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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)

**(1) CONNECTED TRANSACTIONS
THE PROJECT CONSTRUCTION AGREEMENTS; AND
(2) SUPPLEMENTAL ANNOUNCEMENT
IN RELATION TO THE PROJECT CONTRACTS WITH ZJIC**

THE PROJECT CONSTRUCTION AGREEMENTS

On July 15, 2022 (after trading hours), the Company entered into the Project Construction Agreements with Zhejiang Information and Qiantong Zhilian, pursuant to which the Company agreed to engage Zhejiang Information and Qiantong Zhilian for the provision of mechanical and electrical engineering services in relation to phase II of the construction 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. 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 Project Construction 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 Project Construction 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 Project Construction 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 Project Construction Agreements.

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

THE PROJECT CONSTRUCTION AGREEMENTS

On July 15, 2022 (after trading hours), the Company entered into the Project Construction Agreements with Zhejiang Information and Qiantong Zhilian, pursuant to which the Company agreed to engage Zhejiang Information and Qiantong Zhilian for the provision of mechanical and electrical engineering services in relation to phase II of the construction project for the intelligent upgrade and transformation of the Shanghai-Hangzhou-Ningbo Expressway.

Principal terms of the Project Construction Agreements are summarized as below:

Date: July 15, 2022 (after trading hours)

Parties:

- (1) the Company as owner; and
- (2) Zhejiang Information and Qiantong Zhilian as contractors

Scope of services: With respect to the intelligent upgrade and transformation project of the Shanghai-Hangzhou-Ningbo Expressway, Zhejiang Information and Qiantong Zhilian as consortium agreed to provide construction, procurement and installation services, mainly including: 9 km radar-video integrated device for Guali-Hongken Section, video monitoring system and lane separation variable information board construction for Hongken-Guzhu Section, bayonet antenna for the other sections, video structured system, application system, expressway cloud platform expansion and other software project construction.

Term: All the construction work shall complete within three months, followed by a trial operation period of three months and a defect liability period of 24 months.

Service Fees: The total service fees payable by the Company under the Project Construction Agreements will be RMB53,518,608, out of which RMB32,077,869 will be payable to Zhejiang Information, a connected person of the Company. Payments under the Project Construction Agreements will be made by the information center and the relevant management offices of the Company respectively.

Basis of Services Fees: The service fees were determined as a result of public tender. Other than Zhejiang Information and Qiantong Zhilian as consortium, there were four other service providers who are independent service providers who had made a bid.

The factors for assessment included, but were not limited to the tender price, enterprise credit, business performance, the overall intelligent upgrade design proposal, the research and development capability of intelligent expressway system, the reasonableness of the construction proposal, construction quality management system, construction period assurance measures, design construction workload and planning and etc.

According to the evaluation of the assessment committee, Zhejiang Information and Qiantong Zhilian as consortium successfully obtained the highest overall score among all the service providers, and therefore won the above tender.

Terms of payment: The amount of service fees to be paid by the information center of the Company, being RMB4,511,217, is payable by installments as follows:

- a) 10% to be paid upon signing the agreement and receiving the performance guarantee from the consortium;
- b) up to 70% shall be made within 15 working days after the acceptance upon completion of the project;
- c) up to 97% shall be made within 15 working days after the final acceptance upon delivery of the project; and
- d) the remaining 3% shall be paid upon the expiry of the defect liability period and remediation of all issues during the defect liability period.

The amount of service fees to be paid by the relevant management offices of the Company, being RMB27,566,652, is payable by installments as follows:

- a) 20% to be paid upon receiving the advance payment guarantee;
- b) up to 85% shall be made after the acceptance upon completion of the project;
- c) up to 98.5% shall be made after the final acceptance upon delivery of the project; and
- d) the remaining 1.5% shall be paid upon the expiry of the defect liability period and remediation of all issues during the defect liability period.

REASONS FOR AND BENEFITS OF THE PROJECT CONSTRUCTION AGREEMENTS

Zhejiang Information is fully aware of the Company's business and operating needs, and maintains effective communication to provide higher quality services to the Company. Zhejiang Information has the relevant qualifications and expertise to provide expressway mechanical and electrical engineering services to the Company. The service fees paid by the Company to Zhejiang Information under the Project Construction Agreements will not be higher than the average market price and will not be less favourable 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 resolutions, are of the view that the terms of the Project Construction Agreements are on normal commercial terms, 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 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 the 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.

Qiantong Zhilian is a company established in the PRC and is an Independent Third Party as at the date of this announcement. It is principally engaged in providing systematic solutions in the field of intelligent transportation. To the best of the Directors' knowledge, information and belief having made all reasonable enquiry, Qiantong Zhilian is a third party independent of the Company and its connected persons.

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 Project Construction 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 Project Construction 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 Project Construction 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 Project Construction Agreements.

The Previous Transactions refer to a total of three transactions entered into within a 12-month period prior to the date of this announcement between the Group and Zhejiang Information in relation to the provision of information technology services and mechanical and electrical engineering services, which consist of the Expressway Mechanical and Electrical System Maintenance Agreements (as defined and disclosed in the announcement of the Company dated May 31, 2021) and two other transactions conducted in May and June 2022. The said two other transactions were below the de minimis thresholds and were 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 this announcement. The key terms of those two other transactions, such as nature of transaction, basis of consideration and terms of payment, largely resemble those of the Project Construction Agreements. The Previous Transactions primarily relate to the provision of information technology services and mechanical and electrical engineering services by Zhejiang Information to the Group. The individual consideration payable by the Group ranges from approximately RMB900,000 to RMB7,745,000 and the aggregate amount of the consideration payable by the Group to Zhejiang Information for the Previous Transactions amounts to approximately RMB13,645,000.

As the highest applicable percentage ratio calculated pursuant to the Listing Rules in respect of the transactions contemplated under the Project Construction Agreements, after aggregating with the Previous Transactions, is more than 0.1% but less than 5%, the Project Construction Agreements are subject to the reporting and announcement 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 are currently employed by the Communications Group, they have abstained from voting at the board meeting at which the Project Construction Agreements were considered and approved. Save for Mr. Yu Zhihong, Mr. Jin Chaoyang, Mr. Fan Ye and Mr. Huang Jianzhang, none of the Directors has any material interest in the Project Construction Agreements or is required to abstain from voting on the relevant Board resolutions to approve the same.

FURTHER INFORMATION IN RESPECT OF THE PROJECT CONTRACTS WITH ZJIC

Reference is made to the announcement of the Company dated June 30, 2022 (the "**Project Contracts Announcement**") in relation to the entering of the Project Contracts (as defined in the Project Contracts Announcement) with ZJIC.

As disclosed in the Project Contracts Announcement, pursuant to Rules 14A.81 and 14A.82 of the Listing Rules, as the transactions contemplated under the Project Contracts and the ZJIC 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 ZJIC 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 Board wishes to provide the Shareholders and potential investors of the Company with additional information in relation to the ZJIC Previous Transactions as follows:

The ZJIC Previous Transactions refer to a total of 16 transactions entered into or completed within a 12-month period prior to the date of the Project Contracts Announcement between or among the Group and ZJIC in relation to provision of survey and designing services, which consist of 13 transactions entered into before the Project Design Contract (as defined in the announcement of the Company dated February 17, 2022 (the "**February Announcement**")), the Project Design Contract and two other transactions conducted in May 2022 (the "**May Transactions**"). The said 13 transactions and the May Transactions were below the de minimis thresholds and were 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 February Announcement and the Project Contracts Announcement, respectively.

The key terms of the ZJIC Previous Transactions, such as nature of transaction, basis of consideration and terms of payment, largely resemble those of the Project Contracts. The ZJIC Previous Transactions primarily relate to the survey and designing services provided by ZJIC to the Group, including conducting capacity expansion research and design, upgrading the mechanical, electrical and other systems and conducting expressway construction and alteration design. The individual consideration payable by the Group to ZJIC for the Previous Transactions ranges from approximately RMB56,700 to RMB4,998,000 and the aggregate amount of consideration payable by the Group to ZJIC for the ZJIC Previous Transactions amounts to approximately RMB15,401,000.

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
“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 Stock Exchange and traded in Hong Kong dollars since May 15, 1997
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC

“Independent Third Party(ies)”	person(s) who, to the best of the Directors’ knowledge, information and belief having made all reasonable enquiry, is not a connected person of the Company pursuant to the Listing Rules
“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
“Previous Transactions”	the agreements entered into or completed within a 12-month period prior to the date of the Project Construction Agreements between or among the Group and Zhejiang Information in relation to information technology services and mechanical and electrical engineering services
“Project Construction Agreements”	the project construction agreements dated July 15, 2022 entered into between the Company, Zhejiang Information and Qiantong Zhilian, pursuant to which the Company agreed to engage Zhejiang Information and Qiantong Zhilian for the provision of mechanical and electrical engineering services in relation to phase II of the intelligent upgrade and transformation project of the construction project for the Shanghai-Hangzhou-Ningbo Expressway
“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
“Qiantong Zhilian”	Guizhou Qiantong Zhilian Technology Co., Ltd.* (貴州黔通智聯科技股份有限公司), a company established in the PRC and an Independent Third Party
“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

“Zhejiang Information”	Zhejiang High-speed Information Engineering Technology Ltd.* (浙江高信技術股份有限公司), formerly known as Zhejiang Expressway Information Engineering Technology Co., Ltd* (浙江高速信息工程技術有限公司), a company established in the PRC and a 65.85% owned subsidiary of Communications Group
“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
“ZJIC Previous Transactions”	the agreements entered into or completed within a 12-month period prior to the date of the Project Contracts (as defined in the announcement of the Company dated June 30, 2022) between or among the Company and its relevant subsidiaries and ZJIC in relation to various survey and designing services
“%”	per cent

* For identifications only.

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

Hangzhou, the PRC, July 15, 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.