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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)**

## **CONTINUING CONNECTED TRANSACTION AND CONNECTED TRANSACTION WITH ZHEJIANG INFORMATION**

### **EXPRESSWAY ELECTROMECHANICAL SYSTEM AGREEMENTS**

On September 24, 2024 (after trading hours), LongLiLiLong Co, a wholly owned subsidiary of the Company, entered into the Expressway Electromechanical System Agreements with Zhejiang Information to engage Zhejiang Information for the provision of a series of services to (i) provide electromechanical system maintenance services for LongLiLiLong Expressway and HuangQuNan Expressway under the Expressway Electromechanical System Maintenance Agreement; and (ii) provide upgrade and transformation services for the electromechanical systems of LongLiLiLong Expressway and HuangQuNan Expressway under the Expressway Electromechanical System Upgrade and Transformation Agreement.

### **LISTING RULES IMPLICATIONS**

As at the date of this announcement, Communications Group is a controlling shareholder of the Company. Zhejiang Information, as a 65.85% owned subsidiary of Communications Group, is a connected person of the Company and as a result, the transactions contemplated under the Expressway Electromechanical System Agreements constitute continuing connected transaction and connected transaction of the Company under Chapter 14A of the Listing Rules respectively.

Pursuant to Rule 14A.81 and Rule 14A.82 of the Listing Rules, as the transactions contemplated under the Expressway Electromechanical System Agreements and the Previous Transactions were entered into or completed within a 12-month period with Zhejiang Information, a connected person of the Company, the transactions contemplated under the Expressway Electromechanical System Agreements 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 Expressway Electromechanical System Agreements.

As one or more of the applicable percentage ratios in respect of the transactions contemplated under the Expressway Electromechanical System Agreements, after aggregating with the Previous Transactions, are more than 0.1% but less than 5%, the transactions contemplated under the Expressway Electromechanical System Agreements are subject to reporting, announcement and annual review (where applicable) requirements but exempt from the independent Shareholders' approval requirement under Chapter 14A of the Listing Rules.

## INTRODUCTION

On September 24, 2024 (after trading hours), LongLiLiLong Co, a wholly owned subsidiary of the Company, entered into the Expressway Electromechanical System Agreements with Zhejiang Information to engage Zhejiang Information for the provision of a series of services to (i) provide electromechanical system maintenance services for LongLiLiLong Expressway and HuangQuNan Expressway under the Expressway Electromechanical System Maintenance Agreement; and (ii) provide upgrade and transformation services for the electromechanical systems of LongLiLiLong Expressway and HuangQuNan Expressway under the Expressway Electromechanical System Upgrade and Transformation Agreement.

## THE EXPRESSWAY ELECTROMECHANICAL SYSTEM AGREEMENTS

Principal terms of each of the Expressway Electromechanical System Agreements are summarized as below:

- Date:** September 24, 2024 (after trading hours)
- Parties:** (i) LongLiLiLong Co; and  
(ii) Zhejiang Information
- Scope of Services:** Zhejiang Information agreed to provide the following maintenance and upgrade services for the electromechanical systems of LongLiLiLong Expressway and HuangQuNan Expressway owned by the Group, among others:–
- (i) *in relation to the Expressway Electromechanical System Maintenance Agreement:–*
- (a) specialized maintenance, including maintenance for generator sets, dual power source transfer switches, EPS/UPS, high-mast lighting, split and central air conditioning, license plate recognition systems for all lanes, ETC antennas for all lanes, outsourced maintenance of weighing equipment and cleaning services for the entrance overload weighing platforms; and

- (b) daily repair, maintenance, cleaning and upkeep, including but not limited to (1) maintenance and cleaning for electromechanical equipment in tunnels, equipment on the mainline and equipment at toll stations; (2) full package repair for all electromechanical systems except for high-voltage external power lines, high-voltage equipment in power distribution room, the Hundsun software, electromechanical management software and the intelligent highway system; (3) maintenance of the control and monitoring systems for the tunnels of HaungQuNan Expressway.

(ii) *in relation to the Expressway Electromechanical System Upgrade and Transformation Agreement:–*

Upgrade and renovation of the electromechanical equipments and facilities for LongLiLiLong Expressway and HuangQuNan Expressway owned by the Group, including: intelligent toll collection system, free-flow ramp, entrance weighing renovation, mainline monitoring blind spot remediation, information board one-touch power-off, surveillance blind spot remediation, tunnel fire protection, and power supply and distribution lighting system renovation.

**Term:**

(i) *in relation to the Expressway Electromechanical System Maintenance Agreement:–*

three years commencing from signing of the agreement;

(ii) *in relation to the Expressway Electromechanical System Upgrade and Transformation Agreement:–*

the construction period is expect to end on December 1, 2024, followed by a trial period of six months and a defect liability period of 24 months and a defect liability period of 60 months for key equipment.

## **Service Fees**

- (i) *in relation to the Expressway Electromechanical System Maintenance Agreement:–*

the service fees payable to Zhejiang Information for each year is expected to be RMB6,424,113.76, with the total amounting to RMB19,272,341.28

- (ii) *in relation to the Expressway Electromechanical System Upgrade and Transformation Agreement:–*

RMB14,329,051.78

## **Basis of Service Fees:**

The service fees of the respective transactions under the Expressway Electromechanical System Agreements were determined as a result of public tender.

Other than Zhejiang Information, there were three other independent service providers which made a bid for the provision of relevant services for each of the Expressway Electromechanical System Agreements.

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

- (a) business aspect: the bidders' qualifications and performance;
- (b) technical aspect: (1) for Expressway Electromechanical System Maintenance Agreement, compatibility and integration with existing systems, the reasonable utilization plan for existing facilities as well as the brand, technical parameters, performance indicators, usage of the major equipment; rationality, pertinence and feasibility of the construction organization plan and schedule assurance measures; relevant safety production measures, after-sale service plan and default response; (2) for Expressway Electromechanical System Upgrade and Transformation Agreement, understanding and analysis of the project, key equipment selection and construction organization plan, measures for control of key and difficult points in the implementation of the project, measures to be adopted for safety production for the project and expressway construction closure and traffic safety management measures; and
- (c) the bid price.

According to the assessment made by the tender evaluation committee, Zhejiang Information obtained the highest overall score among all the bidders for each of the Expressway Electromechanical System Agreements, and therefore won the above tenders.

**Terms of payment:**

(i) *in relation to the Expressway Electromechanical System Maintenance Agreement:–*

- (a) payment for outsourced electromechanical system maintenance (pure worker without supplying the materials): the payment amount for each quarter equals total outsourced electromechanical system maintenance expenses for the three months deducted from assessments;
- (b) payment for tunnel equipment and facilities cleaning and maintenance shall be based on the actual volume of work completed and subject to the assessment of the service work. This payment shall be paid together with the payment for outsourced electromechanical system maintenance; and
- (c) payment for specialized maintenance shall be made based on actual measurement and frequency. Each individual project shall be paid after the completion of one cycle of special maintenance and upon passing the assessment and shall be paid together with the payment for outsourced electromechanical system maintenance.

(ii) *in relation to the Expressway Electromechanical System Upgrade and Transformation Agreement:–*

- (a) first installment: up to the amount equal to 20% of the total contract price shall be paid as prepayment for the start of the work;
- (b) second installment: up to the amount equal to 80% of the completed engineering quantities shall be paid upon the completion, installation and preliminary acceptance of the work;
- (c) third installment: up to the amount equal to 98.5% of the audited settlement price shall be paid upon the expiration of the trial operation and the final acceptance of the work; and
- (d) final installment: the remaining 1.5% shall be paid upon the expiry of the defect liability period, with 1% being payable in two years after the commencement of the defect liability period, and 0.5% being payable in five years after the commencement of the defect liability period for key equipment.

**Governing law:**

The laws of the PRC.

## **PROPOSES 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 Expressway Electromechanical System Maintenance Agreement payable by the Group.

The proposed annual cap on the aggregate service fees of the Expressway Electromechanical System Maintenance Agreement payable by the Group for each of the three years commencing from the date of the Expressway Electromechanical System Maintenance Agreement is RMB7,300,000.

The proposed annual cap on the service fees of the Expressway Electromechanical System Maintenance Agreement is determined based on: (i) the historical maintenance cost incurred for the electromechanical systems of expressways operated by the Group; and (ii) the estimated workload required under the Expressway Electromechanical System Maintenance Agreement, along with possible fluctuations and other factors, considering of a reasonable buffer.

If the actual annual amount of the service fees payable by the Group under the Expressway Electromechanical System Maintenance Agreement shall exceed the abovementioned annual cap, the Company will re-comply with all applicable requirements under the Listing Rules in due course.

## **REASONS FOR AND BENEFITS OF THE EXPRESSWAY ELECTROMECHANICAL SYSTEM AGREEMENTS**

Through the implementation of the Expressway Electromechanical System Agreements, the Group is able to ensure the stable operation of the electromechanical systems on the expressways operated by the Group, which in turn will safeguard the safety and smooth of such expressways, thereby meeting the public's demand for a pleasant travel experience.

Being a subsidiary of Communications Group, Zhejiang Information is fully aware of the Group's business and operating needs and maintains effective communication to provide more quality services to the Group. Zhejiang Information has the relevant qualifications and expertise to provide expressway mechanical and electrical engineering services to the Group.

In addition, the Group went through tender processes and obtained the relevant quotations from other independent service providers to select the service providers. Zhejiang Information finally won the respective tenders.



The transactions contemplated under the Expressway Electromechanical System 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 Zhejiang Information 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 resolution are of the opinion that, the Expressway Electromechanical System 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..

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 the LongLiLiLong Expressway with a total length of 222.2 kilometers and the HuangQuNan Expressway with a total length of 161 kilometers, both located in Zhejiang Province, the PRC.

Zhejiang Information is a 65.85% owned subsidiary of Communications Group which was established under the laws of the PRC. Zhejiang Information is principally engaged in development, transfer and consulting services of traffic mechanical and electrical system integration technology and information technology, designing, development, sales and construction of traffic safety facilities, and designing and construction of computer system engineering, information system engineering and expressway supporting systems engineering.

## **LISTING RULES IMPLICATIONS**

As at the date of this announcement, Communications Group is a controlling shareholder of the Company. Zhejiang Information, as a 65.85% owned subsidiary of Communications Group, is a connected person of the Company and as a result, the transactions contemplated under the Expressway Electromechanical System Agreements constitute continuing connected transaction and connected transaction of the Company under Chapter 14A of the Listing Rules respectively.

Pursuant to Rule 14A.81 and Rule 14A.82 of the Listing Rules, as the transactions contemplated under the Expressway Electromechanical System Agreements and the Previous Transactions were entered into or completed within a 12 month period with Zhejiang Information, a connected person of the Company, the transactions contemplated under the Expressway Electromechanical System Agreements 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 Expressway Electromechanical System Agreements.

The annual cap for transaction contemplated under the Expressway Electromechanical System Maintenance Agreement for each of the three years commencing from the date of the agreement is RMB7,300,000 and the amount of service fees payable by the Group under the Expressway Electromechanical System Upgrade and Transformation Agreement amounts to RMB14,329,051.78. The aggregate amount of the service fees payable by the Group under the Expressway Electromechanical System Agreements amounts to RMB21,629,051.78.

The Previous Transactions refer to a total of four transactions entered into or completed within 12-month period prior to the date of this announcement between the Group and Zhejiang Information in relation to the provision of information technology services and mechanical and electrical engineering services, which consist of the relevant agreements entered into with Zhejiang Information as disclosed in the announcements of the Company dated October 27, 2023 and April 30, 2024. The key terms of the Previous Transactions, including nature of transaction, basis of consideration and terms of payment, largely resemble those of the Expressway Electromechanical System Agreements.

The Previous Transactions primarily relate to the provision of information technology services and mechanical and electrical engineering services by Zhejiang Information. The individual service fee payable by the Group ranges from RMB1,000,000 to RMB26,845,079.86 and the aggregate amount of the service fees payable by the Group to Zhejiang Information under the Previous Transactions amounts to RMB38,690,470.15.

As one or more of the applicable percentage ratios in respect of the transactions contemplated under the Expressway Electromechanical System Agreements, after aggregating with the Previous Transactions, are more than 0.1% but less than 5%, the transactions contemplated under the Expressway Electromechanical System Agreements are subject to reporting, announcement and annual review (where applicable) 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 Expressway Electromechanical System 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 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
“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
“Expressway Electromechanical System Agreements”	collectively, the Expressway Electromechanical System Maintenance Agreement and the Expressway Electromechanical System Upgrade and Transformation Agreement
“Expressway Electromechanical System Maintenance Agreement”	the agreement dated September 24, 2024 entered into between LongLiLiLong Co and Zhejiang Information, pursuant to which Zhejiang Information is engaged for the provision of electromechanical system maintenance services for LongLiLiLong Expressway and HuangQuNan Expressway

“Expressway Electromechanical System Upgrade and Transformation Agreement”	the agreement dated September 24, 2024 entered into between LongLiLiLong Co and Zhejiang Information, pursuant to which Zhejiang Information is engaged for the provision of the upgrade and transformation services for the electromechanical systems of LongLiLiLong Expressway and HuangQuNan 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
“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”	a series of agreements entered into or completed within a 12-month period prior to the date of the Expressway Electromechanical System Agreements between the Group and Zhejiang Information in relation to information technology services and mechanical and electrical engineering services
“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 Information”	Zhejiang Expressway Information Engineering Technology Co., Ltd.* (浙江高信技術股份有限公司), a joint stock limited company established in the PRC and a 65.85% 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, September 24, 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.*