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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)

CONTINUING CONNECTED TRANSACTIONS THE DAILY ROAD MAINTENANCE AGREEMENTS

THE DAILY ROAD MAINTENANCE AGREEMENTS

The Daily Road Maintenance Agreements (First to Third Contract Sections)

On January 10, 2023 (after trading hours), the Company and its various subsidiaries entered into a series of Daily Road Maintenance Agreements (First to Third Contract Sections) with Maintenance Co, Jiaogong Maintenance and Zhejiang Shunchang, respectively, pursuant to which, each of Maintenance Co, Jiaogong Maintenance and Zhejiang Shunchang agreed to undertake the daily road maintenance projects in respect of the relevant expressway as specified therein operated by the Group, respectively.

The Daily Road Maintenance Agreement (Fourth Contract Section)

On January 10, 2023 (after trading hours), LongLiLiLong Co entered into the Daily Road Maintenance Agreement (Fourth Contract Section) with Zhejiang Shunchang, pursuant to which, Zhejiang Shunchang agreed to undertake the daily road maintenance projects in respect of the relevant expressway as specified therein owned by the Group.

LISTING RULES IMPLICATIONS

As at the date of this announcement, Communications Group is a controlling shareholder (as defined under the Listing Rules) of the Company, holding approximately 67% of the issued share capital of the Company, and each of Maintenance Co, Zhejiang Shunchang and Jiaogong Maintenance is an indirect subsidiary of Communications Group. Therefore, each of Maintenance Co, Zhejiang Shunchang and Jiaogong Maintenance is a connected person of the Company and as a result, the respective transactions contemplated under the Daily Road Maintenance Agreements constitute continuing connected transactions for the Company under Chapter 14A of the Listing Rules.

As the applicable percentage ratios in respect of the aggregated annual cap for transactions contemplated under the Daily Road Maintenance Agreements are more than 0.1% but less than 5%, the transactions contemplated under the Daily Road Maintenance 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.

THE DAILY ROAD MAINTENANCE AGREEMENTS

The Daily Road Maintenance Agreements (First to Third Contract Sections)

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Principal terms of the Daily Road Maintenance Agreements (First to Third Contract Sections) are summarised as below:

Date: January 10, 2023

Parties: *In relation to Daily Road Maintenance Agreements for the First Contract Section:-*

- (i) the Company and its various subsidiaries; and
- (ii) Maintenance Co

In relation to Daily Road Maintenance Agreements for the Second Contract Section:-

- (i) the Company and its various subsidiaries; and
- (ii) Zhejiang Shunchang

In relation to Daily Road Maintenance Agreements for the Third Contract Section:-

- (i) the Company and its various subsidiaries; and
- (ii) Jiaogong Maintenance

Term: Three years ending December 31, 2025

Subject Matter:

Each of Maintenance Co, Zhejiang Shunchang and Jiaogong Maintenance agreed to provide maintenance services of daily road patrol, regular inspection of bridges, tunnels, culverts and slopes, road surface cleaning and maintenance, greening and trimming, roadbed maintenance, safety facility maintenance, repair of road damage caused by traffic accident, and daily maintenance of bridges, tunnels and culverts to the following expressways as specified in the Daily Road Maintenance Agreements (First to Third Contract Sections), respectively:-

- (i) Jiaxing Section and Hangzhou Section of Shanghai-Hangzhou-Ningbo Expressway, Jiaxing Section of Zhajiasu Expressway, Hanghui Expressway and Huihang Expressway (the “**First Contract Section**”);
- (ii) Shaoxing Section of Hangzhou-Ningbo Expressway, Shangsheng Section and Xintian Section of Shangsang Expressway and Jinhua Section of Ningbo-Jinhua Expressway (the “**Second Contract Section**”); and
- (iii) Ningbo Section of Hangzhou-Ningbo Expressway and Ningbo-Zhoushan Expressway (the “**Third Contract Section**”, collectively the “**First to Third Contract Sections**”).

Service Fees:

In relation to the First Contract Section:-
The total annual service fees payable by the Group to Maintenance Co for the maintenance services provided to the relevant expressway shall be RMB55,324,620, which amount to RMB165,973,860 from 2023 to 2025.

In relation to the Second Contract Section:-
The total annual service fees payable by the Group to Zhejiang Shunchang for the maintenance services provided to the relevant expressway shall be RMB53,077,067, which amount to RMB159,231,201 from 2023 to 2025.

In relation to the Third Contract Section:-
The total annual service fees payable by the Group to Jiaogong Maintenance for the maintenance services provided to the relevant expressway shall be RMB25,483,595, which amount to RMB76,450,785 from 2023 to 2025.

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

Other than Maintenance Co, Zhejiang Shunchang and Jiaogong Maintenance, there were three other independent service providers which made a bid for the provision of maintenance services for each of the First to Third Contract Sections. The tender evaluation committee took into account the following when making its decisions (including, but not limited to):

- (i) the tender price;
- (ii) the service provider's overall construction plans, the reasonableness and feasibility of the construction proposal, construction methods and technical measures of major construction projects;
- (iii) the service provider's safety construction management, emergency plan in the event of accidents, system for ensuring smooth traffic and safety guarantee measures;
- (iv) the quality and duration assurance measures;
- (v) the qualifications and experience of the service provider's project manager and chief engineer;
- (vi) the allocation of major equipment; and
- (vii) the service provider's past performance records and credibility.

According to the assessment made by the tender evaluation committee on December 2, 2022, each of Maintenance Co, Zhejiang Shunchang and Jiaogong Maintenance obtained the highest overall score among all the bidders for each of the First to Third Contract Sections, and therefore won the above tenders.

Terms of Payment: Payment will be made by the Group based on the actual maintenance services provided by each of Maintenance Co, Zhejiang Shunchang and Jiaogong Maintenance, respectively, pursuant to the respective Daily Road Maintenance Agreements (First to Third Contract Sections) on a quarterly basis.

Governing Law: The laws of the PRC.

The Daily Road Maintenance Agreement (Fourth Contract Section)

On January 10, 2023 (after trading hours), LongLiLiLong Co entered into the Daily Road Maintenance Agreement (Fourth Contract Section) with Zhejiang Shunchang, pursuant to which, Zhejiang Shunchang agreed to undertake the daily road maintenance projects in respect of the relevant expressways specified therein owned by the Group.

Principal terms of the Daily Road Maintenance Agreement (Fourth Section) are summarised as below:

Date:	January 10, 2023
Parties:	(i) LongLiLiLong Co; and (ii) Zhejiang Shunchang
Term:	Three years ending December 31, 2025
Subject Matter:	Zhejiang Shunchang agreed to provide daily maintenance of roadbed, road surfaces, bridges and culverts, tunnels, greening, traffic safety facilities, including road inspections, minor repairs and maintenance, road production maintenance, emergency rescue and other daily maintenance services to Lishui Section and Quzhou Section of LongLi Expressway, and LiLong Expressway (the “ Fourth Contract Section ”).
Service Fees:	The total annual service fees payable by the Group to Zhejiang Shunchang for the maintenance services provided to the relevant expressway shall be RMB27,091,316, which amount to RMB81,273,948 from 2023 to 2025.
Basis of Service Fees:	The service fees were determined as a result of public tender. Other than Zhejiang Shunchang, there were three other independent service providers which made a bid for the provision of maintenance services for the Fourth Contract Section. The tender evaluation committee took into account the following when making its decisions (including, but not limited to): (i) the tender price; (ii) the service provider’s overall construction plans, the reasonableness and feasibility of the construction proposal, construction methods and technical measures of major construction projects;

- (iii) the service provider's safety construction management, emergency plan in the event of accidents, system for ensuring smooth traffic and safety guarantee measures;
- (iv) the quality and duration assurance measures;
- (v) the qualifications and experience of the service provider's project manager and chief engineer;
- (vi) the allocation of major equipment; and
- (vii) the service provider's past performance records and credibility.

According to the assessment made by the tender evaluation committee on October 13, 2022, Zhejiang Shunchang obtained the highest overall score among all the bidders for the Fourth Contract Section, and therefore won the above tenders.

Terms of Payment: Payment will be made by LongLiLiLong Co based on the actual Maintenance Services provided by Zhejiang Shunchang on a monthly basis.

Governing Law: The laws of the PRC.

PROPOSED ANNUAL CAP AND BASIS OF DETERMINATION

In accordance with Rule 14A.53 of the Listing Rules, the Company is required to set an annual cap on the total amount of the Daily Road Maintenance Agreements payable by the Group.

The proposed annual cap on the aggregate service fees of the Daily Road Maintenance Agreements (First to Third Contract Sections) for the each of the three years ending 31 December 2025 payable by the Company and its subsidiaries is RMB135,000,000 and the proposed annual cap on the aggregate service fees of the Daily Road Maintenance Agreement (Fourth Contract Section) for the each of the three years ending 31 December 2025 payable by LongLiLiLong Co is RMB28,000,000. Pursuant to Rules 14A.81 and 14A.82 of the Listing Rules, the transactions contemplated under the Daily Road Maintenance Agreements are required to be aggregated. In aggregate, the proposed annual cap of the Daily Road Maintenance Agreements payable by the Group for each of the three years ending 31 December 2025 is RMB163,000,000.

The proposed annual cap on the aggregate service fees of the Daily Road Maintenance Agreements is determined based on: (i) the historical maintenance cost incurred for the expressways operated by the Group; (ii) comparable prices available in the market; and (iii) the expected maintenance services required for the expressways under the Daily Road Maintenance Agreements from 2023 to 2025 taking into account of a reasonable buffer.

If the actual total annual amount of the service fees payable by the Group under the Daily Road Maintenance Agreements shall exceed the abovementioned annual cap, the Company will re-comply with all applicable requirements under the Listing Rules in due course.

REASONS FOR AND BENEFITS OF THE TRANSACTIONS

As subsidiaries of Communications Group, Maintenance Co, Zhejiang Shunchang and Jiaogong Maintenance fully understand the Group's business and operating needs, and maintain effective communication to provide more quality services to the Group. Each of Maintenance Co, Zhejiang Shunchang and Jiaogong Maintenance has the relevant qualifications and experience to provide the daily road maintenance services to the Group.

In addition, the Group went through a tender process and obtained the relevant quotations from other independent service providers to select the service providers of the road maintenance services. Maintenance Co, Zhejiang Shunchang and Jiaogong Maintenance finally won the respective tenders.

The transactions contemplated under the Daily Road Maintenance Agreements are and will be conducted in the ordinary and usual course of business of the Group, and the consideration payable by the Group to each of Maintenance Co, Jiaogong Maintenance and Zhejiang Shunchang, respectively, will not be higher than the average market price and will not be less favourable than those provided by other independent service providers to the Group for similar services.

Given the above, the Directors (including independent non-executive Directors) are of the opinion that the terms of the Daily Road Maintenance Agreements are on normal commercial terms, in the ordinary and usual course of business of the Group and are 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 also carries on certain other businesses such as securities brokerage, investment banking, asset management, margin financing and securities lending through Zheshang Securities Co., Ltd.

LongLiLiLong Co is a limited liability company established under the law of PRC on April 8, 2005. LongLiLiLong Co is principally engaged in the operation and management of toll collection business of the LongLiLiLong Expressways located in Zhejiang Province, the PRC, with a total length of 222.2 kilometres. As at the date of this announcement, LongLiLiLong Co is a wholly owned subsidiary of the Company.

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

Zhejiang Shunchang is a subsidiary of Communications Group which is established under the laws of the PRC on November 11, 2003. Zhejiang Shunchang is principally engaged in the construction of road projects and maintenance of toll road.

Jiaogong Maintenance is a subsidiary of Communications Group which is established under the laws of the PRC on January 18, 2006. Jiaogong Maintenance is principally engaged in the construction of road projects and maintenance of toll road.

LISTING RULES IMPLICATIONS

As at the date of this announcement, Communications Group is a controlling shareholder (as defined under the Listing Rules) of the Company, holding approximately 67% of the issued share capital of the Company, and each of Maintenance Co, Zhejiang Shunchang and Jiaogong Maintenance is an indirect subsidiary of Communications Group. Therefore, each of Maintenance Co, Zhejiang Shunchang and Jiaogong Maintenance is a connected person of the Company and as a result, the respective transactions contemplated under the Daily Road Maintenance Agreements constitute continuing connected transactions for the Company under Chapter 14A of the Listing Rules.

As the applicable percentage ratios in respect of the aggregated annual cap for transactions contemplated under the Daily Road Maintenance Agreements are more than 0.1% but less than 5%, the transactions contemplated under the Daily Road Maintenance 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. Fan Ye and Mr. Huang Jianzhang, being Directors, are deemed to have material interests in the Daily Road Maintenance Agreements 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 Daily Road Maintenance Agreements, and none are required to abstain from voting on the relevant resolutions of the Board.

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-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
“continuing connected transaction(s)”	has the meaning ascribed to it under the Listing Rules
“controlling shareholder”	has the meaning ascribed to it under the Listing Rules
“Daily Road Maintenance Agreements”	collectively, the Daily Road Maintenance Agreements (First to Third Contract Sections) and the Daily Road Maintenance Agreement (Fourth Contract Section)
“Daily Road Maintenance Agreements (First to Third Contract Sections)”	A series of daily road maintenance agreements dated January 10, 2023 (after trading hours) entered into by the Company and its various subsidiaries with each of Maintenance Co, Zhejiang Shunchang and Jiaogong Maintenance, respectively, in relation to the provision of maintenance services to the relevant expressways of each of the First to Third Contract Sections
“Daily Road Maintenance Agreement (Fourth Contract Section)”	A daily road maintenance agreements dated January 10, 2023 (after trading hours) entered into by LongLiLiLong Co with Zhejiang Shunchang in relation to the provision of maintenance services to the relevant expressways of the Fourth Contract Section
“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
“Jiaogong Maintenance”	Zhejiang Jiaogong High-grade Expressway Maintenance Co., Ltd.* (浙江交工高等級公路養護有限公司), a company established in the PRC and an indirect non-wholly owned subsidiary of Communications Group
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited, as amended, supplemented or otherwise modified from time to time
“LongLiLiLong Co”	Zhejiang LongLiLiLong Expressway Co., Ltd.* (浙江龍麗龍高速公路有限公司), a limited liability company established in the PRC and entirely owned by the Company as at the date of this announcement
“Maintenance Co”	Zhejiang Expressway Maintenance Co., Ltd.* (浙江滬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”	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
“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 Shunchang” Zhejiang Shunchang High-grade Expressway Maintenance Co., Ltd.* (浙江順暢高等級公路養護有限公司), a company established in the PRC and a non-wholly owned subsidiary of Communications Group

“%” per cent.

* For identification purposes only

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

Hangzhou, the PRC, January 10, 2023

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. 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. CHEN Bin.