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

CONNECTED TRANSACTIONS

THE CONTRACTS WITH ZJIC

THE CONTRACTS

The Digital Transformation Project Contract

On September 5, 2024, the information center of the Company (a branch office of the Company) entered into the Digital Transformation Project Contract with, among others, ZJIC, pursuant to which the information center of the Company agreed to engage ZJIC for compilation of the expressway section, project feasibility study materials, as well as all other technical consultation work of the Application Proposal.

The Electromechanical System Upgrade Design Project Contract

On September 5, 2024, LongLiLiLong Co, a wholly owned subsidiary of the Company, entered into the Electromechanical System Upgrade Design Project Contract with ZJIC, pursuant to which LongLiLiLong Co agreed to engage ZJIC for the upgrade and transformation of the electromechanical systems involving toll collection system, monitoring system and communication system of LongLiLiLong Expressway and HuangQuNan Expressway.

LISTING RULES IMPLICATIONS

As at the date of this announcement, Communications Group is a controlling shareholder of the Company. ZJIC is a 55.08% owned subsidiary of Communications Group. Therefore, ZJIC is a connected person of the Company and as a result, the transactions contemplated under the Contracts 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 transactions contemplated under the Contracts 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 Contracts and the Previous Transactions are required to be aggregated for the calculation of the relevant percentage ratios to determine the classification of the transactions contemplated under the Contracts.

As one or more of the applicable percentage ratios in respect of the transactions contemplated under the Contracts, after aggregating with the Previous Transactions, are more than 0.1% but less than 5%, the transactions contemplated under the Contracts 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 CONTRACTS

The Digital Transformation Project Contract

On September 5, 2024, the information center of the Company (a branch office of the Company) entered into the Digital Transformation Project Contract with, among others, ZJIC, pursuant to which the information center of the Company agreed to engage ZJIC for compilation of the expressway section, project feasibility study materials, as well as other technical consultation of the Application Proposal.

Principal terms of the Digital Transformation Project Contract are summarized as below:

Date: September 5, 2024

Parties:

- (1) the information center of the Company (a branch office of the Company); and
- (2) ZJIC and a subsidiary of the Company

Subject Matter:	ZJIC agreed to undertake, among others, compilation of the expressway section, project feasibility study materials, as well as other technical consultation of the Application Proposal.
Term:	The draft for approval of the Application Proposal shall be delivered within 60 days upon signing of the contract, including the expressway section and feasibility study materials of the formal Application Proposal.
Consideration:	The service fee payable to ZJIC, being a connected person, is RMB3,490,000.
Basis of Consideration:	The consideration was determined after arm's length negotiations between the parties with reference to the "Engineering Survey and Design Charge Standards" set by the National Development and Reform Commission of the PRC and the Ministry of Construction of the PRC, taking into account factors such as the highway engineering specialty, complexity of the project and preferential conditions allowed by the state.
Terms of Payment:	The consideration shall be paid to ZJIC in full upon delivery of the draft for approval of the Application Proposal and issue of the official ordinary value-added tax invoice by ZJIC.
Governing Law:	The laws of the PRC.

The Electromechanical System Upgrade Design Project Contract

On September 5, 2024, LongLiLiLong Co, a wholly owned subsidiary of the Company, entered into the Electromechanical System Upgrade Design Project Contract with ZJIC, pursuant to which LongLiLiLong Co agreed to engage ZJIC for the upgrade and transformation of the electromechanical systems involving toll collection system, monitoring system and communication system of LongLiLiLong Expressway and HuangQuNan Expressway.

Principal terms of the Electromechanical System Upgrade Design Project Contract are summarized as below:

Date: September 5, 2024

Parties: (1) LongLiLiLong Co; and
(2) ZJIC

Subject Matter: With respect to the upgrade and transformation of the electromechanical system involving toll collection system, monitoring system and communication system of LongLiLiLong Expressway and HuangQuNan Expressway, ZJIC agreed to undertake, among other things, the construction drawing design, technical specifications, bills of quantities, budget document preparation, follow-up services and other technical consultation.

Term: The survey and design period is one month and the follow-up service period commences from the date of delivering the construction drawing design documents until the project is completed and accepted.

Consideration: The expected service fee payable to ZJIC is RMB699,262.

Basis of Consideration: The consideration was determined after arm's length negotiations between the parties with reference to the "Engineering Survey and Design Charge Standards" set by the National Development and Reform Commission of the PRC and the Ministry of Construction of the PRC, taking into account factors such as the specialty highway engineering specialty, the complexity of the project, the reuse of design drawings and market conditions.

Terms of Payment:

The payment will be made in installments as follows:

- (a) first installment: 50% of the contract price shall be paid within one month after delivery of the construction drawings; and
- (b) second installment: the remaining design fee shall be paid within one month upon completion acceptance of the project.

Governing Law:

The laws of the PRC.

REASONS FOR AND BENEFITS OF THE CONTRACTS

To accelerate the implementation of the digital transformation of traditional transportation infrastructure in the PRC, the Ministry of Transport of the PRC and the Ministry of Finance of the PRC plan to invest approximately RMB10 billion annually over the next three years to support the transformation. Zhejiang Province aims to become one of the first pilot provinces of implementing such digital transformation. The Group will seize the opportunities presented by national policies, and through the implementation of the Application Proposal, promote the intelligent expansion, safety enhancement and industrial integration of the expressways operated by the Group, which will effectively improve the public service capabilities, operational management efficiency, and the level of collaborative innovation across industries.

LongLiLilong Co intends to upgrade the electromechanical systems of the expressways it manages to enhance operational stability and provide better service for drivers and passengers.

ZJIC has significant and extensive experience in expressway improvement works and has relevant qualifications and expertise to provide the services required in respect of the aforementioned projects. In addition, being a 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 Contracts 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 Contracts 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 limited 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 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 wholly owned subsidiary of the Company which was established under the laws of the PRC. LongLiLiLong Co is principally engaged in the operation and management of toll collection business of LongLiLiLong Expressway with a total length of 222.2 kilometers and HuangQuNan Expressway with a total length of 161 kilometers, both located in Zhejiang Province, the PRC.

ZJIC is a 55.08% owned subsidiary of Communications Group which is 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. ZJIC is a 55.08% owned subsidiary of Communications Group. Therefore, ZJIC is a connected person of the Company and as a result, the transactions contemplated under the Contracts 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 Contracts 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 Contracts and the Previous Transactions are required to be aggregated for the calculation of the relevant percentage ratios to determine the classification of the transactions contemplated under the Contracts.

The Previous Transactions refer to a total of 12 transactions entered into or completed within 12-month period prior to the date of this announcement between the Group and ZJIC in relation to the provision of expressway related construction, design and consultation services. The Previous Transactions consist of the relevant agreements entered into with ZJIC as disclosed in the announcements of the Company dated January 12, 2024 and September 22, 2023 and one connected transaction which fell below the de minimis threshold and was fully exempt from all reporting, announcement, circular and independent Shareholders' approval requirements under Chapter 14A of the Listing Rules. The key terms of the Previous Transactions, including nature of transaction, basis of consideration and terms of payment, largely resemble those of the Contracts.

The Previous Transactions primarily relate to the provision of expressway related construction, design and consultation services by ZJIC. The individual service fee payable by the Group ranges from RMB634,524 to RMB2,969,019 and the aggregate amount of the service fees payable by the Group to ZJIC under the Previous Transactions amounts to RMB18,648,816.44.

As one or more of the applicable percentage ratios in respect of the transactions contemplated under the Contracts, after aggregating with the Previous Transactions, are more than 0.1% but less than 5%, the transactions contemplated under the Contracts 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 Contracts 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 is required to abstain from voting on the relevant Board resolutions.

DEFINITIONS

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

“Application Proposal”	the proposal to be prepared by ZJIC in relation to digitalization and transformation of the traditional transportation infrastructure
“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 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
“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
“Director(s)”	the director(s) of the Company
“Digital Transformation Project Contract”	the contract for the project to prepare proposal for digital transformation and upgrading project dated September 5, 2024 entered into by the information center of the Company (a branch office of the Company) with, among others, ZJIC, pursuant to which ZJIC is engaged for compilation of the expressway section, project feasibility study materials, as well as other technical consultation of the Application Proposal
“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 Stock Exchange and traded in Hong Kong dollars since May 15, 1997

“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange, 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 wholly-owned subsidiary of the Company
“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
“Previous Transactions”	12 transactions entered into or completed within a 12-month period prior to the date of the Contracts between the Group and ZJIC in relation to the provision of expressway related construction, design and consultation services, including the transactions as disclosed in the announcements of the Company dated January 12, 2024 and September 22, 2023.
“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
“Electromechanical System Upgrade Design Project Contract”	the contract dated September 5, 2024 entered into between LongLiLiLong Co and ZJIC, pursuant to which ZJIC is engaged for the upgrade and transformation of the electromechanical systems involving toll collection system, monitoring system and communication system of LongLiLiLong Expressway and HuangQuNan 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 identifications only.*

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

Hangzhou, the PRC, September 5, 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. YU Mingyuan.