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(A joint stock limited company incorporated in the People's Republic of China with limited liability)
(Stock code: 0576)

CONTINUING CONNECTED TRANSACTIONS THE DEDICATED ROAD MAINTENANCE AGREEMENTS

THE DEDICATED ROAD MAINTENANCE AGREEMENTS

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

On June 14, 2024 (after trading hours), the Company and its relevant subsidiaries entered into a series of Dedicated Road Maintenance Agreements (First to Third Contract Sections) with Maintenance Co, Zhejiang Shunchang and Jiaogong Maintenance, respectively, pursuant to which, each of Maintenance Co, Zhejiang Shunchang and Jiaogong Maintenance agreed to undertake the dedicated road maintenance projects in respect of the relevant expressways as specified therein operated by the Group, respectively.

The Dedicated Road Maintenance Agreement (Third Contract Section of LongLiLiLong Co)

On June 14, 2024 (after trading hours), LongLiLiLong Co entered into the Dedicated Road Maintenance Agreement (Third Contract Section of LongLiLiLong Co) with Zhejiang Shunchang, pursuant to which, Zhejiang Shunchang agreed to undertake the dedicated road maintenance projects in respect of the relevant expressways as specified therein owned by the Group.

LISTING RULES IMPLICATIONS

As at the date of this announcement, Communications Group is a controlling shareholder 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 Dedicated Road Maintenance 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 Dedicated Road Maintenance Agreements are required to be aggregated with the respective transactions contemplated under the Previous Daily Road Maintenance Agreements which were continuing connected transactions entered into with the associates of the same connected persons (i.e. Communications Group) and are of the same nature.

As one or more of the applicable percentage ratios in respect of the annual cap for transactions contemplated under the Dedicated Road Maintenance Agreements after aggregating with that of the Previous Daily Road Maintenance Agreements are more than 0.1% but less than 5%, the transactions contemplated under the Dedicated 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 DEDICATED ROAD MAINTENANCE AGREEMENTS

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

On June 14, 2024 (after trading hours), the Company and its relevant subsidiaries entered into a series of Dedicated Road Maintenance Agreements (First to Third Contract Sections) with Maintenance Co, Zhejiang Shunchang and Jiaogong Maintenance, respectively, pursuant to which, each of Maintenance Co, Zhejiang Shunchang and Jiaogong Maintenance agreed to undertake the dedicated road maintenance projects in respect of the relevant expressways as specified therein operated by the Group, respectively.

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

Date: June 14, 2024

Parties: In relation to the Dedicated Road Maintenance Agreements (First Contract Section):–

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

In relation to the Dedicated Road Maintenance Agreements (Second Contract Section):–

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

In relation to the Dedicated Road Maintenance Agreements (Third Contract Section):–

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

Term: From the signing date of the agreement to December 31, 2024.

Subject Matter: Each of Maintenance Co, Zhejiang Shunchang and Jiaogong Maintenance agreed to provide services with respect to overlays of pavements, pavement diseases treatment, bridgeheads paving, preventive maintenance, as well as construction and defective repair of roadbed, bridges and tunnels, traffic safety, greenery and environmental protection and other dedicated maintenance projects to the following expressways as specified in the Dedicated Road Maintenance Agreements (First to Third Contract Sections), respectively:–

- (i) Jiaxing Section of Shanghai-Hangzhou-Ningbo Expressway, Jiaxing Section of Zhajiasu Expressway, and Jinhua Section of Ningbo-Jinhua Expressway (the “**First Contract Section**”);
- (ii) Shaoxing Section of Shanghai-Hangzhou-Ningbo Expressway, Shangsheng Section and Xintian Section of Shangsang Expressway (the “**Second Contract Section**”); and

- (iii) Ningbo Section of Shanghai-Hangzhou-Ningbo Expressway, Zhoushan Bay Bridge, Hangzhou Section of Shanghai-Hangzhou-Ningbo Expressway, Hanghui Expressway, and Huihang Expressway (the “**Third Contract Section**”, collectively, the “**First to Third Contract Sections**”).

Service Fees:

The total service fees payable by the Group for the maintenance services under the Dedicated Road Maintenance Agreements (First to Third Contract Sections) amounted to RMB370,680,844, comprising:–

- (i) In relation to the First Contract Section, RMB64,614,854 payable to Maintenance Co;
- (ii) In relation to the Second Contract Section, RMB117,367,101 payable to Zhejiang Shunchang; and
- (iii) In relation to the Third Contract Section, RMB188,698,889 payable to Jiaogong Maintenance.

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 factors when making its decisions (including, but not limited to):

- (i) the tender price;
- (ii) the service provider’s overall construction organization, 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 and guarantee measures for ensuring smooth traffic;
- (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 April 23, 2024, 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: The payment will be made in installments as follows:

- (i) 98.5% of the service fees to be payable in installments based on the progress payment certificate to be executed by the Company and its relevant subsidiaries; and
- (ii) 1.5% of the service fees to be payable after the defect liability period and the issuance of the defects liability termination certificate.

Governing Law: The laws of the PRC.

The Dedicated Road Maintenance Agreement (Third Contract Section of LongLiLiLong Co)

On June 14, 2024 (after trading hours), LongLiLiLong Co entered into the Dedicated Road Maintenance Agreement (Third Contract Section of LongLiLiLong Co) with Zhejiang Shunchang, pursuant to which, Zhejiang Shunchang agreed to undertake the dedicated road maintenance projects in respect of the relevant expressways specified therein owned by the Group.

Principal terms of the Dedicated Road Maintenance Agreement (Third Contract Section of LongLiLiLong Co) are summarised as below:

- Date:** June 14, 2024
- Parties:** (i) LongLiLiLong Co; and
(ii) Zhejiang Shunchang
- Term:** The construction period shall commence from the date of signing of the agreement to December 31, 2024 (the main pavement construction shall be completed before September 30, 2024).
- Subject Matter:** Zhejiang Shunchang agreed to provide overlays of pavements, pavement diseases treatment, bridgeheads paving, preventive maintenance, improvement of signs and marking and other dedicated maintenance projects to Quzhou Section and Lishui Section of LongLiLiLong Expressway, and HuangQuNan Expressway (the “**Third Contract Section of LongLiLiLong Co**”).
- Service Fees:** The total service fees payable by LongLiLiLong Co to Zhejiang Shunchang for the Third Contract Section of LongLiLiLong Co shall be RMB53,345,551.
- 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 Third Contract Section of LongLiLiLong Co. The tender evaluation committee took into account the following factors when making its decisions (including, but not limited to):
- (i) the tender price;
 - (ii) the service provider’s overall construction organization, 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 and guarantee measures for ensuring smooth traffic;

- (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 April 19, 2024, Zhejiang Shunchang obtained the highest overall score among all the bidders for the Third Contract Section of LongLiLiLong Co, and therefore won the above tender.

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

- (i) service fees shall be made in installments which accounts for 95% of the service fees for each stipulated. Such payment shall cease when it reaches 95% of the total service fees provided under the agreement;
- (ii) 3.5% of the service fees to be payable upon completion of audit; and
- (iii) 1.5% of the service fees to be payable within 30 days after the defect liability period.

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 amount of the Dedicated Road Maintenance Agreements payable by the Group.

The proposed annual cap on the aggregate service fees of the Dedicated Road Maintenance Agreements (First to Third Contract Sections) payable by the Company and its relevant subsidiaries for the financial year ending December 31, 2024 is RMB375,000,000, where (i) the proposed annual cap on the service fees for the First Contract Section for the financial year ending December 31, 2024 is RMB66,000,000; (ii) the proposed annual cap on the service fees for the Second Contract Section for the financial year ending December 31, 2024 is RMB119,000,000; and (iii) the proposed annual cap on the service fees for the Third Contract Section for the financial year ending December 31, 2024 is RMB190,000,000 and the proposed annual cap on the service fees of the Dedicated Road Maintenance Agreement (Third Contract Section of LongLiLiLong Co) payable by LongLiLiLong Co for the financial year ending December 31, 2024 is RMB55,000,000. The proposed annual cap on the aggregate service fees of the Dedicated Road Maintenance Agreements payable by the Group for the financial year ending December 31, 2024 is RMB430,000,000.

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

If the actual annual amount of the service fees payable by the Group under the Dedicated Road Maintenance Agreements shall exceed the abovementioned annual caps, 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 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 Dedicated 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, 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 independent non-executive Directors) are of the opinion that the terms of the Dedicated 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 limited 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 Expressway with a total length of 222.2 kilometres and the HuangQuNan Expressway with a total length of 161 kilometres, both located in Zhejiang Province, the PRC. 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 was 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 was 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 was 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 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 Dedicated Road Maintenance 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 Dedicated Road Maintenance Agreements are required to be aggregated with the respective transactions contemplated under the Previous Daily Road Maintenance Agreements which were continuing connected transactions entered into with the associates of the same connected persons (i.e. Communications Group) and are of the same nature.

As one or more of the applicable percentage ratios in respect of the annual cap for transactions contemplated under the Dedicated Road Maintenance Agreements after aggregating with that of the Previous Daily Road Maintenance Agreements are more than 0.1% but less than 5%, the transactions contemplated under the Dedicated 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.

Among the existing Directors, Mr. Yuan Yingjie, Mr. Fan Ye and Mr. Huang Jianzhang are deemed to have material interests in the Dedicated Road Maintenance 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 existing Directors have a material interest in the transactions contemplated under the Dedicated Road Maintenance Agreements, and none are 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:

“associate”	has the meaning ascribed to it under the Listing Rules
“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 H 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
“Dedicated Road Maintenance Agreements”	collectively, the Dedicated Road Maintenance Agreements (First to Third Contract Sections) and the Dedicated Road Maintenance Agreement (Third Contract Section of LongLiLiLong Co)
“Dedicated Road Maintenance Agreements (First to Third Contract Sections)”	a series of dedicated road maintenance agreements dated June 14, 2024 (after trading hours) entered into by the Company and its relevant subsidiaries with each of Maintenance Co, Zhejiang Shunchang and Jiaogong Maintenance, respectively, in relation to the provision of dedicated road maintenance services to the relevant expressways of each of the First to Third Contract Sections
“Dedicated Road Maintenance Agreement (Third Contract Section of LongLiLiLong Co)”	a dedicated road maintenance agreement dated June 14, 2024 (after trading hours) entered into by LongLiLiLong Co with Zhejiang Shunchang in relation to the provision of dedicated road maintenance services to the relevant expressways of the Third Contract Section of LongLiLiLong Co

“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 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 established 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
“Previous Daily Road Maintenance Agreements”	collectively, (i) a series of daily road maintenance agreements dated January 10, 2023 and entered into by the Company and its relevant subsidiaries with each of Maintenance Co., Zhejiang Shunchang and Jiaogong Maintenance, respectively, in relation to the provision of daily road maintenance services to the relevant expressways; and

- (ii) a daily road maintenance agreement dated January 10, 2023 and entered into by LongLiLiLong Co with Zhejiang Shunchang in relation to the provision of daily road maintenance services to the relevant expressways.

Please refer to the announcement of the Company dated January 10, 2023 for details

“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

* *For identification purposes only*

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

Hangzhou, the PRC, June 14, 2024

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.