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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)**

**ANNOUNCEMENT  
CONNECTED TRANSACTIONS  
WITH ZHEJIANG INFORMATION**

**SUPPLEMENTAL AGREEMENT TO THE AGREEMENT FOR REMOVAL OF EXPRESSWAY TOLL STATIONS AT PROVINCIAL BORDERS**

Reference is made to the announcement of the Company dated September 12, 2019 in relation to the Agreement for Removal of Expressway Toll Stations at Provincial Borders. On December 16, 2020, the Company and its relevant subsidiaries entered into the Supplemental Agreement with Zhejiang Information to vary the terms of the Agreement for Removal of Expressway Toll Stations at Provincial Borders for the Additional Works at an additional service fees of RMB7,029,287.29. The service fees payable by the Company and its relevant subsidiaries to Zhejiang Information under the Agreement for Removal of Expressway Toll Stations at Provincial Borders (as amended by the Supplemental Agreement) will be increased to RMB305,802,322.27.

**VIDEO CLOUD PLATFORM SERVICES AGREEMENT**

On December 16, 2020, the Company and its relevant subsidiaries entered into the Video Cloud Platform Services Agreement with Zhejiang Information, pursuant to which the Company and its relevant subsidiaries agreed to engage Zhejiang Information for the provision of various services in relation of expressway video cloud platform construction, repair and technical support.

**LISTING RULES IMPLICATIONS**

As at the date of this announcement, Communications Group is a controlling shareholder of the Company. Zhejiang Information, as a 65.85% owned subsidiary of Communications Group, is a connected person of the Company and as a result, the transactions contemplated under the Agreements 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 Agreements and the Previous Transactions were entered into or completed within a 12-month period with Zhejiang Information, a connected person of the Company, the transactions contemplated under the Agreements 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 Agreements.

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

## **INTRODUCTION**

On December 16, 2020, the Company and its relevant subsidiaries entered into the Supplemental Agreement with Zhejiang Information, pursuant to which the parties agreed to amend the terms of the Agreement for Removal of Expressway Toll Stations at Provincial Borders to increase the work scope and service fee payable by the Company and its relevant subsidiaries to Zhejiang Information.

On the same day, the Company and its relevant subsidiaries also entered into the Video Cloud Platform Services Agreement with Zhejiang Information, pursuant to which the Company and its relevant subsidiaries agreed to purchase, and Zhejiang Information agreed to provide, video cloud platform's equipment installation services, internet security equipment installation services, software development, testing and support services and defect repair services during the defect liability period in respect of relevant expressways operated by the Group.

## **SUPPLEMENTAL AGREEMENT TO THE AGREEMENT FOR REMOVAL OF EXPRESSWAY TOLL STATIONS AT PROVINCIAL BORDERS**

Reference is made to the announcement of the Company dated September 12, 2019 in relation to the Agreement for Removal of Expressway Toll Stations at Provincial Borders entered into between the Company and its relevant subsidiaries and Zhejiang Information under which Zhejiang Information agreed to provide construction services to the Company and its relevant subsidiaries in respect of 195 sets of virtual toll stations for expressway main lines, 50 new entrance control lanes for overweight vehicles and 81 ETC lanes, improvement works of 50 toll collection systems and installation of relevant network security equipment in respect of relevant expressways operated by the Group.

During the implementation of the Agreement for Removal of Expressway Toll Stations at Provincial Borders, relevant authorities such as the Ministry of Transport of the PRC, the Department of Transportation of Zhejiang Province and the Zhejiang Provincial Highway and Transportation Management Center have issued policy documents requiring expressway operators to follow new requirements on equipment and system testing and upgrade. The original construction plan under the Agreement for Removal of Expressway Toll Stations at Provincial Borders will need to be optimized and improved in accordance with the new requirements imposed and a number of auxiliary mechanical and electrical projects will be added.

### **Principal Terms of the Supplemental Agreement**

In light of the above, the Company and its relevant subsidiaries entered into the Supplemental Agreement with Zhejiang Information on December 16, 2020 to vary the terms of the Agreement for Removal of Expressway Toll Stations at Provincial Borders so as to increase the work scope covering (i) refinement of the 193 mix lanes in the toll stations (including small antenna, handheld antenna and related supporting equipment or setting at the exit/entry lane); (ii) addition of lightning surge protection facilities for 115 sets of ETC gateways; (iii) replacement of the toll fare indicators in some lanes; (iv) addition of some toll station servers and road surface markings of ETC gateways for the toll stations at provincial borders; (v) addition of real vehicle testing and (vi) addition of relevant inspections and consulting services (including installation environment testing, acceptance testing, networking testing, internet security consulting and internet security check); (vii) optimization of sub-projects under the Agreement for Removal of Expressway Toll Stations at Provincial Borders (including adjustment of the number of ETC lanes, optimization and adjustment in numbers of the entrance control lanes for overweight vehicles, and optimization of network security) (collectively, the “**Additional Works**”).

Based on the review conducted by an independent auditor engaged via an open tendering process, the Additional Works will require an additional service fees of RMB7,029,287.29, representing a 2.35% increase from the original service fees of RMB298,773,034.98. The service fees payable by the Company and its relevant subsidiaries to Zhejiang Information under the Agreement for Removal of Expressway Toll Stations at Provincial Borders (as amended by the Supplemental Agreement) will be increased to RMB305,802,322.27.

Save as the above, other terms in the Agreement for Removal of Expressway Toll Stations at Provincial Borders remain unchanged.

## **VIDEO CLOUD PLATFORM SERVICES AGREEMENT**

In November 2019, the Ministry of Transport of the PRC issued the National Expressway Video Networking Monitoring Work Implementation Plan and the National Expressway Video Cloud Networking Technical Requirements, requiring expressway operators to implement the national expressway video network monitoring and management mechanism. Through the establishment of video cloud platforms in the ministerial and provincial levels and the joining with the national expressway video monitoring equipment, networking and sharing of video resources between ministerial and provincial levels will be realized.

According to the requirements of relevant guidance issued by the Ministry of Transport of the PRC and the Department of Transportation of Zhejiang Province, all expressway videos in Zhejiang Province shall be connected to the provincial platform by the end of 2020. Accordingly, the Company started the tendering process for a suitable service provider in September 2020, and Zhejiang Information was selected in accordance with the open tendering process.

### **Tendering process**

After the request for bid was published on the China Tendering and Bidding Public Service Platform and the website of Communications Group from October 29, 2020 to November 6, 2020, four tenderers, namely Zhejiang Information, 浙江移動資訊系統集成有限公司 (Zhejiang Mobile Information System Integration Co., Ltd.\*), 重慶首訊科技股份有限公司 (Chongqing Shouxun Technology Co., Ltd.\*) and 浙江正元智慧科技股份有限公司 (Zhejiang Zhengyuan Intellectual Technology Co., Ltd.\*) submitted their tender documents. The three tenderers other than Zhejiang Information are all independent third parties to the Company.

The tender review committee consists of 5 members, one of which was selected by the Company and four of which were experts randomly selected from the tender review expert database. A comprehensive evaluation method was used. A maximum of 60 points will be allocated to fee quotation of the relevant tenderer and a maximum of 40 points will be allocated to the credit standing, historical performance and technical plan of the relevant tenderer. The 40 points further break into 5 points for qualification and credit standing, 5 points for historical performance and network equipment, 24 points for technical plan, 3 points for implementation organization, and 3 points for training and services. After the tender evaluation process, Zhejiang Information was awarded with the highest points and thus selected as the successful tenderer.

**Principal terms of the Video Cloud Platform Services Agreement**

**Date:** December 16, 2020

**Parties:** (a) the Company and its relevant subsidiaries; and  
(b) Zhejiang Information

**Scope of services:** Zhejiang Information agreed to provide video cloud platform’s equipment installation services, internet security equipment installation services, software development, testing and support services and defect repair services during the defect liability period in respect of relevant expressways operated by the Group

**Term:** 3-month construction period;  
6-month trial period; and  
24-month defect liability period (except for key equipment, the defect liability period of which will be 60 months)

**Consideration:** RMB6,533,800

**Terms of payment:** First installment: 15% of the consideration (excluding provisional sum) shall be paid in advance before the commencement of work (requiring an equivalent advance payment guarantee provided by Zhejiang Information).  
Second installment: 70% of the consideration (excluding provisional sum) shall be paid after the acceptance upon completion of work.  
Third installment: 12% of the consideration shall be paid after the final acceptance upon delivery.  
Fourth installment: remaining 3% of the consideration will be paid upon expiration of the defect liability period.

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

As a 65.85% owned subsidiary of Communications Group, Zhejiang Information is fully aware of the Company's business and operating needs, and maintains effective communication to provide more quality services to the Company. Zhejiang Information has the relevant qualifications and expertise to provide information technology products research and development services and expressway mechanical and electrical engineering services to the Company. The transactions contemplated under the Agreements are and will be conducted in the ordinary and usual course of business of the Company, and the consideration paid by the Company to Zhejiang Information 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 Agreements are on normal commercial terms, in the ordinary and usual course of business of the Company and are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

## **INFORMATION OF 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 is also engaged in expressway-related development and operation, as well as securities business.

Zhejiang Information is a 65.85% owned subsidiary of Communications Group which is established under the laws of the PRC. Zhejiang Information is principally engaged in research and development, manufacturing and sales of intelligent transportation and information technology products, road tolling, communication and surveillance systems, provision of technical advisory services for electrical and mechanical systems of tunnels, professional technical support services and engineering, procurement and construction services.

## **LISTING RULE IMPLICATIONS**

As at the date of this announcement, Communications Group is a controlling shareholder of the Company. Zhejiang Information is a 65.85% owned subsidiary of Communications Group. Therefore, Zhejiang Information is a connected person of the Company and as a result, the transactions contemplated under the Agreements 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 Agreements and the Previous Transactions were entered into or completed within a 12-month period with Zhejiang Information, a connected person of the Company, the transactions contemplated under the Agreements and the Previous Transactions are required to be aggregated for the calculation of the relevant percentage ratios to determine the classification of the transactions.

As the applicable percentage ratios in respect of the transactions contemplated under the Agreements, after aggregating with the Previous Transactions, are more than 0.1% but less than 5%, the 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.

Mr. Yu Zhihong, Mr. Dai Benmeng, Mr. Yuan Yingjie and Mr. Fan Ye, being Directors, are deemed to have material interests in the Agreement 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 Agreements, and none are required to abstain from voting on the relevant Board resolutions.

## **DEFINITIONS**

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

|                                                                           |                                                                                                                                                                                                                                 |
|---------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| “Agreement for Removal of Expressway Toll Stations at Provincial Borders” | the agreement dated September 12, 2019 entered into between the Company and its relevant subsidiaries and Zhejiang Information in relation to provision of toll station construction, improvement and network security services |
| “Board”                                                                   | the board of Directors of the Company                                                                                                                                                                                           |
| “Communications Group”                                                    | 浙江省交通投資集團有限公司 (Zhejiang Communications Investment Group Co., Ltd.*), a wholly State-owned 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                                                                                                                                                                          |
| “controlling shareholder”                                                 | has the meaning ascribed to it under the Listing Rules                                                                                                                                                                          |

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|-------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| “Director(s)”           | the director(s) of the Company                                                                                                                                                                                                                                                                                                                                                                                                                                   |
| “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 primarily 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                                                                                                                                                                                                                                                                                                                            |
| “percentage ratio”      | has the meaning ascribed to it under Rule 14.04(8) 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 Agreements between or among the Company and its relevant subsidiaries and Zhejiang Information in relation to information technology services and mechanical and electrical engineering services. For details, please refer to the announcements issued by the Company dated September 12, 2019, November 29, 2019, March 16, 2020 and October 14, 2020 respectively. |
| “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                                                                                                                                                                                                                                                                                                                                                                                                           |

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|-------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| “Supplemental Agreement”                  | the supplemental agreement dated December 16, 2020 entered into between the Company and its relevant subsidiaries and Zhejiang Information to increase the work scope and service fee under the Agreement for Removal of Expressway Toll Stations at Provincial Borders                                                                                                           |
| “Video Cloud Platform Services Agreement” | the service agreement dated December 16, 2020 entered into between the Company and its relevant subsidiaries and Zhejiang Information in relation to the construction of video cloud platforms in accordance with the relevant regulatory requirement and the corresponding supporting services like trial run, equipment maintenance, internet security and software development |
| “Zhejiang Information”                    | 浙江高速信息工程技術有限公司 (Zhejiang Expressway Information Engineering Technology Co., Ltd*), a limited company established in the PRC and a 65.85% owned subsidiary of Communications Group                                                                                                                                                                                                 |
| “%”                                       | per cent                                                                                                                                                                                                                                                                                                                                                                          |

\* For identification purposes only.

On behalf of the Board  
**Zhejiang Expressway Co., Ltd.**  
**YU Zhihong**  
*Chairman*

Hangzhou, the PRC, December 16, 2020

*As at the date of this announcement, the Chairman of the Company is Mr. YU Zhihong; the executive Directors of the Company are: Mr. CHEN Ninghui and Ms. LUO Jianhu; the non-executive Directors of the Company are: Mr. DAI Benmeng, Mr. YUAN Yingjie and Mr. FAN Ye; and the independent non-executive Directors of the Company are: Mr. PEI Ker-Wei, Ms. LEE Wai Tsang, Rosa and Mr. CHEN Bin.*