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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) ANNOUNCEMENT
CONNECTED TRANSACTIONS WITH ZHEJIANG INFORMATION
AND
(2) SUPPLEMENTAL ANNOUNCEMENT TO THE CONTINUING
CONNECTED TRANSACTIONS
ENTRUSTED MANAGEMENT AGREEMENTS

(1) CONNECTED TRANSACTIONS WITH ZHEJIANG INFORMATION

Scenario Planning System Construction Agreement

On December 8, 2022 (after trading hours), the information center of the Company (a branch office of the Company) entered into the Scenario Planning System Construction Agreement with Zhejiang Information, pursuant to which Zhejiang Information will provide structured solutions based on the traffic incident response plans and the intelligent scenario system in relation to 48-kilometer Hongken-Guzhu Section of G92 Hangzhou Bay Ring Expressway to achieve precise match between actual traffic incidents and planned incident scenario so as to improve the traffic incident forecasting accuracy, formulate traffic management strategy and proposal and realize the implementation of ATM equipment management and control policies, as part of the Company's intelligent expressway improvement project.

Expressway Intelligent Toll Stations Construction Agreement

On December 8, 2022 (after trading hours), the Company and its relevant subsidiaries entered into the Expressway Intelligent Toll Stations Construction Agreements with Zhejiang Information, pursuant to which the Company and its relevant subsidiaries agreed to engage Zhejiang Information for the intelligent upgrade of toll stations and construction of automatic toll collection lanes.

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.

(2) SUPPLEMENTAL ANNOUNCEMENT TO THE CONTINUING CONNECTED TRANSACTIONS IN RELATION TO THE ENTRUSTED MANAGEMENT AGREEMENTS

Reference is made to the Announcement. Unless otherwise stated, terms used in this announcement shall have the same meanings as those defined in the Announcement. This supplemental announcement is made to provide supplemental information on the pricing policies of the Entrusted Management Agreements.

The percentage of proportion in determining the entrusted management service fees is 50% each with regard to the length of the relevant expressway to be managed by the Company and the toll revenue derived therefrom, respectively. The entrusted management fees are determined after arm's length negotiations between the parties with reference to the Company's operation and management experience of toll expressways and estimation of potential revenue, cost and expenses arising from operation and management of Zhoudai Bridge, Fuchimen Bridge and the North Connection of Qianjiang Channel.

(1) CONNECTED TRANSACTIONS WITH ZHEJIANG INFORMATION

Introduction

On December 8, 2022 (after trading hours), the Company and its relevant subsidiaries entered into (1) the Scenario Planning System Construction Agreement and (2) the Expressway Intelligent Toll Stations Construction Agreement with Zhejiang Information pursuant to which Zhejiang Information will be engaged to provide structured solutions based on the traffic incident response plans and the intelligent scenario system and intelligent upgrade of toll stations and automatic toll collection lanes construction services, respectively.

Principal terms of the Agreements are summarized as below:

Scenario Planning System Construction Agreement

- Date:** December 8, 2022 (after trading hours)
- Parties:** (1) the information center of the Company (a branch office of the Company); and
(2) Zhejiang Information
- Scope of services:** As part of the Company’s intelligent expressway improvement project in relation to 48-kilometer of Hongken-Guzhu Section of G92 Hangzhou Bay Ring Expressway, Zhejiang Information agreed to provide structured solutions based on the traffic incident response plans and the intelligent scenario system to:
- (1) *in relation to scenario planning system:* structuralize the prediction analysis and scenario system for expressway traffic;
 - (2) *in relation to management and control strategy:* pair up traffic incidents with the scenario system in order to formulate proposal for traffic management; and
 - (3) *in relation to implementation strategy:* realize the implementation of ATM equipment management and control policies.
- Term:** The 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 information center of the Company under the Scenario Planning System Construction Agreement will be RMB3,760,000.

Basis of Services Fees:

The service fees were determined as a result of public tender. Other than Zhejiang Information there were two other independent third party service providers who participated in the public tender.

The factors for assessment included, without limitation to, qualifications and experience of the tenderer; awareness of the project; tenderer's proposal on technical services; tenderer's continuity of business, measures in tackling the critical and difficult issues of the project, implementation plan, the team structure of technicians, platform deployment, and the collaboration with hardware manufactures etc; the plans, objectives and types of trainings for the project; after-sale service arrangements for the project, proposed service commitments and guarantee measures; and the tender price as well.

According to the evaluation of the assessment committee, Zhejiang Information 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 RMB3,760,000, is payable by installments as follows:

- a) 10% shall be made upon commencement of work;
- b) up to 70% shall be made upon project completion acceptance procedure;
- c) up to 97% shall be made upon the delivery of the project following the final acceptance inspection; 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.

Expressway Intelligent Toll Stations Construction Agreement

- Date:** December 8, 2022 (after trading hours)
- Parties:**
- (1) the Company and its subsidiaries; and
 - (2) Zhejiang Information
- Scope of services:**
- In order to further enhance the intelligence level of the Company's toll stations and to ensure utilization of staffing, the Company and its subsidiaries intend to engage Zhejiang Information for the following services:
- (1) intelligent upgrade of the seven toll stations operated by the Group, namely Xiaoshan, Hangzhou, Lin'an, Ningbo, Majiabang, Zhoushan, Fucun toll stations; and
 - (2) construction of 16 automatic toll collection lanes along the G56 Hanghui Expressway.
- The main constructions consist of software and hardware transformation of the toll collection systems; increase of automatic card issuance or payment facilities along the manual toll collection (MTC) lanes; implementation of mature technology for the mobile toll collection pad and the free-flow tolling system for the exit ramp; and installation of comprehensive booths.
- Term:** The work shall complete within two 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 and its subsidiaries under the Expressway Intelligent Toll Stations Construction Agreement will be RMB25,596,049.67.
- Basis of Services Fees:** The service fees were determined as a result of public tender. Other than Zhejiang Information there were two other independent third party service providers who participated in the public tender.

The factors for assessment included, without limitation to, tendere's qualifications, reputation, experience and level of technical competency; the compatibility and suitability of the tender proposal, reasonableness of the construction proposal, construction period assurance measures; and the after-sale service proposal, as well as the tender price.

According to the evaluation of the assessment committee, Zhejiang Information 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 Company and its subsidiaries, being RMB25,596,049.67, is payable by installments as follows:

- a) 15% shall be made upon commencement of work;
- b) up to 80% shall be made upon project completion acceptance procedure;
- c) up to 98.5% shall be made upon delivery of the project following the final acceptance inspection; and
- d) the remaining 1.5% shall be paid upon the expiry of the defect liability period.

Reasons for and Benefits of the Agreements

As a 65.85% non-wholly 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 to and carry out intelligent expressway construction projects for 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 Group 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.

In light of 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 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 Communications Group is also engaged in expressway-related development and operation, as well as securities business.

Zhejiang Information is a 65.85% non-wholly owned subsidiary of Communications Group which is established under the laws of the PRC. Zhejiang Information is principally engaged in development of traffic mechanical and electrical system integration, consulting services of information technology, designing, development, construction and sales of traffic safety facilities, information engineering services and designing, development and sales of traffic supporting systems.

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.

The Previous Transactions refer to a total of four 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), the Project Construction Agreements (as defined and disclosed in the announcement of the Company dated July 15, 2022) 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 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 RMB900,000 to RMB32,077,869 and the aggregate amount of the consideration payable by the Group to Zhejiang Information for the Previous Transactions amounts to approximately RMB45,723,323.

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. Yuan Yingjie, Mr. Jin Chaoyang, Mr. Fan Ye and Mr. Huang Jianzhang, being Directors, are deemed to have material interests in the Agreements 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 transactions contemplated under the Agreements, and none are required to abstain from voting on the relevant Board resolution.

(2) SUPPLEMENTAL ANNOUNCEMENT TO THE CONTINUING CONNECTED TRANSACTIONS ENTRUSTED MANAGEMENT AGREEMENTS

Reference is made to the Announcement headed “Continuing Connected Transactions Entrusted Management Agreements” dated September 21, 2022. Unless otherwise stated, terms used in this announcement shall have the same meanings as those defined in the Announcement.

This supplemental announcement is made to provide supplemental information on the pricing policies of the Entrusted Managements Agreements.

The percentage of proportion in determining the entrusted management service fees is 50% each with regard to the length of the relevant expressway to be managed by the Company and the toll revenue derived therefrom, respectively. The entrusted management fees are determined after arm’s length negotiations between the parties with reference to the Company’s operation and management experience of toll expressways and estimation of potential revenue, cost and expenses arising from operation and management of Zhoudai Bridge, Fuchimen Bridge and the North Connection of Qianjiang Channel.

DEFINITIONS

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

“Announcement”	the announcement headed “Continuing Connected Transactions Entrusted Management Agreements” of the Company dated September 21, 2022
“Agreements”	collectively, the Scenario Planning System Construction Agreement and the Expressway Intelligent Toll Stations Construction Agreement
“ATM”	Asynchronous Transfer Mode, a key technique that materializes B-ISDN operation. ATM is a group switching and copying technique based on cell unit. It is a connection-oriented transmission mode designed to support various businesses
“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 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
“Expressway Intelligent Toll Stations Construction Agreement”	the agreement dated December 8, 2022 entered into between the Company and its relevant subsidiaries and Zhejiang Information in relation to the implementation of intelligent toll stations and construction of automatic toll collection lanes
“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”	a series of agreements entered into or completed within a 12-month period prior to the date of the Agreements between or among the Group and Zhejiang Information in relation to information technology services and mechanical and electrical engineering services for expressways
“Scenario Planning System Construction Agreement”	the agreement dated December 8, 2022 entered into between the information center of the Company and Zhejiang Information, pursuant to which Zhejiang Information will be engaged to provide structured solutions based on the traffic incident response plans and the intelligent scenario system
“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
“%”	per cent

* For identification purposes only.

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

Hangzhou, the PRC, December 8, 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 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.