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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 TRANSACTION
THE PROJECT DESIGN CONTRACT WITH ZJIC

THE PROJECT DESIGN CONTRACT

On February 17, 2022, the information center of the Company (a branch office of the Company) entered into the Project Design Contract with ZJIC, pursuant to which the information center of the Company agreed to engage ZJIC for the provision of various services in relation to phase II of the designing project for the intelligent upgrade and transformation of the Shanghai-Hangzhou-Ningbo 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 transaction contemplated under the Project Design Contract constitutes a connected transaction for the Company under Chapter 14A of the Listing Rules.

Pursuant to Rules 14A.81 and 14A.82 of the Listing Rules, as the transaction contemplated under the Project Design Contract and the Previous Transactions were entered into or completed within a 12-month period with ZJIC, a connected person of the Company, the transaction contemplated under the Project Design Contract and the Previous Transactions are required to be aggregated for the calculation of the relevant percentage ratios to determine the classification of the transaction contemplated under the Project Design Contract.

As the highest applicable percentage ratio calculated pursuant to the Listing Rules in respect of the transaction contemplated under the Project Design Contract, after aggregating with the Previous Transactions, is more than 0.1% but less than 5%, the Project Design Contract is subject to the reporting, announcement and annual review requirements but exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

THE PROJECT DESIGN CONTRACT

Introduction

On February 17, 2022, the information center of the Company (a branch office of the Company) entered into the Project Design Contract with ZJIC, pursuant to which the information center of the Company agreed to engage ZJIC for the provision of various services in relation to phase II of the designing project for the intelligent upgrade and transformation of the Shanghai-Hangzhou-Ningbo Expressway.

Principal Terms of the Project Design Contract

Date: February 17, 2022

Parties: (a) the information center of the Company; and
(b) ZJIC

Subject matters: With respect to the intelligent upgrade and transformation of the Shanghai-Hangzhou-Ningbo Expressway, ZJIC agreed to collect and analyse basic information, perform on-site surveying, prepare budget documents, designing plan, construction drawing design documents, bill of quantities for the construction tendering of the project and compilation of exclusive technical specifications, provide follow-up services and conduct relevant scientific and technological research as well as keynote report in respect of phase II of the designing project for the intelligent upgrade and transformation of the Shanghai-Hangzhou-Ningbo Expressway.

Term: one year from the date of the Project Design Contract

Consideration and basis of consideration: RMB4,997,910

The consideration under the Project Design Contract was determined by public tender procedures, in which, other than ZJIC, there were three other bidders who are independent third party service providers participated. The factors for assessment included, but were not limited to, offer price, enterprise credit, business performance, understanding of the tendered designing project, acknowledge and strategy of key technologies, bill of quantities for designing projects and timeline proposal, quality assurance, service assurance, cost control, technical solutions and advice. According to the evaluation of the assessment committee on December 21, 2021, ZJIC successfully obtained the highest overall score among all the bidders, and therefore won the above tender.

Terms of payment: First instalment: up to 70% of the consideration shall be paid to ZJIC upon its delivery of the examined and approved construction drawing design documents within terms of the Project Design Contract and upon the confirmation of the information center of the Company that relevant technical indicators are satisfactory.

Second instalment: the remaining 30% of the consideration shall be paid to ZJIC upon acceptance of the project.

REASONS FOR AND BENEFITS OF THE PROJECT DESIGN CONTRACT

Upon completion, with the objective of a sustainable development and operation of Shanghai-Hangzhou-Ningbo Expressway, the project will effectively improve the efficiency of data collection, processing and statistical analysis in operation and management of Shanghai-Hangzhou-Ningbo Expressway, reduce operation costs and management costs; efficiently prevent the occurrence of accidents and lower the probability of congestion on Shanghai-Hangzhou-Ningbo Expressway and accelerate the response time and improve efficiency of emergency handling of traffic accidents and incidents.

In view of the fact that ZJIC has significant extensive experience in intelligent transportation surveying and design, ZJIC stood out in the tender review process for its qualifications and expertise to provide the design service required for the intelligent upgrade and transformation of the Shanghai-Hangzhou-Ningbo Expressway. 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 intelligent expressways and maintains effective communication to provide quality surveying and design services to the Company. The transaction contemplated under the Project Design Contract is and will be conducted in the ordinary and usual course of business of the Company, and the consideration paid by the Company 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 Company 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 resolution, are of the view that the terms of the Project Design Contract 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 also carries on certain other businesses such as securities brokerage, investment banking, asset management, margin financing and securities lending through Zheshang Securities Co., Ltd..

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 RULE 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 transaction contemplated under the Project Design Contract constitutes a connected transaction for the Company under Chapter 14A of the Listing Rules.

Pursuant to Rules 14A.81 and 14A.82 of the Listing Rules, as the transaction contemplated under the Project Design Contract 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 Design Contract and the Previous Transactions are required to be aggregated for the calculation of the relevant percentage ratios to determine the classification of the transaction contemplated under the Project Design Contract.

As the highest applicable percentage ratio calculated pursuant to the Listing Rules in respect of the transaction contemplated under the Project Design Contract, after aggregating with the Previous Transactions, is more than 0.1% but less than 5%, the Project Design Contract is 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. Jin Chaoyang, Mr. Fan Ye and Mr. Huang Jianzhang, being Directors, are deemed to have material interests in the Project Design Contract 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 Directors have a material interest in the transaction contemplated under the Project Design Contract, and none are 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 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
“Directors(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 Project Design Contract between or among the Company and its relevant subsidiaries and ZJIC in relation to survey and designing services.
“Project Design Contract”	the project design contract dated February 17, 2022 entered into between the information center of the Company (a branch office of the Company) and ZJIC, pursuant to which the information center of the Company agreed to engage ZJIC for the provision of various services in relation to phase II of the designing project for the intelligent upgrade and transformation of the Shanghai-Hangzhou-Ningbo Expressway
“RMB”	Renminbi, the lawful currency of the PRC
“Shareholder(s)”	holder(s) of the share(s) of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary(ies)”	has the meaning ascribed to it under the Listing Rules
“ZJIC”	Zhejiang Institute of Communications Co., Ltd.* (浙江數智交院科技股份有限公司) a limited company established in the PRC and a 55.08% 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, February 17, 2022

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 Mr. YUAN Yingjie; the other non-executive Directors of the Company are: Mr. JIN Chaoyang, 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.