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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)

**CONNECTED TRANSACTIONS
CONSTRUCTION AGREEMENTS FOR EXPANSION OF
SHENGZHOU SERVICE AREA AND JIAXING SERVICE AREA**

THE CONSTRUCTION AGREEMENTS

On April 18, 2023, Shangsán Co and Jiáxing Branch entered into the Construction Agreements, with Jiáogōng Underground Construction as the contractor. Pursuant to the Construction Agreements, Jiáogōng Underground Construction agreed to undertake the construction work for the expansion of Shengzhou Service Area and Jiáxing Service Area at the considerations of RMB71,203,199 and RMB53,385,933, respectively.

LISTING RULES IMPLICATIONS

As at the date of this announcement, Communications Group holds approximately 67% of the issued share capital of the Company and is therefore a controlling shareholder (as defined under the Listing Rules) of the Company.

As at the date of this announcement, Jiáogōng Underground Construction is an indirect non-wholly owned subsidiary of Communications Group, and is therefore a connected person of the Company. As a result, the transactions contemplated under the Construction Agreements constitute connected transactions for the Company under Chapter 14A of the Listing Rules.

Pursuant to Rule 14A.81 and Rule 14A.82 of the Listing Rules, as the respective transactions contemplated under the Construction Agreements and the Previous Transaction were entered into or completed within a 12-month period with Jiáogōng Underground Construction, a connected person of the Company, the transactions contemplated under the Construction Agreements and Previous Transaction are required to be aggregated for the calculation of the relevant percentage ratios to determine the classification of the transactions contemplated under the Construction Agreements.

As one or more of the applicable percentage ratios in respect of the transactions contemplated under the Construction Agreements, after aggregating with the Previous Transaction, is more than 0.1% but less than 5%, the transactions contemplated under the Construction 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.

THE CONSTRUCTION AGREEMENTS

On April 18, 2023, Shangsans Co and Jiaying Branch entered into the Construction Agreements with Jiaogong Underground Construction as the contractor. Pursuant to the Construction Agreements, Jiaogong Underground Construction agreed to undertake the construction work for the expansion of Shengzhou Service Area and Jiaying Service Area, respectively.

Principal terms of each of the Construction Agreements are summarised as below:

Date: April 18, 2023

Parties: (i) *in relation to Shengzhou Service Area Construction Agreement*

(a) Shangsans Co (as the property owner);

(b) Jiaogong Underground Construction (as the contractor); and

(c) Zhejiang Commercial (as the contracting party)

(ii) *in relation to Jiaying Service Area Construction Agreement*

(a) Jiaying Branch (as the property owner);

(b) Jiaogong Underground Construction (as the contractor); and

(c) Zhejiang Commercial (as the contracting party)

Zhejiang Commercial was entrusted by Shangsans Co and Jiaying Branch to handle the bidding, procurement and construction management matters relating to the expansion of Shengzhou Service Area of Shangsans Expressway and Jiaying Service Area of Shanghai-Hangzhou Expressway with nil payment required from Shangsans Co and Jiaying Branch.

Subject matters:

Jiaogong Underground Construction will undertake the construction work for the expansion of Shengzhou Service Area and Jiaxing Service Area, including but not limited to temporary works, traffic projects and roadside facilities, construction of service area houses, new ancillary facilities, new equipment, green construction and energy saving constructions, demolition of old buildings and ancillary facilities, site protection and drainage works, greening and environmental protection works, etc.

Term:

(i) *in relation to Shengzhou Service Area Construction Agreement:-*

All construction work shall be completed within 304 calendar days from the commencement date as instructed by the supervisor, followed by a defect liability period of two years.

(ii) *in relation to Jiaxing Service Area Construction Agreement:-*

All construction work shall be completed within 243 calendar days from the commencement date as instructed by the supervisor, followed by a defect liability period of two years.

Consideration:

The contract price in relation to Shengzhou Service Area Construction Agreement is RMB71,203,199.

The contract price in relation to Jiaxing Service Area Construction Agreement is RMB53,385,933.

Basis of consideration: The consideration under the Construction Agreements were determined by public tender procedures. Other than Jiaogong Underground Construction, there were 24 and 11 other bidders who are independent third party service providers participated in the public tender procedures for Shengzhou Service Area Construction Agreement and Jiaxing Service Area Construction Agreement, respectively. The tender evaluation committee took into account the following factors when arriving at their decision, including but not limited to:

- (i) construction plan and construction organization measures, quality assurance measures: construction organization measures, construction quality objectives and quality assurance system, quality control measures and prevention of common defects, quality management system, quality assurance measures for materials and equipment;
- (ii) guarantee measures of construction progress plan: total construction period control plan and guarantee measures;
- (iii) arrangement of key construction equipment, materials and labor: material schedule, main construction machinery configuration, machinery delivery plan, etc.;
- (iv) personnel arrangement plan of project management institutions;
- (v) safe and civilized construction, environmental protection measures: safe and civilized construction management objectives, guarantee measures, construction site management measures, safety management institutions, etc.

According to the assessment made by the tender evaluation committee on November 29, 2022 and February 28, 2023, Jiaogong Underground Construction successfully obtained the highest overall scores among all the bidders, and therefore won the above two public tenders.

- Terms of payment:** Payment will be made according to the following terms:
- (i) 10% of the contract price shall be paid in advance before the commencement of work;
 - (ii) construction progress payments amounting to 80% of the amount of construction work completed and accepted each instalment shall be made;
 - (iii) payment of up to an aggregate of 85% of the contract price shall be made after completion and final acceptance;
 - (iv) payment of up to an aggregate of 98.5% of the project settlement price shall be made after completion of the auditing process; and
 - (v) 1.5% of the project settlement price shall be paid after expiry of the defect liability period and upon satisfaction of certain conditions on the project quality.

REASONS FOR AND BENEFITS OF THE TRANSACTIONS

As a subsidiary of Communications Group, Jiaogong Underground Construction is fully aware of business and operating needs of Shangsang Co and Jiaying Branch, and maintain effective communication to provide more quality services contemplated under the Construction Agreements to Shangsang Co and Jiaying Branch. Jiaogong Underground Construction has the relevant qualifications and expertise to provide construction, renovation and expansion services to Shangsang Co and Jiaying Branch.

The transactions contemplated under the Construction Agreements are and will be conducted in the ordinary and usual course of business of the Group, and the consideration paid by Shangsang Co and Jiaying Branch to Jiaogong Underground Construction will not be higher than the average market price and will not be less favorable than those provided by independent third parties to Shangsang Co and Jiaying Branch for similar services.

The Directors (including independent non-executive Directors) who are not required to abstain from voting in the relevant Board resolution are of the opinion that, the Construction Agreements are entered into during the usual and ordinary course of business of the Group on normal commercial terms, the terms of which are fair and reasonable and in the interests of the Company and its 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.

Shangsan Co is a limited liability company established in the PRC on January 1, 1998. As at the date of this announcement, Shangsan Co is a subsidiary of the Company owned as to approximately 73.625% of its equity interest. It is principally engaged in the operation of Shangsan Expressway.

Jiaxing Branch is a branch of LongLiLiLong Co, a wholly-owned subsidiary of the Company.

Jiaogong Underground Construction is an indirect non-wholly owned subsidiary of Communications Group established under the laws of the PRC. Jiaogong Underground Construction is principally engaged in construction services for building works, building decoration, environmental protection and municipal works.

Zhejiang Commercial is a wholly-owned subsidiary of Communications Group established under the laws of the PRC. Zhejiang Commercial is principally engaged in service area planning and design, investment operation and construction, integrated energy supply and management, retail chains, advertising, catering and other related businesses.

LISTING RULES IMPLICATIONS

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Pursuant to Rule 14A.81 and Rule 14A.82 of the Listing Rules, as the respective transactions contemplated under the Construction Agreements and the Previous Transaction were entered into or completed within a 12-month period with Jiaogong Underground Construction, a connected person of the Company, the transactions contemplated under the Construction Agreements and Previous Transaction are required to be aggregated for the calculation of the relevant percentage ratios to determine the classification of the transactions contemplated under the Construction Agreements.

As one or more of the applicable percentage ratios in respect of the transactions contemplated under the Construction Agreements, after aggregating with the Previous Transaction, is more than 0.1% but less than 5%, the transactions contemplated under the Construction 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.

Mr. Yu Zhihong, Mr. Yuan Yingjie, Mr. Fan Ye and Mr. Huang Jianzhang, being Directors 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 has a material interest in the transactions contemplated under the Construction Agreements, and none is required to abstain from voting on the relevant resolution 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
“Construction Agreements”	Collectively, Shengzhou Service Area Construction Agreement and Jiaxing Service Area Construction Agreement
“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 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 Underground Construction”	Zhejiang Jiaogong Underground Construction Co., Ltd.* (浙江交工地下工程有限公司), a limited liability company established in the PRC and a non-wholly owned subsidiary of Communications Group as at the date of this announcement
“Jiaxing Service Area Construction Agreement”	the construction agreement for the expansion of Jiaying Service Area of Shanghai-Hangzhou Expressway dated April 18, 2023 entered into between Jaxing Branch, Zhejiang Commercial and Jiaogong Underground Construction, pursuant to which, Jiaogong Underground Construction agreed to undertake the construction work for the expansion of Jiaying Service Area of Shanghai-Hangzhou Expressway
“Jiaxing Branch”	Jiaxing Branch of LongLiLiLong Co
“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 a wholly owned subsidiary of the Company as at the date of this announcement
“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
“Previous Transaction”	The transaction under the construction agreement entered into among Jiaxing Branch, Jiaogong Underground Construction and Zhejiang Communications Construction Group Co., Ltd.* (浙江交工集團股份有限公司) being the consortium as the contractor and Zhejiang Commercial as a contracting party on May 13, 2022 in relation to the construction work for the renovation of Jiaying Service Area Plaza of Shanghai-Hangzhou Expressway (please refer to the announcement of the Company on May 13, 2022)
“RMB”	Renminbi, the lawful currency of the PRC

“Shangsan Co”	Zhejiang Shangsan Expressway Co., Ltd.* (浙江上三高速公路有限公司), which is a limited company established in the PRC and a non-wholly owned subsidiary of the Company as at the date of this announcement
“Shareholder(s)”	holder(s) of the share(s) of the Company
“Shengzhou Service Area Construction Agreement”	the construction agreement for the expansion of Shengzhou Service Area of Shangsan Expressway dated April 18, 2023 entered into between Shangsan Co, Zhejiang Commercial and Jiaogong Underground Construction, pursuant to which, Jiaogong Underground Construction agreed to undertake the construction work for the expansion of Shengzhou Service Area of Shangsan Expressway
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary(ies)”	has the meaning ascribed to it under the Listing Rules
“Zhejiang Commercial”	Zhejiang Commercial Group Co., Ltd.* (浙江省商業集團有限公司), a company established in the PRC and a wholly-owned subsidiary of Communications Group as at the date of this announcement
“%”	per cent

* For identification purposes only

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

Hangzhou, the PRC, April 18, 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.