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(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 Feasibility Study Contract

On February 9, 2024, Jinhua Co, a wholly-owned subsidiary of the Company, entered into the Feasibility Study Contract with ZJIC, pursuant to which Jinhua Co agreed to engage ZJIC for feasibility study of the reconstruction and expansion project of the Ningbo-to-Jinhua Section (Jinhua Section) of the Ningbo-Jinhua Expressway.

The Surveying and Design Contract

On February 9, 2024, Jinhua Co entered into the Surveying and Design Contract with ZJIC, pursuant to which Jinhua Co agreed to engage ZJIC for surveying and design of the reconstruction and expansion project of the Ningbo-to-Jinhua Section (Jinhua Section) of the Ningbo-Jinhua Expressway.

The Full-Process Consultation Contract

On February 9, 2024, Zhajiasu Co, a non-wholly owned subsidiary of the Company, entered into the Full-Process Consultation Contract with, among others, ZJIC, pursuant to which Zhajiasu Co agreed to engage ZJIC for full-process consultation services for the reconstruction and expansion project of the Nanhu Interchange to Zhejiang-Jiangsu Boundary Section of the Zhajiasu 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.

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 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 Feasibility Study Contract

On February 9, 2024, Jinhua Co, a wholly-owned subsidiary of the Company, entered into the Feasibility Study Contract with ZJIC, pursuant to which Jinhua Co agreed to engage ZJIC for feasibility study of the reconstruction and expansion project of the Ningbo-to-Jinhua Section (Jinhua Section) of the Ningbo-Jinhua Expressway.

Principal terms of the Feasibility Study Contract are summarized as below:

- Date:** February 9, 2024
- Parties:**
- (1) Jinhua Co; and
 - (2) ZJIC

Subject matters:	With respect to the reconstruction and expansion project of the Ningbo-to-Jinhua Section (Jinhua Section) of the Ningbo-Jinhua Expressway, ZJIC agreed to undertake, among other things, the following feasibility study services: conducting surveying during the engineering feasibility study stage; preparing engineering feasibility report, investment estimate, project proposal and assisting contractor to apply for approval; conducting thematic study and featured assessments of stability risks, geological hazards, mineral resource distribution, seismic safety, navigational conditions, land pre-examination, flood prevention, environmental impact, soil and water conservation, and cultural relics; and conducting a full survey for 1:2000 topographic maps, along with providing further design proposals for complex node sections.
Term:	Upon signing of this contract until obtaining the approval of preliminary design.
Consideration:	The consideration is RMB15,111,609.
Basis of consideration:	<p>The total consideration under the Feasibility Study Contract was determined through public tender 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:</p> <ul style="list-style-type: none"> (i) business aspect: the bidder's performance for related projects, the qualifications and abilities of the personnel to be involved in the project and the bidder's credibility; (ii) technical aspect: the bidder's understanding of the bidding project; the notion of the overall preparation; the awareness, understanding, notion and countermeasures of the characteristics, focus, difficulties and key technical issues of the bidding project; the opinions and suggestions on the investment estimation, fund raising, project economics, energy saving evaluation, environmental impact analysis and water conservation analysis of the bidding project; workload and planning arrangement; 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 bidders, and therefore won the above tender.

Terms of payment:

The payment shall be made in instalments as follows:

Fees relating to the feasibility study services:

- (a) first instalment: 30% of the fees shall be paid within 28 days after the completion of the engineering feasibility study report for the project and such report having passed the competent authority's review;
- (b) second instalment: 50% of the fees shall be paid within 28 days after the competent authority approving the engineering feasibility study report for the project; and
- (c) third instalment: 20% of the fees shall be paid within 28 days after the preliminary design of the project having been approved.

Fees relating to the thematic study and featured assessments: the fees shall be paid based on the actual completion progress of the project and the unit price for the relevant thematic study and featured assessments.

The Surveying and Design Contract

On February 9, 2024, Jinhua Co entered into the Surveying and Design Contract with ZJIC, pursuant to which Jinhua Co agreed to engage ZJIC for surveying and design of the reconstruction and expansion project of the Ningbo-to-Jinhua Section (Jinhua Section) of the Ningbo-Jinhua Expressway.

Principal terms of the Surveying and Design Contract are summarized as below:

Date: February 9, 2024

Parties: (1) Jinhua Co; and
(2) ZJIC

Subject matters: With respect to the reconstruction and expansion project of the Ningbo-to-Jinhua Section (Jinhua Section) of the Ningbo-Jinhua Expressway, ZJIC agreed to undertake, among other things, the following surveying and design services: conducting surveying and various design of the main works, ancillary facilities, large temporary facilities, connecting lines, and road, water channel and river improvement projects; preparing and adjusting budget estimate documents and construction drawing budget documents, preparing construction drawings for the bidding, bill of quantities and specific technical specifications for construction; conducting surveying and design of the railway related parts and other related design.

Term: The term shall commence from signing of the contract until the completion of all the surveying and design works. ZJIC will provide construction site coordination services in accordance with the contract.

The timeframe for each surveying and design task shall depend on and be adjusted according to the actual progress of the preliminary work of the project, together with the communication with the design consultation unit.

Consideration: The consideration is RMB196,807,390.

Basis of consideration: The total consideration under the Surveying and Design Contract was determined through public bidding procedures, in which, other than ZJIC, there were three 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 performance for related projects, the qualifications and abilities of the bidder's personnel for the project and the bidder's credibility;
- (ii) technical aspect: the bidder's understanding of the bidding project; the notion of the overall design; the understanding and countermeasures of the characteristics and key technical issues of the surveying and design of the bidding project; different opinions and suggestions on technical conclusions and technical solutions of the engineering feasibility study stage; surveying and design workload and planning arrangement; traffic organization plan and inspection assessment and utilization plan of the old roads; surveying and design quality guarantee measures; progress guarantee measures; measures for controlling and reducing the construction costs; and arrangement and guarantee measures for follow-up services; and
- (iii) tender price.

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

Terms of payment:

The payment will be made in instalments as follows:

Fees relating to the surveying and design services of the project:

- (a) first instalment: 10% of the fees shall be paid within 30 days after the establishment of the project company and such fees shall be treated as prepayment which can be used to settle the fees payable upon completion of the project;
- (b) second instalment: 20% of the fees shall be paid after (i) the preliminary design documents having been completed in accordance with the schedule and delivered to the contractor; and (ii) such documents having been reviewed and approved by the contractor or the competent authority;
- (c) third instalment: 20% of the fees shall be paid after (i) the design documents regarding the construction drawings of the main works having been completed in accordance with the schedule and delivered to the contractor; and (ii) such documents having been reviewed and approved by the contractor or the competent authority;
- (d) fourth instalment: 8.5% of the fees shall be paid after (i) the construction drawings for the bidding of the main works, the reference material, the bill of quantities and the specific technical specifications for the construction project having been completed in accordance with the schedule and delivered to the contractor; and (ii) the contractor having completed the construction bidding process and signed the construction agreement with the construction unit;
- (e) fifth instalment: 10% of the fees shall be paid after (i) all the design documents relating to construction drawings having been completed in accordance with the schedule and delivered to the contractor; and (ii) such documents having been reviewed and approved by the contractor or the competent authority;

- (f) sixth instalment: 10% of the fees shall be paid after
 - (i) all the construction drawings for the bidding, reference material, bill of quantities and specific technical specifications for the construction project having been completed in accordance with the schedule and delivered to the contractor; and
 - (ii) the contractor having completed the construction bidding process and signed the construction agreement with the construction unit;
- (g) seventh instalment: 20% of the fees shall be paid during the term of the construction coordination period and shall be paid yearly at equal instalments at each year end in accordance with the term of construction (if the quality assurance deposit is in the form of bank guarantee, insurance company guarantee or financing company guarantee, 21.5% of the fees shall be paid instead); and
- (h) eighth instalment: the quality assurance deposit shall be returned by the contractor to the designer unit within 28 days after the completion examination and acceptance certificate of the project having been issued.

Fees relating to the thematic report:

- (a) first instalment: 80% of the fees shall be paid after the theme having been reviewed and approved by the competent authority; and
- (b) second instalment: the remaining 20% of the fees shall be paid after all the construction drawings have been approved.

Fees relating to the thematic report shall be paid in accordance with the actual completed project and the corresponding contract price. For those projects which are contained in the quotation list but have not been implemented, the contractor will not make such payment.

The Full-Process Consultation Contract

On February 9, 2024, Zhajiasu Co, a non-wholly owned subsidiary of the Company, entered into the Full-Process Consultation Contract with, among others, ZJIC, pursuant to which Zhajiasu Co agreed to engage ZJIC for full-process consultation services for the reconstruction and expansion project of the Nanhu Interchange to Zhejiang-Jiangsu Boundary Section of the Zhajiasu Expressway.

Principal terms of the Full-Process Consultation Contract are summarized as below:

Date: February 9, 2024

Parties: (1) Zhajiasu Co; and
(2) among others, ZJIC

Subject matters: With respect to the reconstruction and expansion project of the Nanhu Interchange to Zhejiang-Jiangsu Boundary Section of the Zhajiasu Expressway, ZJIC agreed to undertake, among other things, the following full-process consultation services: coordinating and managing preliminary works of full-process consultation; preparing project proposal (or application report) and feasibility study report; conducting surveying and design, including construction survey, preliminary design, technical design if required, construction drawing design including supplementary design for mechanical and electrical engineering, decoration design for building construction, noise reduction and environmental protection design such as sound barriers; preparing budget estimate documents, construction drawings for the bidding, bill of quantities and specific technical specifications for the construction project, conducting thematic study and featured assessment; and providing all tender agency services before completion examination and acceptance.

Term: Upon signing of this contract until the completion examination and acceptance of the project.

Consideration: The consideration is RMB86,370,465.

Basis of consideration:

The total consideration under the Full-Process Consultation Contract was determined through public tender procedures, in which, other than ZJIC, there were six 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 performance for related projects, the qualifications and abilities of the personnel to be involved in the project and the bidder's credibility and reputation;
- (ii) technical aspect: the bidder's understanding of the bidding project; the notion of the overall design; the understanding and countermeasures of the characteristics and key technical issues of the bidding project; workload and planning arrangement of the bidding project; quality guarantee measures of the bidding project; progress guarantee measures; and arrangement and guarantee measures for follow-up services; and
- (iii) tender price.

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

Terms of payment:

The payment will be made in instalments as follows:

Fees relating to the surveying services of the project:

- (a) 45% of the surveying and mapping fees shall be paid after the examination and acceptance of the initial surveying having been completed, 53.5% of the surveying and mapping fees shall be paid after the examination and acceptance of the detailed surveying having been completed and the remaining 1.5% shall be treated as quality assurance deposit; and
- (b) 98.5% of the exploration drilling fees shall be paid after the examination and acceptance of the initial surveying having been completed and the remaining 1.5% shall be treated as quality assurance deposit.

Fees relating to design services of the project:

- (a) first instalment: 35% of the fees shall be paid after (i) the preliminary design documents having been completed in accordance with the schedule and delivered to the contractor; and (ii) such documents having been reviewed and approved by the contractor or the competent authority;
- (b) second instalment: 20% of the fees shall be paid after (i) the design documents relating to construction drawings for the main works having been completed in accordance with the schedule and delivered to the contractor; and (ii) and such drawings having been reviewed and approved by the contractor or the competent authority;
- (c) third instalment: 5% of the fees shall be paid after (i) the construction drawings for the bidding of the main works, the reference material, the bill of quantities and the specific technical specifications for the construction project having been completed in accordance with the schedule and delivered to the contractor; and (ii) the contractor having completed the construction bidding process and signed the construction agreement with the construction unit;
- (d) fourth instalment: 10% of the fees shall be paid after (i) all the design documents relating to construction drawings having been completed in accordance with the schedule and delivered to the contractor; and (ii) such documents having been reviewed and approved by the contractor or the competent authority;
- (e) fifth instalment: 5% of the fees shall be paid after (i) all the construction drawings for the bidding, reference material, bill of quantities and specific technical specifications for construction project having been completed in accordance with the schedule and delivered to the contractor; and (ii) the contractor having completed the construction bidding process and signed the construction agreement with the construction unit; and

- (f) sixth instalment: 23.5% of the fees shall be paid during the term of the construction coordination period and shall be paid yearly at equal instalments at each year end in accordance with the term of construction.

Fees relating to the thematic study and featured assessment: the fees shall be paid based on the actual completion progress of the project and the unit price for the corresponding thematic study and featured assessment.

All fees shall be settled within 28 days after issuance of the project completion certificate.

REASONS FOR AND BENEFITS OF THE PROJECT CONTRACTS

The reconstruction and expansion projects of many road sections under the Group's management have been included in the key expressway construction projects of the 14th Five-Year Plan for Comprehensive Transportation Development in Zhejiang Province, including the reconstruction and expansion projects of (a) the Ningbo-to-Jinhua Section (Jinhua Section) of the Ningbo-Jinhua Expressway; and (b) the Nanhu Interchange to Zhejiang-Jiangsu Section Boundary of the Zhajiasu Expressway. The Directors consider that such reconstruction and expansion projects will help the Group to maintain its strategic position in the key regions of Zhejiang Province, which in turn will further strengthen its position in the industry and achieve sustainable development in the future. Furthermore, the reconstruction and expansion of the said expressways will further satisfy the growing traffic demands, and bring a sustainable toll revenue to the Group. Therefore, it is critical for the Group to enter into the Project Contracts to commence the initial works so as to allow further works to be carried out for the reconstruction and expansion projects of the said road sections in the future.

In view of the fact that ZJIC has significant and extensive experience in expressway improvement works, ZJIC stood out in the tender review process for its qualifications and expertise to provide the services required in respect of the aforementioned projects. In addition, taking into account that as a 55.08% owned subsidiary of Communications Group, ZJIC is fully aware of the Group's operational needs, vision and goals and maintains effective communication to provide relevant services to the Group. The transactions contemplated under the Project Contracts are and will be conducted in the Group's ordinary and usual course of business, and 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.

The Directors (including independent non-executive Directors) who are not required to abstain from voting in the relevant Board resolutions are of the opinion that, the Project Contracts 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 limited 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..

Jinhua Co is a limited liability company established in the PRC. As at the date of this announcement, Jinhua Co is a wholly-owned subsidiary of the Company. It is principally engaged in the operation and management of the Jinhua Section of the Ningbo-Jinhua Expressway.

Zhajiasu Co is a limited liability company established in the PRC. As at the date of this announcement, Zhajiasu Co is a 55% non-wholly owned subsidiary of the Company. It is principally engaged in the operation and management of Zhajiasu 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.

As one or more of the applicable percentage ratios in respect of the transactions contemplated under the Project Contract are more than 0.1% but less than 5%, the transactions contemplated under the Project Contracts will be subject to the reporting and announcement 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 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:

“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
“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
“Feasibility Study Contract”	the contract dated February 9, 2024 entered into between Jinhua Co and ZJIC, pursuant to which Jinhua Co agreed to engage ZJIC for services in relation to the feasibility study of various aspects of the reconstruction and expansion of the Ningbo-to-Jinhua Section (Jinhua Section) of the Ningbo-Jinhua Expressway
“Full-Process Consultation Contract”	the contract dated February 9, 2024 entered into between Zhajiasu Co and, among others, ZJIC, pursuant to which Zhajiasu Co agreed to engage ZJIC for services in relation to full-process consultation of the reconstruction and expansion of the Nanhu Interchange to Zhejiang-Jiangsu Boundary Section of the Zhajiasu 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
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Jinhua Co”	Zhejiang Jinhua Yongjin Expressway Co., Ltd.* (浙江金華甬金高速公路有限公司), a wholly-owned subsidiary of the Company
“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

“Project Contracts”	collectively, the Feasibility Study Contract, the Surveying and Design Contract and the Full-Process Consultation Contract
“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
“Surveying and Design Contract”	the contract dated February 9, 2024 entered into between Jinhua Co and ZJIC, pursuant to which Jinhua Co agreed to engage ZJIC for services in relation to the surveying and design of the reconstruction and expansion of the Ningbo-to-Jinhua Section (Jinhua Section) of the Ningbo-Jinhua Expressway
“Zhajiasu Co”	Jiaying Zhajiasu Expressway Co., Ltd.* (嘉興市乍嘉蘇高速公路有限責任公司), a 55% owned subsidiary of the Company
“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, February 9, 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.