Company dated August 23, 2023), Hangxuan Co (as defined and disclosed in the announcement of the Company dated December 29, 2022), North Channel Co and Jiaxiao Co (as defined and disclosed in the announcement of the Company dated September 21, 2022), Shensuzhewan Branch, Ningbo Yongtaiwen Co and Santongdao South Connection Co (as defined and disclosed in the announcement of the Company dated December 13, 2021). The key terms of those transactions, including nature of transaction, basis of consideration and terms of payment, largely resemble those of the Entrusted Management Agreements.

The Previous Agreements primarily relate to the provision of entrusted management of expressways by Group. The individual entrusted management service fees receivable by the Group ranges from RMB1,000,000 to RMB5,400,000 and the aggregate amount of the entrusted management service fees receivable by the Group under the Previous Agreements amounts to RMB21,900,000.

As one or more of the percentage ratios in respect of the aggregated annual cap for transactions contemplated under the Entrusted Management Agreements and the respective transactions carried out on a continuing basis under the Previous Agreements are more than 0.1% but less than 5%, the transactions contemplated under the Entrusted Management Agreements are subject to reporting, announcement and annual review requirements but exempt from the independent Shareholders' approval requirement under Chapter 14A of the Listing Rules.

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

## DEFINITIONS

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

“associate”	has the meaning ascribed to it under the Listing Rules
“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 H 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
“Hangrao Co”	Deqing Hangrao Expressway Co., Ltd.* (德清縣杭繞高速公路有限公司), a non-wholly owned subsidiary of Communications Group as at the date of this announcement
“Director(s)”	the director(s) of the Company



“Entrusted Management Agreements”	collectively, the entrusted management agreements dated January 12, 2024 between the Company and (i) Zhejiang HNPL Co in relation to the management of Phase I Ningbo Section of the Parallel Line G92N of Hangzhou Bay Ring Expressway (Hangzhou-Ningbo Expressway Parallel Line Phase I); (ii) HangShaoYong Co in relation to the management of Hangzhou to Shaoxing Section of Hangzhou-Shaoxing-Ningbo Expressway; and (iii) Hangrao Co in relation to the management of Huzhou Section of the West Parallel Line of the Hangzhou Ring Expressway
“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 Stock Exchange and traded in Hong Kong dollars since May 15, 1997
“HangShaoYong Co”	Zhejiang HangShaoYong Expressway Co., Ltd.* (浙江杭紹甬高速公路有限公司), a non-wholly owned subsidiary of Communications Group as at the date of this announcement
“Hong Kong”	The Hong Kong Special Administrative Region of the PRC
“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
“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 Agreements”	collectively, the agreements with respect to seven transactions entered into between the Company and the associates of the same connected person (i.e. the Communications Group) in relation to the provision of entrusted management services of expressways



“Relevant Expressway(s)”	collectively (i) Phase I Ningbo Section of the Parallel Line G92N of Hangzhou Bay Ring Expressway (Hangzhou-Ningbo Expressway Parallel Line Phase I); (ii) Hangzhou to Shaoxing Section of Hangzhou-Shaoxing-Ningbo Expressway; and (iii) Huzhou Section of the West Parallel Line of the Hangzhou Ring Expressway
“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 HNPL Co”	Zhejiang Hangzhou-Ningbo Parallel Line Ningbo Phase I Expressway Co., Ltd.* (浙江杭甬複線寧波一期高速公路有限公司), a non-wholly owned 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.**  
**YUAN Yingjie**  
*Chairman*

Hangzhou, the PRC, January 12, 2024

*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.*