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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**

### **DESIGN AND CONSTRUCTION AGREEMENTS WITH ZJIC**

#### **THE DESIGN AND CONSTRUCTION AGREEMENTS**

On September 22, 2023 (after trading hours), relevant management offices and subsidiaries of the Company entered into the Design and Construction Agreements with ZJIC respectively to engage ZJIC for the provision of a series of services to (i) under the Road Comprehensive Improvement Project Agreements, improve the road safety of Jiaxing Section of Shanghai-Hangzhou Expressway, construct facilities to reduce driving fatigue of certain parts of Zhajiasu Expressway, and construct remote traffic congestion warning facilities of certain parts of Jiaxing Section of Shanghai-Hangzhou Expressway; (ii) under the Landscape Lighting Upgrade Project Agreement, upgrade the landscape lighting of Zhoushan Bay Bridge; (iii) under the Provincial Border Interchange Hub Intervention System Project Agreements, install intervention system for abnormal vehicles at the provincial or municipal entrance of Fengjing Section and Shengshi Junction Section of Shanghai-Hangzhou Expressway and Wangjiangjing Section of Zhajiasu Expressway; (iv) under the Electromechanical System Upgrade Design Project Agreement, provide construction design for upgrade of the electromechanical system of LongLiLiLong Expressway; (v) under the Curved Section and Tunnel Safety Improvement Project Agreements, install roadside perception systems for the curved sections and install traffic safety facilities to the tunnels of Jinhua Section of Ningbo-Jinhua Expressway; (vi) under the Traffic Congestion Improvement Project Agreement, install certain facilities for improvement of road capacity to Ningbo Section of Hangzhou-Ningbo Expressway; and (vii) under the Lane for Asian Games Project Agreement, set up a dedicated lane for the Asian Games from Xiaoshan to Shaoxing Section of Hangzhou-Ningbo Expressway, including installation of facilities such as signage, road markings and ground decals to the lane for Asian Games to ensure priority access for vehicles of the Asian Games.

## **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 a controlling shareholder of the Company. As at the date of this announcement, ZJIC, as a 55.08% owned subsidiary of Communications Group, is a connected person of the Company and as a result, the transactions contemplated under the Design and Construction Agreements constitute connected transactions of the Company under Chapter 14A of the Listing Rules.

Pursuant to Rule 14A.81 and Rule 14A.82 of the Listing Rules, the respective transactions contemplated under the Design and Construction Agreements 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 Design and Construction Agreements, and the Previous Transactions are required to be aggregated for the calculation of the relevant percentage ratio to determine the classification of the transactions contemplated under the Design and Construction Agreements.

As one or more of the applicable percentage ratios in respect of the transactions contemplated under the Design and Construction Agreements, after aggregating with the Previous Transactions, are more than 0.1% but less than 5%, the transactions contemplated under the Design and Construction Agreements will be subject to the reporting and announcement requirements but exempt from the independent Shareholders' approval requirement under Chapter 14A of the Listing Rules.

## **THE DESIGN AND CONSTRUCTION AGREEMENTS**

Principal terms of each of the Design and Construction Agreements are summarized as below:

- Date:** September 22, 2023 (after trading hours)
- Parties:**
- (i) Relevant management offices and subsidiaries of the Company; and
  - (ii) ZJIC
- Subject matters:**
- A. ZJIC agreed to collect and analyze basic information, perform on-site surveying, prepare construction drawing and its budget, procure raw materials, install and adjust the equipment, and provide follow-up services and other technical consultations for the purpose of, among others:-

(i) *in relation to the Road Comprehensive Improvement Project Agreements:-*

- traffic safety facilities upgrade, traffic organization optimization, pre-warning system and lighting system construction to eliminate the potential safety risks of certain parts of Jiaxing Section of Shanghai-Hangzhou Expressway (the “**Road Safety Improvement Project**”); and
- constructing anti-fatigue driving warning system including installation of light strips, solar chevron signs, laser lights, flash warning lights, increase of light-emitting diode display screen and installation of directional acoustic horn prompts for certain sections of Zhajiasu Expressway, and construction of remote traffic congestion warning facilities of certain parts of Jiaxing Section of Shanghai-Hangzhou Expressway (the “**Anti-Fatigue and Prevention of Traffic Congestion Project**”);

(ii) *in relation to the Landscape Lighting Upgrade Project Agreement:-*

upgrading the landscape lighting and enhancing the overall appearance of Jintang Bridge and Xihoumen Bridge of Zhoushan Bay Bridge;

(iii) *in relation to the Provincial Border Interchange Hub Intervention System Project Agreements:-*

installing active intervention systems to actively detect and control abnormal vehicles at the provincial or municipal entrance of Fengjing Section and Shengshi Junction Section of Shanghai-Hangzhou Expressway and Wangjiangjing Section of Zhajiasu Expressway;

(iv) *in relation to the Curved Section and Tunnel Safety Improvement Project Agreements:-*

installing roadside perception systems in Jinhua Section of Ningbo-Jinhua Expressway to detect unexpected incidents and reduce secondary rear-end accidents; and installation of traffic safety facilities such as retroreflective rings on the tunnel walls, directional broadcasting, tunnel warning lights, vibrating thermoplastic road marking lines in the Yankengjian Tunnel and Baifengling Tunnel of Jinhua Section of Ningbo-Jinhua Expressway;

(v) *in relation to the Traffic Congestion Improvement Project Agreement:-*

installing electronic message boards, self-illuminating warning modules, directional speakers on Ningbo Section of Hangzhou-Ningbo Expressway and providing regular lighting in the exit section of Yinzhou; and

(vi) *in relation to the Lane For Asian Games Project Agreement:-*

setting up a dedicated lane for the Asian Games from Xiaoshan to Shaoxing Section of Hangzhou-Ningbo Expressway, including installation of facilities such as signage, road markings and ground decals to the lane for Asian Games to ensure priority access for vehicles of the Asian Games.

B. ZJIC agreed to complete the construction drawing design, technical specifications, list of project workload, preparation of budgetary documents, follow-up services and other technical consultancy for the upgrade of the toll collection system, communication system, monitoring system and other electromechanical systems of LongLiLiLong Expressway pursuant to the Electromechanical System Upgrade Design Project Agreement.

**Term:**

(i) *in relation to the Road Comprehensive Improvement Project Agreements:-*

- *the Road Safety Improvement Project:*

45 days of service period plus 1 month of trial operation period and 24 months of defect liability period;

- *the Anti-Fatigue and Prevention of Traffic Congestion Project:*

45 days of service period plus 1 month of trial operation period and 12 months of defect liability period;

(ii) *in relation to the Landscape Lighting Upgrade Project Agreement:-*

45 days of service period plus 3 months of trial operation period and 24 months of defect liability period;

(iii) *in relation to the Provincial Border Interchange Hub Intervention System Project Agreements:-*

45 days of service period plus 12 months of defect liability period;

(iv) *in relation to the Electromechanical System Upgrade Design Project Agreement:-*

1 month of survey and design period plus 11 months of follow-up service period;

(v) *in relation to the Curved Section and Tunnel Safety Improvement Project Agreements:-*

60 days of service period plus 24 months of defect liability period;

(vi) *in relation to the Traffic Congestion Improvement Project Agreement:-*

3 months of service period plus 24 months of defect liability period; and

(vii) *in relation to the Lane For Asian Games Project Agreement:-*

40 days of service period plus 24 months of defect liability period.

**Consideration and basis of consideration:**

(i) *in relation to the Road Comprehensive Improvement Project Agreements:-*

- *the Road Safety Improvement Project:*

RMB2,513,883.00

- *the Anti-Fatigue and Prevention of Traffic Congestion Project:*

RMB1,603,481.00

(ii) *in relation to the Landscape Lighting Upgrade Project Agreement:-*

RMB1,484,584.44

(iii) *in relation to the Provincial Border Interchange Hub Intervention System Project Agreements:-*

RMB2,871,989.00

(iv) *in relation to the Electromechanical System Upgrade Design Project Agreement:-*

RMB1,120,396.00

(v) *in relation to the Curved Section and Tunnel Safety Improvement Project Agreements:-*

RMB2,969,019.00

(vi) *in relation to the Traffic Congestion Improvement Project Agreement:-*

RMB1,143,580.00

(vii) *in relation to the Lane For Asian Games Project Agreement*

RMB634,524.00

The considerations under the Design and Construction Agreements were determined through public tender or quotation and selection procedures.

Other than ZJIC, there were two or three (where applicable) other independent third party service providers who made a bid to provide services under each of the Design and Construction Agreements.

The factors for assessment included, but were not limited to:

- (a) business aspect: the bidders' enterprise performance, the performance of the person-in-charge of the project, the personnel to be involved in the project and the bidders' credibility;
- (b) technical aspect: the understanding of the project and overall design proposals, analysis of the critical and difficult issues and provision of feasible proposals, workload and planning arrangement, project quality assurance measures and progress assurance measures; and
- (c) the bid price.

ZJIC successfully obtained the highest overall score among all the bidders for each of the projects under the Design and Construction Agreements respectively, and therefore won the above tenders.

**Terms of payment:**

- (i) *in relation to the Road Comprehensive Improvement Project Agreements:-*

*the Road Safety Improvement Project:*

- First installment: 98.5% of the settlement price shall be paid to ZJIC upon examination and acceptance of the project.
- Second installment: the remaining 1.5% shall be paid upon expiry of the 24-month defect liability period.

*the Anti-Fatigue and Prevention of Traffic Congestion Project:*

- First installment: 98.5% of the settlement price shall be paid to ZJIC upon examination and acceptance of the project;
- Second installment: the remaining 1.5% shall be paid upon expiry of the 12-month defect liability period.

*(ii) in relation to the Landscape Lighting Upgrade Project Agreement:-*

- First installment: 30% of the contract price shall be prepaid to ZJIC upon signing of the agreement.
- Second installment: up to 97% of the settlement price shall be paid to ZJIC upon expiration of the trial operation period and subject to examination and acceptance of the project.
- Final installment: the remaining 3% shall be paid to ZJIC upon expiry of the 24-month defect liability period.

*(iii) in relation to the Provincial Border Interchange Hub Intervention System Project Agreements:-*

- First installment: 98.5% of the settlement price shall be paid to ZJIC upon examination and acceptance of the project.
- Second installment: the remaining 1.5% shall be paid upon expiry of the 12-month defect liability period and subsequent to final acceptance and inspection.

*(iv) in relation to the Electromechanical System Upgrade Design Project Agreement:-*

- First installment: 50% of the contract price shall be paid to ZJIC within 1 month after signing of the agreement.



- Second installment: the remaining 50% shall be paid within 1 month after examination and acceptance of the project.

(v) *in relation to the Curved Section and Tunnel Safety Improvement Project Agreements:-*

- First installment: 97% of the settlement price shall be paid to ZJIC upon examination and acceptance of the project.
- Second installment: the remaining 3% shall be paid to ZJIC upon expiration of the defect liability period and subsequent to final acceptance and inspection.

(vi) *in relation to the Traffic Congestion Improvement Project Agreement:-*

- First installment: 97% of the settlement price shall be paid to ZJIC upon examination and acceptance of the project.
- Second installment: the remaining 3% shall be paid to ZJIC upon expiration of the defect liability period and subsequent to final acceptance and inspection.

(vii) *in relation to the Lane For Asian Games Project Agreement:-*

- First installment: 97% of the settlement price shall be paid to ZJIC upon examination and acceptance of the project.
- Second installment: the remaining 3% shall be paid to ZJIC within 30 days after expiration of the defect liability period and subsequent to final acceptance and inspection.

**Governing law:** The laws of the PRC.

## **REASONS FOR AND BENEFITS OF THE TRANSACTIONS**

The projects under Design and Construction Agreements will effectively improve the road safety of the Shanghai-Hangzhou Expressway, Zhajiasu Expressway and the curved sections and tunnels of Jinhua Section of Ningbo-Jinhua Expressway, reduce traffic congestion of certain high traffic flow expressways owned by the Group, enhance the overall appearance of Zhoushan Bay Bridge, improve the stability of electromechanical systems of LongLiLiLong Expressway, improve the road capacity to Ningbo Section of Hangzhou-Ningbo Expressway and set up a dedicated lane for the Asia Games for Xiaoshan to Shaoxing Section of Hangzhou-Ningbo Expressway.

In view of the fact that ZJIC has significant and extensive experience in expressway improvement works, ZJIC stood out in the tender review process for its qualifications and expertise to provide the services required in respect of the aforementioned projects. In addition, taking into account that as a 55.08% owned subsidiary of Communications Group, ZJIC is fully aware of the Group's operational needs, vision and goals and maintains effective communication to provide relevant services to the Group. The transactions contemplated under the Design and Construction Agreements are and will be conducted in the Group's ordinary and usual course of business, and the consideration paid by the Group 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 Group for similar services.

The Directors (including independent non-executive Directors) who are not required to abstain from voting in the relevant Board resolutions are of the opinion that, the Design and 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 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..

ZJIC is a 55.08% owned subsidiary of Communications Group 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 RULES IMPLICATIONS

As at the date of this announcement, Communications Group is a controlling shareholder of the Company. As at the date of this announcement, ZJIC, as a 55.08% owned subsidiary of Communications Group, is a connected person of the Company and as a result, the transactions contemplated under the Design and Construction Agreements constitute connected transactions of the Company under Chapter 14A of the Listing Rules.

Pursuant to Rule 14A.81 and Rule 14A.82 of the Listing Rules, the respective transactions contemplated under the Design and Construction Agreements 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 Design and Construction Agreements and the Previous Transactions are required to be aggregated for the calculation of the relevant percentage ratio to determine the classification of the transactions contemplated under the Design and Construction Agreements.

The Previous Transactions refer to a total of 11 transactions entered into or completed within a 12-month period prior to the date of this announcement between the Group and ZJIC in relation to the provision of expressway related design and construction services, which consist of the Project Design Contract (as defined and disclosed in the announcement of the Company dated February 17, 2022), the System Upgrade Design Contracts and the Capacity Expansion Research Contracts (as defined and disclosed in the announcement of the Company dated June 30, 2022), the Project Improvement Agreements (as defined and disclosed in the announcement of the Company dated September 26, 2022) and five other transactions. The said five 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 the Project Design Contract. The key terms of those five other transactions, such as nature of transaction, basis of consideration and terms of payment, largely resemble those of the Project Design Contract, the System Upgrade Design Contracts and the Capacity Expansion Research Contracts, the Project Improvement Agreements, and the Design and Construction Agreements. The Previous Transactions primarily relate to the provision of expressway related design and construction services by ZJIC to the Group. The individual consideration payable by the Group ranges from RMB413,000 to RMB4,997,910 and the aggregate amount of the consideration payable by the Group to ZJIC for the Previous Transactions amounts to RMB31,044,402. Pursuant to the Design and Construction Agreements, the total service fees payable by the Group to ZJIC is RMB14,341,456.44.

As one or more of the applicable percentage ratios in respect of the transactions contemplated under the Design and Construction Agreements, after aggregating with the Previous Transactions, are more than 0.1% but less than 5%, the transactions contemplated under the Design and Construction Agreements will be subject to the reporting and announcement requirements but exempt from the independent Shareholders' approval requirement under Chapter 14A of the Listing Rules.

Among the existing Directors, Mr. Yuan Yingjie, Mr. Fan Ye and Mr. Huang Jianzhang are deemed to have material interests in the Design and Construction 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 existing Directors have a material interest in the transactions contemplated under the Design and Construction 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 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
“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
“Curved Section and Tunnel Safety Improvement Project Agreements”	the agreements dated September 22, 2023 (after trading hours) entered into between relevant subsidiary of the Company and ZJIC, pursuant to which relevant subsidiary of the Company agreed to engage ZJIC for the provision of various services for installation of roadside perception system for the curved sections and installation of traffic safety facilities to the tunnels of Jinhua Section of Ningbo-Jinhua Expressway

“Design and Construction Agreements”	collectively, the Road Comprehensive Improvement Project Agreements, the Landscape Lighting Upgrade Project Agreement, the Provincial Border Interchange Hub Intervention System Project Agreements, the Electromechanical System Upgrade Design Project Agreement, the Curved Section and Tunnel Safety Improvement Project Agreements, Traffic Congestion Improvement Project Agreement and Lane for Asian Games Project Agreement dated September 22, 2023 (after trading hours) between relevant management offices and subsidiaries of the Company and ZJIC
“Director(s)”	the director(s) of the Company
“Electromechanical System Upgrade Design Project Agreement”	the agreement dated September 22, 2023 (after trading hours) entered into between relevant subsidiary of the Company and ZJIC, pursuant to which relevant subsidiary of the Company agreed to engage ZJIC for the provision of various services for upgrading the electromechanical systems of LongLiLiLong Expressway
“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 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
“Landscape Lighting Upgrade Project Agreement”	the agreement dated September 22, 2023 (after trading hours) entered into between relevant subsidiary of the Company and ZJIC, pursuant to which relevant subsidiary of the Company agreed to engage ZJIC for upgrading the landscape lighting and enhancing the overall appearance of Zhoushan Bay Bridge

“Lane for Asian Games Project Agreement”	the agreement dated September 22, 2023 (after trading hours) entered into between relevant management office of the Company and ZJIC, pursuant to which relevant management office of the Company agreed to engage ZJIC for construction of a dedicated lane for Asian Games
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange, as amended, supplemented or otherwise modified from time to time
“Provincial Border Interchange Hub Intervention System Project Agreements”	the agreements dated September 22, 2023 (after trading hours) entered into between relevant subsidiaries of the Company and ZJIC, pursuant to which relevant subsidiaries of the Company agreed to engage ZJIC for installing active intervention systems to detect abnormal vehicles at provincial interchanges of Fengjing Section and Shengshi Junction Section of Shanghai-Hangzhou Expressway and Wangjiangjing Section of Zhajiasu Expressway
“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 Transactions”	a series of agreements entered into or completed within a 12-month period prior to the date of the Design and Construction Agreements between or among the Company and its relevant subsidiaries and ZJIC in relation to design and construction services for expressways
“RMB”	Renminbi, the lawful currency of the PRC
“Road Comprehensive Improvement Project Agreements”	the agreements dated September 22, 2023 (after trading hours) entered into between relevant subsidiaries of the Company and ZJIC, pursuant to which the relevant subsidiaries of the Company agreed to engage ZJIC for improving the road safety of certain parts of Jiaxing Section of Shanghai-Hangzhou Expressway and reducing driving fatigue of certain parts of Zhajiasu Expressway

“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
“Traffic Congestion Improvement Project Agreement”	the agreement dated September 22, 2023 (after trading hours) entered into between relevant management office of the Company and ZJIC, pursuant to which relevant management office of the Company agreed to engage ZJIC for installation of certain facilities for improvement of road capacity to Ningbo Section of Hangzhou-Ningbo Expressway
“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
“%”	per cent

\* For identification purposes only

On behalf of the Board of Directors  
**Zhejiang Expressway Co., Ltd.**  
**YUAN Yingjie**  
*Chairman*

Hangzhou, the PRC, September 22, 2023

*As at the date of this announcement, the Chairman of the Company is Mr. YUAN Yingjie; the executive Director of the Company is: Mr. CHEN Ninghui; 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.*