

*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)**

## **CONNECTED TRANSACTIONS THE PROJECT CONTRACTS WITH ZJIC**

### **THE PROJECT CONTRACTS**

#### **The Blind Spot Remediation and Proactive Control Construction of Emergency Projects Contract**

On January 12, 2024 (after trading hours), the relevant management office of the Company entered into the Blind Spot Remediation and Proactive Control Construction of Emergency Projects Contract with ZJIC, pursuant to which the relevant management office of the Company agreed to engage ZJIC for services in relation to enhancing exterior roadside sensor capabilities and acoustic-light warning system embedded along Guali to Hongken Interchange Section of Hangzhou-Ningbo Expressway, as well as integrating the existing exterior equipment for centralized management of the sensor system of K192 to K197 Hangzhou Section of Hangzhou-Ningbo Expressway.

#### **The Highway Expansion Initial Research Project Contract**

On January 12, 2024 (after trading hours), the relevant management office of Shangsang Co entered into the Highway Expansion Initial Research Project Contract with ZJIC, pursuant to which the relevant management office of Shangsang Co agreed to engage ZJIC for research services in relation to the expansion initial research project of Shangsang Expressway.

### **LISTING RULES IMPLICATIONS**

As at the date of this announcement, Communications Group is a controlling shareholder of the Company. ZJIC, as a 55.08% owned subsidiary of Communications Group, is a connected person of the Company and as a result, the transactions contemplated under the Project Contracts constitute connected transactions for the Company under Chapter 14A of the Listing Rules.

Pursuant to Rules 14A.81 and 14A.82 of the Listing Rules, as the transactions contemplated under the Project Contracts and the Previous Transactions were entered into or completed within a 12-month period with ZJIC, a connected person of the Company, the transactions contemplated under the Project Contracts 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 Project Contracts.

As one or more of the applicable percentage ratios calculated pursuant to the Listing Rules in respect of the transactions contemplated under the Project Contracts, after aggregating with the Previous Transactions, are more than 0.1% but less than 5%, the Project Contracts are subject to reporting and announcement requirements but exempt from independent Shareholders' approval requirement under Chapter 14A of the Listing Rules.

## **THE PROJECT CONTRACTS**

### **The Blind Spot Remediation and Proactive Control Construction of Emergency Projects Contract**

On January 12, 2024 (after trading hours), the relevant management office of the Company entered into the Blind Spot Remediation and Proactive Control Construction of Emergency Projects Contract with ZJIC, pursuant to which the relevant management office of the Company agreed to engage ZJIC for services in relation to enhancing exterior roadside sensor capabilities and acoustic-light warning system embedded along Guali to Hongken Interchange Section of Hangzhou-Ningbo Expressway, as well as integrating the existing exterior equipment for centralized management of the sensor system of K192 to K197 Hangzhou Section of Hangzhou-Ningbo Expressway.

Principal terms of the Blind Spot Remediation and Proactive Control Construction of Emergency Projects Contract are summarized as below:

**Date:** January 12, 2024

**Parties:** (1) the relevant management office of the Company; and  
(2) ZJIC

**Subject matters:** With respect to the blind spot remediation and proactive control construction of emergency projects, ZJIC agreed to collect and analyze basic information, perform on-site surveying, prepare construction drawing and its budget, procure raw materials, undertake on-site construction, install and test the equipment and provide follow-up services and other technical consulting services.

**Term:** Service period of 20 days, trial operation period of 1 month and default liability period of 12 months.

**Consideration:** The consideration is RMB2,547,400.

**Basis of Consideration:** The total consideration under the Blind Spot Remediation and Proactive Control Construction of Emergency Projects Contract was determined through quotation and selection procedures, in which, other than ZJIC, there were two other bidders who are independent third party service providers. The factors for assessment included, but were not limited to:

- (i) business aspect: the bidder’s enterprise performance, the performance of the person-in-charge of the project, the personnel to be involved in the project and the bidder’s credibility;
- (ii) technical aspect: the service provider’s understanding of the project; the notion of the overall design; the analysis of the focus and difficulties of the project and the reasonable suggestions; workload and planning arrangement; project quality guarantee measures; and progress guarantee measures; and
- (iii) tender price.

According to the evaluation of the assessment committee, ZJIC successfully obtained the highest overall score among all the service providers, and therefore won the above tender.

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

- (a) first instalment: 98.5% of the settlement price shall be paid to ZJIC upon examination and acceptance of the project; and
- (b) second instalment: the remaining 1.5% shall be paid to ZJIC after expiry of the 12-month defect liability period.

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

**The Highway Expansion Initial Research Project Contract**

On January 12, 2024 (after trading hours), the relevant management office of Shangsang Co entered into the Highway Expansion Initial Research Project Contract with ZJIC, pursuant to which the relevant management office of Shangsang Co agreed to engage ZJIC for research services in relation to the expansion initial research project of Shangsang Expressway.

Principal terms of the Highway Expansion Initial Research Project Contract are summarized as below:

- Date:** January 12, 2024
- Parties:**
  - (1) the relevant management office of Shangsang Co; and
  - (2) ZJIC
- Subject matters:** With respect to the highway expansion initial research project, ZJIC agreed to collect and analyze the current data of the expressway operation; focus on the study of the technical standard, traffic flow, number of lanes, technical solutions, investment scale of reconstruction and deliver the initial research report on expansion plan.
- Term:** Service period of 1 month.
- Consideration:** The consideration of RMB912,000.
- Basis of Consideration:** The total consideration under the Highway Expansion Initial Research Project Contract was determined by quotation and selection procedures, in which, other than ZJIC, there were two other bidders who are independent third party service providers. The factors for assessment included, but were not limited to:
  - (i) business aspect: the bidder’s enterprise performance, the performance of the person-in-charge of the project, the personnel to be involved in the project and the bidder’s credibility;
  - (ii) technical aspect: the service provider’s understanding of the project; the notion of the overall design; the analysis of the focus and difficulties of the project and the reasonable suggestions; workload and planning arrangement; project quality guarantee measures; and progress guarantee measures; and
  - (iii) tender price.

According to the evaluation of the assessment committee, ZJIC successfully obtained the highest overall score among all the service providers, and therefore won the above tender.

**Terms of payment:** The full payment shall be made upon the review and acceptance of the initial research report.

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

## **REASONS FOR AND BENEFITS OF THE PROJECT CONTRACTS**

In respect of the Blind Spot Remediation and Proactive Control Construction of Emergency Projects Contract, it aims to enhance the exterior roadside sensor capabilities and acoustic-light warning system embedded along Guali to Hongken Interchange Section of Hangzhou-Ningbo Expressway, as well as integrate the existing exterior equipment for centralized management of the sensor system of K192 to K197 Hangzhou Section of Hangzhou-Ningbo Expressway, which in turn strengthens data cross-docking with other systems.

In respect of the Highway Expansion Initial Research Project Contract, the current condition of Shangsan Expressway is unlikely to meet the needs of economic and societal development, which results in the urgency to call for reconstruction and expansion. The highway expansion initial research project is expected to pave way for the investment decisions to be made on the expansion timing, standard scale and project budget.

In view of the fact that ZJIC has extensive experience in the provision of surveying, engineering procurement construction and design services in the field of expressways, ZJIC stood out in the tender review process for its qualifications and expertise to provide the services in respect of the Project Contracts. In addition, taking into account that as a 55.08% owned subsidiary of Communications Group, ZJIC is fully aware of the Company's operating needs, visions and goals regarding improving safety, standardizing the mechanical and electrical system and increasing the traffic capacity of the expressways of the Group. The transactions contemplated under the Project Contracts are and will be conducted on normal commercial terms, where the consideration paid by the Group to ZJIC 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.

Given the above, the Directors (including the independent non-executive Directors) who are not required to abstain from voting in the relevant Board resolutions, are of the view that the terms of the Project Contracts are on normal commercial terms, 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 in the PRC 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..

Shangsan Co is a limited liability company established in the PRC on January 1, 1998. As at the date of this announcement, Shangsan Co is a non-wholly owned subsidiary of the Company. It is principally engaged in the operation of Shangsan Expressway.

ZJIC is a 55.08% owned subsidiary of Communications Group which is established under the laws of the PRC. ZJIC is principally engaged in the planning, research, surveying and mapping, design, consulting, engineering procurement construction and engineering test detection of infrastructure projects in fields of expressways, water transport, municipal engineering, rail transit, architecture, water conservancy and ecological environmental protection.

## **LISTING RULES IMPLICATIONS**

As at the date of this announcement, Communications Group is a controlling shareholder of the Company. ZJIC is a 55.08% owned subsidiary of Communications Group. Therefore, ZJIC is a connected person of the Company and as a result, the transactions contemplated under the Project Contracts constitute connected transactions for the Company under Chapter 14A of the Listing Rules.

Pursuant to Rules 14A.81 and 14A.82 of the Listing Rules, as the transactions contemplated under the Project Contracts and the Previous Transactions were entered into or completed within a 12-month period with ZJIC, a connected person of the Company, the transactions contemplated under the Project Contracts 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 Project Contracts.

The Previous Transactions refer to a total of 13 transactions entered into or completed within a 12-month period prior to the date of this announcement between the Group and ZJIC in relation to the provision of expressway related design and construction services, which consist of the Project Design Contract (as defined and disclosed in the announcement of the Company dated February 17, 2022), the System Upgrade Design Contracts and two transactions under the Capacity Expansion Research Contracts (as defined and disclosed in the announcement of the Company dated June 30, 2022), the Design and Construction Agreements (as defined and disclosed in the announcement of the Company dated September 22, 2023) and one other transaction. The one other transaction was 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 until the transactions set out in the Project Design Contract. The key terms of the other transaction, such as nature of transaction, basis of consideration and terms of payment, largely resemble those of the Project Design Contract, the System Upgrade Design Contracts and the Capacity Expansion Research Contracts, the Design and Construction Agreements and the Project Contracts. The Previous Transactions primarily relate to the provision of expressway related design and construction services by ZJIC to the Group. The individual consideration payable by the Group ranges from RMB847,960 to RMB4,997,910 and the aggregate amount of the consideration payable by the Group to ZJIC for the Previous Transactions amounts to approximately RMB26,370,324. Pursuant to the Project Contracts, the total consideration payable by the Group to ZJIC is RMB3,459,400.

As one or more of the applicable percentage ratios calculated pursuant to the Listing Rules in respect of the transactions contemplated under the Project Contracts, after aggregating with the Previous Transactions, are more than 0.1% but less than 5%, the Project Contracts are subject to reporting and announcement requirements but exempt from 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 are deemed to have material interests in the Project Contracts 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 existing Directors have a material interest in the transactions contemplated under the Project Contracts, and none 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:

“Blind Spot Remediation and Proactive Control Construction of Emergency Projects Contract”	the agreement dated January 12, 2024 (after trading hours) entered into between the relevant management office of the Company and ZJIC, pursuant to which, the relevant management office of the Company agreed to engage ZJIC for blind spot remediation and proactive control construction of emergency projects of relevant expressways owned by the Group
“Board”	the board of Directors
“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, 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
“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
“Highway Expansion Initial Research Project Contract”	the agreement dated January 12, 2024 (after trading hours) entered into between the relevant management office of Shangsang Co and ZJIC, pursuant to which, the relevant management office of Shangsang Co agreed to engage ZJIC for research services in relation to the expansion initial research project of Shangsang Expressway
“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
“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”	the agreements entered into or completed within a 12-month period prior to the date of the Project Contracts between or among the Company and its relevant subsidiaries and ZJIC in relation to design and construction services for expressways
“Project Contracts”	collectively, the Blind Spot Remediation and Proactive Control Construction of Emergency Projects Contract and the Highway Expansion Initial Research Project Contract
“RMB”	Renminbi, the lawful currency of the PRC
“Shangsan Co”	Zhejiang Shangsan Expressway Co., Ltd.* (浙江上三高速公路有限公司), a company established in the PRC and a subsidiary of the Company
“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
“ZJIC”	Zhejiang Institute of Communications Co., Ltd.* (浙江數智交院科技股份有限公司) a joint stock limited company established in the PRC and a 55.08% owned subsidiary of Communications Group as at the date of this announcement
“%”	per cent

On behalf of the Board  
**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.*

\* For identifications only.