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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 CONTRACTS

THE CONTRACTS

The Road Infrastructure Improvement Project Contracts

On November 29, 2024, the relevant subsidiaries and management offices of the Company entered into the Road Infrastructure Improvement Project Contracts with the consortium formed by ZJIC (as the leading party of the consortium) and Maintenance Co/Zhejiang Shunchang for upgrade of the road infrastructure of relevant expressways of the Group.

The Distributed Photovoltaic Power Station Construction Project Contract

On November 29, 2024, Zhoushan Co, a non-wholly owned subsidiary of the Company, and ZJIC entered into the Distributed Photovoltaic Power Station Construction Project Contract, pursuant to which, ZJIC, as the contractor, shall be responsible for construction of distributed photovoltaic power station for Ningbo-Zhoushan Expressway.

LISTING RULES IMPLICATIONS

As at the date of this announcement, ZJIC, Maintenance Co and Zhejiang Shunchang are subsidiaries of Communications Group, the controlling shareholder of the Company. Accordingly, ZJIC, Maintenance Co and Zhejiang Shunchang are connected persons of the Company and the transactions contemplated under the Contracts 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 transactions contemplated under the 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 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 Contracts.

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

THE CONTRACTS

The Road Infrastructure Improvement Project Contracts

On November 29, 2024, the relevant subsidiaries and management offices of the Company entered into the Road Infrastructure Improvement Project Contracts with the consortium formed by ZJIC (as the leading party of the consortium), Maintenance Co and Zhejiang Shunchang for upgrade of the road infrastructure of relevant expressways of the Group.

Principal terms of each of the Road Infrastructure Improvement Project Contracts are summarized as below:

- Date:** November 29, 2024
- Parties:**
- (i) For the Rescue Station Construction Project Contracts:
 - (a) The relevant subsidiaries and management offices of the Company; and
 - (b) ZJIC (as the leading party of the consortium) and Maintenance Co/Zhejiang Shunchang
 - (ii) For the Xiaoshan and Hangzhou Toll Stations Congestion Management and Renovation Project Contract:
 - (a) Hangzhou management office of the Company; and
 - (b) ZJIC (as the leading party of the consortium) and Zhejiang Shuchang
- Scope of services:** ZJIC and Maintenance Co/Zhejiang Shuchang acting as the consortium, shall undertake the work related to the project including but not limited to basic information collection and analysis, on-site investigation, proposal design, construction drawing design, construction drawing budget preparation, raw material and/or related equipment procurement, on-site construction and installation commissioning, follow-up services and other technical consulting work.

Term: (i) For the Rescue Station Construction Project Contracts:

The total service period for design, supply and installation services of 60 calendar days, with a defect liability period of two years

(ii) For the Xiaoshan and Hangzhou Toll Stations Congestion Management and Renovation Project Contract:

The total service period for design, installation, debugging and completion of services of three months, with a trial operation period of three months, a defect liability period of 24 months and a key equipment warranty period of five years.

Service fees: The aggregate consideration is RMB20,306,867, among which the consideration under each of the Rescue Station Construction Project Contracts and the Xiaoshan and Hangzhou Toll Stations Congestion Management and Renovation Project Contract amounts to RMB6,274,023 and RMB14,032,844, respectively.

Basis of service fees: The service fees were determined as a result of public tender.

Other than the consortium formed by ZJIC and Maintenance Co/Zhejiang Shunchang, there were two other independent service providers which made a bid for the transactions contemplated under the Rescue Station Construction Project Contracts and the Xiaoshan and Hangzhou Toll Stations Congestion Management and Renovation Project Contract. The consortium obtained the highest overall score among all the bidders and therefore won the above tender.

In terms of the Rescue Station Construction Project Contracts, the factors for assessment included, but were not limited to:

- (a) business aspect: the performance of the bidder and the project manager, composition of the project team proposed for the project and the credibility of the bidder;
- (b) technical aspect: understanding of the project and overall design approach, analysis of key and difficult points as well as rationalization suggestions, workload and planning schedule, quality assurance measures and schedule assurance measures; and
- (c) the bid price.

In terms of the Xiaoshan and Hangzhou Toll Stations Congestion Management and Renovation Project Contract:

- (a) business aspect: the performance of the bidder and the qualifications of the project manager;
- (b) technical aspect: understanding of the project and overall design approach, key and difficult points measures in the construction plan as well as planning schedule assurance measures, follow-up service plan and safety production measures; and
- (c) the bid price.

Terms of payment:

The service fees shall be paid to ZJIC as the leading party of the consortium.

- (i) For the Rescue Station Construction Project Contracts:
 - (a) 98% of the settlement price will be paid in one lump sum after the completion acceptance of the project; and
 - (b) the remaining 2% will be paid upon expiry of the defect liability period.

(ii) For the Xiaoshan and Hangzhou Toll Stations Congestion Management and Renovation Project Contract:

- (a) 20% of the total contract sum will be paid after signing of the contract as prepayment;
- (b) payment for 80% of the completed engineering quantity will be made upon completion of the project and successful preliminary acceptance of installation and debugging;
- (c) up to 97% of the settlement price will be paid upon expiry of the trial operation period and passing the completion acceptance inspection; and
- (d) the remaining 3% will be paid upon expiry of the defect liability period.

Governing law: The laws of the PRC.

The Distributed Photovoltaic Power Station Construction Project Contract

On November 29, 2024, Zhoushan Co, a non-wholly owned subsidiary of the Company, and ZJIC entered into the Distributed Photovoltaic Power Station Construction Project Contract, pursuant to which, ZJIC, as the contractor, shall be responsible for construction of distributed photovoltaic power station for Ningbo-Zhoushan Expressway.

Date: November 29, 2024

Parties:

- (i) Zhoushan Co; and
- (ii) ZJIC

Scope of services: ZJIC, as the contractor, shall be responsible for the entire process of the construction of distributed photovoltaic power station, including design, procurement and supply of materials and equipment, grid access application, system testing, installation construction, trial operation and final acceptance and delivery.

Term: Grid connection period: ZJIC as the contractor must, after the Distributed Photovoltaic Power Station Construction Project Contract is signed, pass the acceptance by the power department within 60 days, achieve grid connection, and obtain the grid connection acceptance certificate, power purchase and sale contract, and grid dispatch agreement.

Final acceptance (power station acceptance) period: ZJIC as the contractor must pass the third-party final inspection and the final acceptance organized by Zhoushan Co within 30 days from the date of grid connection.

Service fees: The service fee is expected to be RMB23,392,880.

Basis of service fees: The service fee will be determined based on a fixed unit price and the confirmed photovoltaic installed capacity after acceptance. Shanghai Urban Construction Design and Research Institute (Group) Co., Ltd.* (上海市城市建設設計研究總院(集團)有限公司) as the third-party engineering cost consulting firm evaluated the control price of this contract based on the recent public market bidding information of similar distributed photovoltaic projects and the public market prices of the main materials involved in the project. Taking into account the third-party pricing review results and the actual situation of the project, after arm's length negotiations, the total service fee is expected to be RMB23,392,880.

Terms of payment:

Within 20 days after signing of the Distributed Photovoltaic Power Station Construction Project Contract and coming into effect, Zhoushan Co shall pay 20% of the provisional total contract price as an advance payment for the project, provided that the contractor submits an advance payment guarantee at the same amount.

Within 10 days of the arrival of the main equipment for the project (photovoltaic modules, inverters, energy storage equipment), payment shall be made up to 50% of the provisional total contract price. Within 10 days after the project has successfully completed 240 hours of trial operation connected to the grid, payment shall be made up to 80% of the provisional total contract price.

Once the contractor has completed all work under the project, passed the final acceptance, and Zhoushan Co has confirmed the final settlement report, Zhoushan Co shall pay the contractor up to 97% of the total contract settlement price within 10 days.

The remaining 3% of the total contract settlement price shall be retained as the project warranty fund, which will be paid to the contractor without interest after the two-year warranty period, after deducting any relevant warranty repair costs and fees owed by the contractor.

Governing law:

The laws of the PRC.

REASONS FOR AND BENEFITS OF THE CONTRACTS

The projects under the Road Infrastructure Improvement Project Contracts aim to enhance the road traffic environment and efficiency, accelerate incident response and reduce the occurrence of road accidents by adding rescue stations in high-traffic key segments of the expressways of the Group, and optimizing entry weighing, increasing the number of lanes and toll facilities, and implementing coordinated congestion warning at high-traffic Xiaoshan and Hangzhou toll stations. In terms of the project under the Distributed Photovoltaic Power Station Construction Project Contract, it focuses on the integration of transportation and energy, aiming to achieve self-sufficiency in green energy, which will fully utilize renewable energy, enhance energy efficiency, reduce emissions, and promote intelligent scheduling, thereby facilitate the transformation of the energy structure in transportation operations.

Being the subsidiaries of Communication Group, ZJIC, Maintenance Co and Zhejiang Shunchang are fully aware of the Group's business and operating needs, and maintain effective communication to provide more quality services to the Group. ZJIC, Maintenance Co and Zhejiang Shunchang have the relevant qualifications and expertise to provide services under the Contracts to the Group. The transactions contemplated under the Contracts are and will be conducted in the ordinary and usual course of business of the Group, and the services fees paid by the Group under the Contracts 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 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..

Zhoushan Co is a subsidiary of the Company which is established under the laws of the PRC. Zhoushan Co is principally engaged in operation and management of the toll collection business of Zhoushan Bay Bridge located in Zhejiang Province, the PRC.

ZJIC is a 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.

Maintenance Co is a subsidiary of Communications Group which was established under the laws of the PRC on January 28, 2014. Maintenance Co is principally engaged in the road construction projects and toll road maintenance.

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, ZJIC, Maintenance Co and Zhejiang Shunchang are subsidiaries of Communications Group, the controlling shareholder of the Company. Accordingly, ZJIC, Maintenance Co and Zhejiang Shunchang are connected persons of the Company and the transactions contemplated under the Contracts constitute connected transactions of the Company under Chapter 14A of the Listing Rules.

The Previous Transactions refer to a total of 13 transactions entered into or completed within 12-month period prior to the date of this announcement between the Group and ZJIC in relation to the provision of expressway related construction, design and consultation services. The Previous Transactions consist of the relevant agreements entered into with ZJIC as disclosed in the announcements of the Company dated September 22, 2023, January 12, 2024 and September 5, 2024 and eight connected transactions which fell below the de minimis threshold and were fully exempt from all reporting, announcement, circular and independent Shareholders' approval requirements under Chapter 14A of the Listing Rules. The key terms of the Previous Transactions, including nature of transaction, basis of consideration and terms of payment, largely resemble those of the Contracts.

The Previous Transactions primarily relate to the provision of expressway related construction, design and consultation services by ZJIC. The individual service fee payable by the Group ranges from RMB149,640 to RMB3,490,000 and the aggregate amount of the service fees payable by the Group to ZJIC under the Previous Transactions amounts to RMB13,543,917.

As one or more of the applicable percentage ratios in respect of the transactions contemplated under the Contracts are more than 0.1% but less than 5%, the transactions contemplated under the Contracts, after aggregating with the Previous Transactions, are 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 Contracts as they 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 is required to abstain from voting on the relevant Board resolution.

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 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
“Contracts”	the Road Infrastructure Improvement Project Contracts and the Distributed Photovoltaic Power Station Construction Project Contract
“controlling shareholder”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	the director(s) of the Company
“Distributed Photovoltaic Power Station Construction Project Contract”	the contract entered into on November 29, 2024 between Zhoushan Co, a non-wholly owned subsidiary of the Company and ZJIC in relation to construction of distributed photovoltaic power stations for Ningbo-Zhoushan 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 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
“Maintenance Co”	Zhejiang Expressway Maintenance Co., Ltd.* (浙江杭甬養護工程有限公司), a company incorporated in the PRC and 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 Transactions”	13 transactions entered into or completed within a 12-month period prior to the date of the Contracts between the Group and ZJIC in relation to the provision of expressway related construction, design and consultation services, including the transactions as disclosed in the announcements of the Company dated September 22, 2023, January 12, 2024 and September 5, 2024.
“Rescue Station Construction Project Contracts”	the contracts entered into on November 29, 2024 among relevant subsidiaries and management offices of the Company, ZJIC and Maintenance Co/Zhejiang Shunchang in relation to adding of rescue stations for high-traffic road sections of the expressways of the Group
“RMB”	Renminbi, the lawful currency of the PRC
“Road Infrastructure Improvement Project Contracts”	collectively, Rescue Station Construction Project Contracts and Xiaoshan and Hangzhou Toll Stations Congestion Management and Renovation Project Contract

“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
“Xiaoshan and Hangzhou Toll Stations Congestion Management and Renovation Project Contract”	the contract entered into on November 29, 2024 among Hangzhou management office of the Company, ZJIC and Zhejiang Shunchang for congestion management and renovation of Xiaoshan and Hangzhou Toll Stations
“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 as at the date of this announcement
“Zhoushan Co”	Zhejiang Zhoushan Bay Bridge Co., Ltd.(浙江舟山跨海大橋有限公司), a direct non-wholly owned subsidiary of the Company as at the date of this announcement
“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 subsidiary of Communications Group as at the date of this announcement
“%”	per cent

* For identification purposes only

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

Hangzhou, the PRC, November 29, 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. YU Mingyuan.