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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) CONTINUING CONNECTED TRANSACTIONS  
THE GUARDRAIL AGREEMENTS  
(2) COMPLETION OF CHANGE OF REGISTERED ADDRESS**

**(1) THE GUARDRAIL AGREEMENTS**

On November 29, 2023, the Company and its various subsidiaries entered into the Guardrail Agreements with Maintenance Co, Zhejiang Shunchang and Jiaogong Maintenance respectively, pursuant to which:

- 1) Maintenance Co agreed to undertake the guardrail upgrade and revamp projects in respect of two expressways operated by the Group, namely Hangzhou Section of Shanghai-Hangzhou-Ningbo Expressway and Hanghui Expressway;
- 2) Zhejiang Shunchang agreed to undertake the guardrail upgrade and revamp projects in respect of three expressways operated by the Group, namely Shaoxing Section of Shanghai-Hangzhou-Ningbo Expressway, Shangsheng Section and Xintian Section of Shangsang Expressway and Jinhua Section of Ningbo-Jinhua Expressway; and
- 3) Jiaogong Maintenance agreed to undertake the guardrail upgrade and revamp projects in respect of three expressways operated by the Group, namely Ningbo Section and Jiaying Section of Shanghai-Hangzhou-Ningbo Expressway, Zhoushan Bay Bridge, and Jiaying Section of Zhajiasu Expressway.

## **LISTING RULES IMPLICATIONS**

As at the date of this announcement, Communications Group is a controlling shareholder of the Company. Each of Maintenance Co, Zhejiang Shunchang and Jiaogong Maintenance is an indirect subsidiary of Communications Group. Therefore, each of them is a connected person of the Company and as a result, the respective transactions contemplated under the Guardrail Agreements constitute continuing connected transactions for the Company under Chapter 14A of the Listing Rules.

Pursuant to Rule 14A.81 to Rule 14A.83 of the Listing Rules, the respective transactions contemplated under the Guardrail Agreements are required to be aggregated, all of which were continuing connected transactions entered into with the associates of the same connected person (i.e. Communications Group) and are with the same nature.

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

## **(2) COMPLETION OF CHANGE OF REGISTERED ADDRESS**

Reference is made to the announcement of the Company dated October 24, 2023 in relation to, among other things, the proposed change of registered address of the Company. The Board is pleased to announce that the filing with registration authority of the Company has been completed. Accordingly, the registered address of the Company has been changed to "Room 501, No. 2 Mingzhu International Business Center, 199 Wuxing Road, Shangcheng District, Hangzhou City, Zhejiang Province, the PRC".

## **(1) THE GUARDRAIL AGREEMENTS**

On November 29, 2023 (after trading hours), the Company and its various subsidiaries entered into the Guardrail Agreements with Maintenance Co, Zhejiang Shunchang and Jiaogong Maintenance respectively, pursuant to which each of Maintenance Co, Zhejiang Shunchang and Jiaogong Maintenance undertakes to certain guardrail upgrade and revamp projects in respect of the expressways operated by the Group.

Principal terms of the Guardrail Agreements are summarized as below:

**Date:** November 29, 2023

**Parties:** (1) the Company and its various subsidiaries;

(2) Maintenance Co/Zhejiang Shunchang/Jiaogong Maintenance

**Scope of services:**

Primarily with respect to the guardrail upgrade, improvement of ancillary projects and defect period repair in accordance with the industry standard of “Design Specifications for Highway Safety Facilities (《公路交通安全設施設計規範》(JTG D81-2017))”,

- (a) Maintenance Co agreed to undertake the guardrail upgrade and revamp projects in respect of two expressways operated by the Group, namely Hangzhou Section of Shanghai-Hangzhou-Ningbo Expressway and Hanghui Expressway;
- (b) Zhejiang Shunchang agreed to undertake the guardrail upgrade and revamp projects in respect of three expressways operated by the Group, namely Shaoxing Section of Shanghai-Hangzhou-Ningbo Expressway, Shangsheng Section and Xintian Section of Shanshan Expressway and Jinhua Section of Ningbo-Jinhua Expressway; and
- (c) Jiaogong Maintenance agreed to undertake the guardrail upgrade and revamp projects in respect of three expressways operated by the Group, namely Ningbo Section and Jiaxing Section of Shanghai-Hangzhou-Ningbo Expressway, Zhoushan Bay Bridge, and Jiaxing Section of Zhajiasu Expressway.

**Term:**

Commencing from the signing date of the Guardrail Agreements and all the construction work shall be completed prior to December 31, 2023.

**Service Fees:**

The total service fees payable by the Group to Maintenance Co will be RMB50,050,835.

The total service fees payable by the Group to Zhejiang Shunchang will be RMB111,374,164.

The total service fees payable by the Group to Jiaogong Maintenance will be RMB57,854,069.

**Basis of Services Fees:** The service fees were determined as a result of public tender. Other than Maintenance Co, Zhejiang Shunchang and Jiaogong Maintenance (as applicable), there were three other independent service providers who made a bid for each of the expressway guardrail upgrade and revamp projects.

The tender evaluation committee took into account the following factors when making their decision (including, but not limited to): (a) the tender price; (b) the service provider's overall construction plans, the reasonableness and feasibility of the construction proposal, methods and technical measures of major construction projects; (c) the completeness of the service provider's safety production management, emergency plan in the event of accidents, system and guarantee measures for ensuring smooth traffic; (d) the quality and duration assurance measures; (e) the qualifications and experience of the service provider's project manager and chief engineer to be appointed; (f) the allocation of major equipment; and (g) the service provider's past performance records and credibility.

According to the evaluation of the assessment committee, Maintenance Co, Zhejiang Shunchang and Jiaogong Maintenance respectively successfully obtained the highest overall score among all the service providers, and therefore won the above tenders.

**Terms of payment:** The payment will be made in installments as follows:

- (a) payment of up to 85% of the amount of the service fees as approved by the supervisor shall be made upon the completion, examination and acceptance of the project by the supervisor;
- (b) payment of up to 98.5% of the amount of the service fees as audited by a third-party audit unit shall be made upon delivery acceptance and settlement audit of the project; and
- (c) the remaining 1.5% of the service fees shall be paid within thirty days upon expiry of the defect liability period and completion acceptance of the project.

**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 Guardrail Agreements payable by the Group. The proposed annual cap on the aggregate service fees of the Guardrail Agreements payable by the Group for the financial year ending December 31, 2023 is RMB220,000,000.

The proposed annual cap on the aggregate service fees of the Guardrail Agreements is determined based on: (1) the historical guardrail upgrade and revamp construction cost incurred for the expressways operated by the Group; (2) comparable prices available in the market; (3) the expected guardrail upgrade and revamp construction services required for the Group under the Guardrail Agreements in 2023 taking into account for a reasonable buffer.

Pursuant to the Guardrail Agreements, the total amount of service fees payable by the Group to Zhejiang Shunchang, Maintenance Co and Jiaogong Maintenance under the Guardrail Agreements is RMB219,279,068. If the actual total amount of the service fees paid by the Group under the Guardrail Agreements exceeds the abovementioned annual cap, the Company will re-comply with all applicable requirements under the Listing Rules.

## **REASONS FOR AND BENEFITS OF THE GUARDRAIL AGREEMENTS**

In recent years, the provincial government has been introducing various policies to improve the road traffic safety and, among the new policies, it specifically stipulated that the guardrails which are beyond or about to reach the design life have to be evaluated and revamped, if appropriate. In order to comply with the existing policies and requirements for guardrails, the Group engaged Maintenance Co, Zhejiang Shunchang and Jiaogong Maintenance to upgrade and revamp the guardrail of the expressways.

Being the 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 expressway guardrail upgrade and revamp construction 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 provider of the expressway guardrail upgrade and revamp construction services. Maintenance Co, Zhejiang Shunchang and Jiaogong Maintenance finally won the respective tenders.

The transactions contemplated under the Guardrail Agreements are and will be conducted in the ordinary and usual course of business of the Group, and the consideration paid by the Group to Maintenance Co, Zhejiang Shunchang and Jiaogong Maintenance, 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 the independent non-executive Directors) are of the view that the terms of the Guardrail 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 OF THE GUARDRAIL AGREEMENTS**

The Company is a joint stock company established in the PRC 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.

Maintenance Co is an indirect non-wholly owned subsidiary of Communications Group which was established under the laws of the PRC on January 28, 2014. Maintenance Co is principally engaged in the road construction projects and toll road maintenance.

Zhejiang Shunchang is an indirect non-wholly owned subsidiary of Communications Group which was established under the laws of the PRC on November 11, 2003. Zhejiang Shunchang is principally engaged in the road construction projects and toll road maintenance.

Jiaogong Maintenance is an indirect non-wholly owned subsidiary of Communications Group which was established under the laws of the PRC on January 18, 2006. Jiaogong Maintenance is principally engaged in the road construction projects and toll road maintenance.

### **LISTING RULES IMPLICATIONS**

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Pursuant to Rule 14A.81 to Rule 14A.83 of the Listing Rules, the respective transactions contemplated under the Guardrail Agreements are required to be aggregated, all of which were continuing connected transactions entered into with the associates of the same connected person (i.e. Communications Group) and are with the same nature.

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

Among the existing Directors, Mr. Yuan Yingjie, Mr. Fan Ye and Mr. Huang Jianzhang 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 existing Directors has a material interest in the transactions contemplated under the Guardrail Agreements, and none is required to abstain from voting on the relevant resolution of the Board.

## **(2) COMPLETION OF CHANGE OF REGISTERED ADDRESS**

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## **DEFINITIONS**

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

“associate”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of Directors

“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, 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
“Guardrail Agreements”	collectively, a series of agreements dated November 29, 2023 entered into between the Company and its various subsidiaries and Maintenance Co, Zhejiang Shunchang and Jiaogong Maintenance in relation to the provision of guardrail upgrade and revamp construction services in respect of the expressways operated by the Group
“Group”	the Company and its relevant subsidiaries
“H Shares”	the overseas listed foreign shares of RMB1.00 each in the share capital of the Company which are 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
“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, as amended, supplemented or otherwise modified from time to time

“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(s)”	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 an indirect non-wholly owned subsidiary of Communications Group
“%”	per cent.

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

Hangzhou, the PRC, November 29, 2023

*As at the date of this announcement, the Chairman of the Company is Mr. YUAN Yingjie; the executive Directors of the Company are: Mr. WU Wei and Mr. LI Wei; 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.*

\* For identifications only.