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

PROPOSED ISSUE OF EURO230 MILLION ZERO COUPON CONVERTIBLE BONDS DUE 2026

Joint Global Coordinators, Joint Bookrunner and Joint Lead Managers
(In alphabetical order)



References are made to the announcement of the Company dated 31 October 2019 and 5 January 2021 and the circular of the Company dated 7 November 2019 in relation to the proposed issue of Euro-denominated convertible bonds.

On 5 January 2021 (after trading hours), the Company and the Joint Lead Managers entered into the Subscription Agreement, pursuant to which and subject to certain conditions contained therein, the Company agreed to issue to the Joint Lead Managers, and the Joint Lead Managers severally and not jointly agreed to subscribe and pay for, or to procure subscribers to subscribe and pay for, the Bonds in an aggregate principal amount of Euro230 million.

The Bonds are convertible in the circumstances set out in the Terms and Conditions into H Shares at an initial Conversion Price of HK\$8.83 per H Share (subject to adjustments), which represents (i) a premium of approximately 35.0% over the last closing price of HK\$6.54 per H Share as quoted on the Hong Kong Stock Exchange on 5 January 2021 (being the trading day on which the Subscription Agreement was signed) and (ii) a premium of approximately 35.2% over the average closing price of approximately HK\$6.53 as quoted on the Hong Kong Stock Exchange for the five consecutive trading days immediately prior to the date of Subscription Agreement.

Assuming full conversion of the Bonds at the initial Conversion Price of HK\$8.83 per H Share, the Bonds will be convertible into approximately 247,829,559 H Shares, representing approximately 17.3% of the issued H share capital of the Company as at the date of this announcement and approximately 14.7% of the enlarged issued H share capital of the Company resulting from the full conversion of the Bonds. The Conversion Shares will be fully-paid and rank *pari passu* in all respects with the H Shares then in issue on the relevant registration date.

The net proceeds from the issuance of the Bonds, after the deduction of expenses payable in connection with this offering, will be approximately Euro229 million. The Company intends to use the proceeds for repaying existing borrowings.

The Company will apply to the Hong Kong Stock Exchange for the listing of, and permission to deal in, the Bonds and the Conversion Shares to be allotted and issued upon conversion of the Bonds.

WARNING: As the Subscription Agreement may or may not be completed, the Bonds may or may not be issued or listed and/or the Conversion Shares may or may not be issued or listed, Shareholders and potential investors are advised to exercise caution when dealing in the securities of the Company.

References are made to the announcements of the Company dated 31 October 2019 and 5 January 2021 and the circular of the Company dated 7 November 2019 in relation to the proposed issue of Euro-denominated convertible bonds.

On 5 January 2021 (after trading hours), the Company and the Joint Lead Managers entered into the Subscription Agreement, pursuant to which and subject to certain conditions contained therein, the Company agreed to issue to the Joint Lead Managers, and the Joint Lead Managers severally and not jointly agreed to subscribe and pay for, or to procure subscribers to subscribe and pay for, the Bonds in an aggregate principal amount of Euro230 million.

SUBSCRIPTION AGREEMENT

Date

5 January 2021

Parties

1. The Company as issuer
2. The Joint Lead Managers

Subscription

Subject to the satisfaction of the conditions set out below in the section headed “Conditions precedent”, the Joint Lead Managers agreed to, severally and not jointly subscribe and pay for, or procure subscribers to subscribe and pay for, the Bonds in an aggregate principal amount of Euro230 million. To the best of the Directors’ knowledge, information and belief, and having made all reasonable enquiries, each of the Joint Lead Managers is a third party independent of the Company and is not a connected person of the Company.

The Joint Lead Managers have informed the Company that the Bonds will be offered to no less than six independent placees (who will be independent individual, corporate and/or institutional investors). To the best of the Directors’ knowledge, information and belief, having made all reasonable enquiries, each of the placees (and their respective ultimate beneficial owners) is not a connected person of the Company.

Conditions precedent

The obligations of the Joint Lead Managers to subscribe and pay for the Bonds are conditional on, amongst others:

1. each of the Joint Lead Managers being satisfied with the results of its due diligence investigations with respect to the Company and its subsidiaries and the Offering Circular having been prepared in form and content satisfactory to the Joint Lead Managers;
2. the execution and delivery (on or before the Issue Date) of the Contracts other than the Subscription Agreement, each in a form reasonably satisfactory to the Joint Lead Managers, by the respective parties;

3. Zhejiang Communications Investment Group Co., Ltd. (浙江省交通投資集團有限公司) shall have executed a lock-up undertaking on or before the date of the Subscription Agreement;
4. at the Issue Date, the representation and warranties of the Company in the Subscription Agreement being true, accurate and correct; and the Company having performed all of its obligations under the Subscription Agreement;
5. there shall not have occurred any change (nor any development or event involving a prospective change), in the financial condition, prospects, results of operations, general affairs or properties of the Company, which, in the opinion of the Joint Lead Manager, is material and adverse in the context of the issue and offering of the Bonds;
6. upon the Publication Date and on the Issue Date, there having been delivered to the Joint Lead Managers letters, in form and substance satisfactory to the Joint Lead Managers, dated the Publication Date in the case of the first letter and dated the Issue Date in the case of the subsequent letter, and addressed to the Joint Lead Managers from Deloitte Touche Tohmatsu, Certified Public Accountants to the Company;
7. on or prior to the Issue Date there shall have been delivered to the Joint Lead Managers copies of all filings, registrations, consents and approvals required in relation to the issue of the Bonds and the performance of the Company's obligations under the Trust Deed, the Agency Agreement and the Bonds, including a copy of each of the relevant PRC regulatory approvals and registration certificate from, including, but not limited to the CSRC, Zhejiang SASAC and NDRC;
8. the Hong Kong Stock Exchange having agreed to list the new H Shares upon conversion of the Bonds and the Hong Kong Stock Exchange having agreed, subject to any conditions satisfactory to the Joint Lead Managers (acting reasonably), to list the Bonds (or, in each case, the Joint Lead Managers (acting reasonably) being satisfied that such listing will be granted).

The Joint Lead Managers may, at their discretion and upon such terms as they think fit, waive compliance with the whole or any part of the conditions precedent set out in the Subscription Agreement (other than paragraph 2 above).

As at the date of this announcement, certain of the above conditions precedent to the completion of the Subscription Agreement are yet to be satisfied and/or (as the case may be) waived. It is the intention of the Company to satisfy or procure the satisfaction of the conditions precedent of the Subscription Agreement before the Issue Date.

Termination

Notwithstanding anything contained in the Subscription Agreement, the Joint Lead Managers may, by notice to the Company given at any time prior to payment of the net subscription monies for the Bonds to the Company, terminate the Subscription Agreement in any of the following circumstances:

1. if there shall have come to the notice of the Joint Lead Managers any breach of, or any event rendering untrue or incorrect in any respect, any of the warranties and representations contained in the Subscription Agreement or any failure to perform any of the Company's undertakings or agreements in the Subscription Agreement;
2. if any of the conditions precedent set out in the Subscription Agreement has not been satisfied or waived by the Joint Lead Managers on or prior to the Issue Date;
3. if in the reasonable opinion of the Joint Lead Managers, there shall have been, since the date of the Subscription Agreement, any change, or any development involving a prospective change, in national or international monetary, financial, political or economic conditions (including any disruption to trading generally, or trading in any securities of the Company on any stock exchange or in any over-the-counter market) or currency exchange rates or foreign exchange controls such as would in its view, be likely to prejudice materially the success of the offering and distribution of the Bonds or dealings in the Bonds in the secondary market;
4. if, in the opinion of the Joint Lead Managers, there shall have occurred any of the following events: (i) a suspension or a material limitation in trading in securities generally on the New York Stock Exchange, the London Stock Exchange plc, the Hong Kong Stock Exchange and/or any other stock exchange on which the Company's securities are traded; (ii) a suspension or a material limitation in trading in the Company's securities on the Hong Kong Stock Exchange and/or any other stock exchange on which the Company's securities are traded; (iii) a general moratorium on commercial banking activities in the PRC, the United States, Hong Kong and/or the United Kingdom declared by the relevant authorities or a material disruption in commercial banking or securities settlement or clearance services in the PRC, the United States, Hong Kong or the United Kingdom; or (iv) a change or prospective change in taxation affecting the Company, the Bonds and the H Shares to be issued upon conversion of the Bonds or the transfer thereof; or
5. if, in the opinion of the Joint Lead Managers, there shall have occurred any event or series of events (including the occurrence of any local, national or international outbreak or escalation of disaster or epidemic, hostility, insurrection, armed conflict, act of terrorism, act of God) as would in their view be likely to prejudice materially the success of the offering and distribution of the Bonds or dealings in the Bonds in the secondary market, provided that in respect of any epidemic existing at the date of the Subscription Agreement, the Joint Lead Managers shall only be entitled to terminate the Subscription Agreement in accordance with this clause if, in their opinion (acting reasonably), there has been a material escalation in any such epidemic after the date of the Subscription Agreement.

The Company's lock-up

Neither the Company nor any person acting on its behalf will (a) issue, offer, sell, pledge, encumber, contract to sell or otherwise dispose of or grant options, issue warrants or offer rights entitling persons to subscribe or purchase any interest in any Shares or securities of the same class as the Bonds or the Shares or any securities convertible into, exchangeable for or which carry rights to subscribe or purchase the Bonds, the Shares or securities of the same class as the Bonds, the Shares or other instruments representing interests in the Bonds, the Shares or other securities of the same class as them; (b) enter into any swap or other agreement that transfers, in whole or in part, any of the economic consequences of the ownership of the Shares; (c) enter into any transaction with the same economic effect as, or which is designed to, or which may reasonably be expected to result in, or agree to do, any of the foregoing, whether any such transaction of the kind described in (a), (b) or (c) is to be settled by delivery of Shares or other securities, in cash or otherwise; or (d) announce or otherwise make public an intention to do any of the foregoing, in any such case without the prior written consent of the Joint Lead Managers between the date of the Subscription Agreement and the date which is 90 days after the Issue Date (both dates inclusive); except for the Bonds and the new H Shares issued on conversion of the Bonds.

Controlling shareholder's lock-up undertaking

Zhejiang Communications Investment Group Co., Ltd. (浙江省交通投資集團有限公司) undertakes that neither it nor any person acting on its behalf will (a) issue, offer, sell, pledge, encumber, contract to sell or otherwise dispose of or grant options, issue warrants or offer rights entitling persons to subscribe or purchase any interest in any Shares or securities of the same class as the Bonds or the Shares or any securities convertible into, exchangeable for or which carry rights to subscribe or purchase the Bonds, the Shares or securities of the same class as the Bonds, the Shares or other instruments representing interests in the Bonds, the Shares or other securities of the same class as them; (b) enter into any swap or other agreement that transfers, in whole or in part, any of the economic consequences of the ownership of the Shares; (c) enter into any transaction with the same economic effect as, or which is designed to, or which may reasonably be expected to result in, or agree to do, any of the foregoing, whether any such transaction of the kind described in (a), (b) or (c) is to be settled by delivery of Shares or other securities, in cash or otherwise or (d) announce or otherwise make public an intention to do any of the foregoing, in any such case without the prior written consent of the Joint Lead Managers between the date of the Subscription Agreement and the date which is 90 days after the Issue Date (both dates inclusive).

PRINCIPAL TERMS OF THE BONDS

The principal terms of the Bonds are summarized as follows:

Issuer: The Company

Maturity Date: 20 January 2026

Issue Price:	100% of the principal amount of the Bonds
Bonds:	Euro230 million zero coupon convertible bonds due 2026 convertible at the option of the holder thereof into fully-paid ordinary H Shares at the initial Conversion Price of HK\$8.83 per H Share
Interest:	The Bonds do not bear any interest.
Status:	The Bonds will constitute direct, senior, unsubordinated, unconditional and (subject to negative pledge) unsecured obligations of the Company and shall at all times rank <i>pari passu</i> and without any preference or priority among themselves. The payment obligations of the Company under the Bonds shall, save for such exceptions as may be provided by mandatory provisions of applicable law and subject to negative pledge, at all times rank at least equally with all of its other present and future direct, senior, unsubordinated, unconditional and unsecured obligations.
Form and Denomination:	The Bonds will be issued in registered form in denominations of Euro100,000 each and integral multiples in excess thereof. The Bonds will upon issue be represented by a global certificate which on the Issue Date will be deposited with, and registered in the name of a nominee of, a common depositary for Euroclear and Clearstream.

Conversion Period: Subject to and upon compliance with the Terms and Conditions, the Conversion Right attaching to any Bond may be exercised, at the option of the holder thereof, at any time on and after 2 March 2021 (being the 41st day after the Issue Date) up to the close of business (at the place where the certificate evidencing such Bond is deposited for conversion) on the date falling 10 January 2026 (being the 10 days prior to the Maturity Date) or if such Bond shall have been called for redemption by the Company before the Maturity Date, then up to and including 3.00 p.m. (at the place aforesaid) on a date no later than 10 days prior to the date fixed for redemption thereof, provided that (i) no Conversion Right may be exercised in respect of a Bond where the holder shall have exercised its right to require the Company to redeem or repurchase such Bond pursuant to the Terms and Conditions or during a restricted conversion period (both dates inclusive) and (ii) the Conversion Right is exercised subject to any applicable fiscal or other laws or regulations or as hereafter provided in the Terms and Conditions.

Conversion Price: The price at which Conversion Shares will be issued upon conversion will initially be HK\$8.83 per H Share but will be subject to adjustment in certain circumstances.

Adjustment events: The Conversion Price will be subject to adjustment in certain circumstances, among others:

- (i) consolidation, subdivision or re-classification of Shares;
- (ii) capitalization of profits or reserves;
- (iii) capital distributions;
- (iv) rights issue of Shares or options over Shares;
- (v) rights issues of other securities;
- (vi) issues at less than current market price;
- (vii) other issues at less than current market price;
- (viii) modification of rights of conversion etc.;

- (ix) other offers to Shareholders;
- (x) other events determined by the Company upon consulting an independent financial advisor; and
- (xi) the control of the Company is changed.

Ranking of Conversion Shares:

The H Shares issued upon exercise of the Conversion Rights will be fully paid up and will in all respects rank *pari passu* with, and within the same class as, the H Shares in issue on the relevant registration date except for any right excluded by mandatory provisions of applicable law.

Redemption at Maturity:

Unless previously redeemed, converted or purchased and cancelled, the Company will redeem each Bond at 100 per cent. of its outstanding principal amount on 20 January 2026.

Redemption at the Option of the Bondholders:

The Company will, at the option of the holder of any Bond, redeem all or some of that holder's Bonds on 20 January 2024 (the "**Put Option Date**") at their outstanding principal amount as at the Put Option Date. To exercise such right, the holder of the relevant Bond must complete, sign and deposit at the specified office of any paying agent during normal business hours (being between 9.00 a.m. and 3.00 p.m. on a business day) a duly completed and signed notice (the "**Put Option Notice**") together with the certificate evidencing the Bonds to be redeemed not earlier than 60 days and not later than 30 days prior to the Put Option Date.

A Put Option Notice, once delivered, shall be irrevocable (and may not be withdrawn unless the Company consents to such withdrawal) and the Company shall redeem the Bonds the subject of a Put Option Notice delivered as aforesaid on the Put Option Date.

Redemption for Taxation
Reasons:

The Company may, having given not less than 30 nor more than 60 days' notice, redeem all but not some only of the Bonds at their outstanding principal amount as at the relevant redemption date, if (a) the Company satisfies the Trustee immediately prior to the giving of such notice that the Company has or will become obliged to pay additional tax amounts as a result of any change in, or amendment to, the laws or regulations of the PRC or Hong Kong or any political subdivision or any authority thereof or therein having power to tax, or any change in the general application or official interpretation of such laws or regulations or the stating of an official position with respect thereto (including a holding, judgment or order by a court of competent jurisdiction), which change or amendment becomes effective on or after 5 January 2021, and (b) such obligation cannot be avoided by the Company taking reasonable measures available to it, provided that no such notice of redemption shall be given earlier than 90 days prior to the earliest date on which the Company would be obliged to pay such additional tax amounts were a payment in respect of the Bonds then due.

If the Company gives such notice of redemption, each Bondholder will have the right to elect that his Bond(s) shall not be redeemed. In that case, all payments made to an electing Bondholder after the tax redemption date will be made subject to the deduction or withholding of the tax required to be withheld or deducted and no additional tax amounts will be paid with respect thereto.

Redemption at the Option
of the Company:

On giving not less than 30 nor more than 60 days' notice, the Company may, at any time after 20 January 2024 but prior to the Maturity Date, redeem all and not some only of the Bonds at their outstanding principal amount as at the relevant redemption date, provided that the closing price of an H Share translated into Euro at the prevailing rate applicable on the relevant H Share Stock Exchange Business Day, for any 20 H Share Stock Exchange Business Days within a period of 30 consecutive H Share Stock Exchange Business Days, the last of such H Share Stock Exchange Business Day shall occur not more than 10 days prior to the date upon which notice of such redemption is given, was, for each such 20 H Share Stock Exchange Business Days, at least 130 per cent. of the Conversion Price then in effect, translated into Euro at the fixed exchange rate of HK\$9.5145 = Euro1.00.

On giving of not less than 30 nor more than 60 days' notice, the Company may redeem all and not some only of the Bonds at their outstanding principal amount as at the relevant redemption date if at any time the aggregate principal amount of the Bonds outstanding is less than 10 per cent. of the aggregate principal amount of the Bonds issued (including any further issues pursuant to the Terms and Conditions).

Redemption for Relevant
Events:

Following the occurrence of a Relevant Event (as defined below), the holder of each Bond will have the right at such holder's option, to require the Company to redeem all but not some only of such holder's Bonds on the Relevant Event put date at their outstanding principal amount as at the Relevant Event put date.

“Relevant Event” means the occurrence of any of:

- (i) a Change of Control in the Company;
- (ii) a Delisting; or
- (iii) an H Share Suspension in Trading.

Cash Settlement:

Notwithstanding the Conversion Right of each Bondholder in respect of each Bond, in lieu of delivery of some or all of the H Shares required to be delivered upon exercise of a Conversion Right, the Company shall have the option to pay to the relevant Bondholder an amount of cash in Euro equal to the product of (i) the number of H Shares otherwise deliverable upon exercise of the Conversion Right in respect of the Bond(s) to which the conversion notice applies, and in respect of which the Company has elected the cash settlement option and (ii) the arithmetic average of the volume weighted average price of the H Shares for each day during the 20 H Share Stock Exchange Business Days immediately after the cash settlement notice date, converted from HK dollars into Euro at the prevailing rate on the cash settlement notice date.

Negative Pledge:

So long as any Bond remains outstanding (as defined in the Trust Deed), the Company shall not create or permit to subsist, and shall procure that no principal subsidiary will create, or have outstanding, any mortgage, charge, pledge, lien or other form of encumbrance or security interest upon the whole or any part of its undertaking, assets or revenues, present or future, to secure any investment securities or to secure any guarantee of or indemnity in respect of any investment securities, without at the same time or prior thereto according to the Bonds (i) the same security as is created or subsisting to secure any such investment securities, guarantee or indemnity or (ii) such other security as either (x) the Trustee shall in its absolute discretion deem not materially less beneficial to the interests of the Bondholders or (y) shall be approved by an extraordinary resolution of the Bondholders.

CONVERSION PRICE AND CONVERSION SHARES

The initial Conversion Price is HK\$8.83 per H Share, which represents (i) a premium of approximately 35.0% over the last closing price of HK\$6.54 per H Share as quoted on the Hong Kong Stock Exchange on 5 January 2021 (being the trading day on which the Subscription Agreement was signed) and (ii) a premium of approximately 35.2% over the average closing price of approximately HK\$6.53 as quoted on the Hong Kong Stock Exchange for the five consecutive trading days immediately prior to the date of Subscription Agreement.

The Conversion Price was determined with reference to the prevailing market price of the H Shares and the Terms and Conditions (including the redemption options) and was negotiated on an arm's length basis between the Company and the Joint Lead Managers. The Directors consider that the Conversion Price is fair and reasonable based on the current market conditions and in the interests of the Company and the Shareholders as a whole.

Assuming full conversion of the Bonds at the initial Conversion Price of HK\$8.83 per H Share, the Bonds will be convertible into approximately 247,829,559 H Shares, representing approximately 17.3% of the issued H share capital of the Company as at the date of this announcement and approximately 14.7% of the enlarged issued H share capital of the Company resulting from the full conversion of the Bonds. The Conversion Shares will be fully-paid and rank *pari passu* in all respects with the H Shares then in issue on the relevant registration date.

The aggregate nominal amount of the Conversion Shares assuming full conversion of the Bonds at the initial Conversion Price of HK\$8.83 is RMB247,829,559.

EFFECT ON SHAREHOLDINGS

The table below sets out a summary of the shareholdings in the Company (i) as at the date of this announcement and (ii) upon the exercise in full of the Conversion Rights attached to the Bonds:

Shareholders	As at the date of this announcement			Upon full conversion of the Bonds at the initial Conversion Price of HK\$8.83 per H share		
	Class of Shares	Number of Shares	Approximate% of the total issued share capital	Class of Shares	Number of Shares	Approximate% of the total issued share capital
Zhejiang Communications Investment Group Co., Ltd.	domestic shares	2,909,260,000	66.99	domestic shares	2,909,260,000	63.37
Public holders of H shares	H Shares	1,433,854,500	33.01	H Shares	1,433,854,500	31.23
Bondholders	-	-	-	H Shares	247,829,559	5.40
Total		4,343,114,500	100.00		4,590,944,059	100.00

USE OF PROCEEDS

The net proceeds from the issuance of the Bonds, after the deduction of expenses payable in connection with this offering, will be approximately Euro229 million, representing a net issue price of approximately HK\$8.83 per Conversion Share based on the initial Conversion Price. The Company intends to use 100% of the proceeds for repaying existing borrowings.

REASONS FOR AND BENEFITS OF THE ISSUE OF THE BONDS

The Board considers that the issue of the Bonds represents an opportunity to improve the liquidity position of the Group, to reduce the financing costs of the Group and to raise further working capital for the Company. The Board currently intends to use the funds as mentioned above and considers it will facilitate the overall development and expansion of the Group.

The Directors (including the independent non-executive Directors) consider that the terms and conditions of the Subscription Agreement and the issue of the Bonds are made on normal commercial terms and in the interests of the Company and the Shareholders as a whole.

GENERAL MANDATE FOR THE ISSUE OF THE BONDS AND THE CONVERSION SHARES

At the 2019 extraordinary general meeting of the Company held on 23 December 2019, a special resolution was passed, pursuant to which the Board is authorized to issue H share convertible bonds under a general mandate with an aggregate principal amount up to Euro400 million or its equivalent.

At the 2019 annual general meeting of the Company held on 15 May 2020, a special resolution was passed to grant a general mandate to the Directors to issue, allot and/or deal with additional H Shares not exceeding 286,770,900 H Shares, equivalent to 20% of the aggregate nominal amount of H Shares of the Company in issue as at the date of the 2019 annual general meeting, which amount to 1,433,854,500 H Shares.

The Conversion Shares will be allotted and issued by the Company pursuant to the general mandate granted to the Directors by the Shareholders at the 2019 annual general meeting of the Company held on 15 May 2020 and the Bonds will be issued by the Company pursuant to the resolutions of the Shareholders passed at the extraordinary general meeting of the Company held on 23 December 2019. The issue of the Bonds and of the Conversion Shares by the Company are not subject to further Shareholders' approval.

As at the date of this announcement, no Shares have been issued or committed to be issued pursuant to the general mandate granted at the 2019 annual general meeting. As such, the 247,829,559 Conversion Shares to be allotted and issued upon the full conversion of the Bonds at the initial Conversion Price of HK\$8.83 per H Share will utilise approximately 86.4% of the general mandate granted at the 2019 annual general meeting.

EQUITY FUND-RAISING ACTIVITY BY THE COMPANY IN THE LAST 12 MONTHS

The Company has not raised any fund by issuing equity securities during the 12 months immediately before the date of this announcement.

GENERAL INFORMATION

The Company is a joint stock company established under the laws of the PRC with limited liability on 1 March 1997, the H Shares of which are listed on the main board of the Hong Kong 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.

APPROVALS RECEIVED AND APPLICATION FOR LISTING

The Enterprise Foreign Debt Pre-Issuance Registration Certificate from NDRC and approval from CSRC in relation to the issuance of the Bonds have been obtained.

Application will be made by the Company to the Hong Kong Stock Exchange for the listing of, and permission to deal in, the Bonds by way of debt issue to professional investors only and an application will be made by the Company to the Hong Kong Stock Exchange for the listing of, and permission to deal in, the Conversion Shares to be allotted and issued upon conversion of the Bonds.

The Company has obtained a letter of eligibility in relation to the listing of the Bonds of the Hong Kong Stock Exchange.

WARNING: As the Subscription Agreement may or may not be completed, the Bonds may or may not be issued or listed and/or the Conversion Shares may or may not be issued or listed, Shareholders and potential investors are advised to exercise caution when dealing in the securities of the Company.

DEFINITIONS

In this announcement, the following expressions have the meanings set out below unless the context otherwise requires:

“Agency Agreement”	the paying, conversion and transfer agency agreement in respect of the Bonds to be entered into between the Company, the Trustee, The Bank of New York Mellon, London Branch, as the principal paying agent and principal conversion agent, The Bank of New York Mellon SA/NV, Luxembourg Branch as the registrar and as transfer agent, and the other paying agents, conversion agents and transfer agents appointed thereunder on or around the Issue Date
“Board”	the board of Directors of the Company
“Bondholder(s)”	holder(s) of the Bond(s) from time to time
“Bonds”	Euro230 million zero coupon convertible bonds due 2026 convertible into H Shares at the initial Conversion Price of HK\$8.83 per H Share
“Change of Control”	<p>a) People’s Government of Zhejiang Province or any other person(s) directly or indirectly controlled by the People’s Government of Zhejiang Province (as at the Issue Date being Zhejiang Communications Investment Group Co., Ltd. (浙江省交通投資集團有限公司)) in aggregate cease to control, directly or indirectly, the Company; or</p> <p>b) the Company consolidates with or merges into or sells or transfers all or substantially all of the Company’s assets to any other person, unless the consolidation, merger, sale or transfer will not result in the other person or persons acquiring control over the Company or the successor entity</p>
“Company”	Zhejiang Expressway Co., Ltd., a joint stock limited company incorporated in the PRC with limited liability, whose H Shares are listed on the main board of the Hong Kong Stock Exchange (Stock Code: 0576)
“connected person”	has the meaning ascribed to it under the Listing Rules

“Contracts”	the Subscription Agreement, the Trust Deed and the Agency Agreement
“Conversion Price”	the price per Conversion Share (subject to adjustments) at which the Bonds may be converted into the H Shares
“Conversion Right”	the right of a Bondholder to convert any Bond into H Shares
“Conversion Share(s)”	the H Shares to be issued upon conversion of the Bonds pursuant to the Trust Deed and the Terms and Conditions
“CSRC”	China Securities Regulatory Commission
“Delisting”	when the H Shares cease to be listed or admitted to trading on the Hong Kong Stock Exchange
“Directors”	the directors of the Company
“Euro”	Euro, the lawful currency of the member state of the Eurozone
“Group”	the Company and its subsidiaries
“H Share(s)”	the overseas listed foreign shares in the share capital of the Company with a nominal value of RMB1 per share
“H Share Stock Exchange Business Day”	any day (other than a Saturday or Sunday) on which the Hong Kong Stock Exchange or the alternative stock exchange (as the case may be) is open for the business in dealing in securities
“H Share Suspension in Trading”	the suspension in trading of the H Shares for a period of 30 consecutive H Share Stock Exchange Business Days
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“Hong Kong”	Hong Kong Special Administrative Region of the PRC
“Hong Kong Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Issue Date”	20 January 2021

“Joint Lead Managers”	China International Capital Corporation Hong Kong Securities Limited, Citigroup Global Markets Limited and UBS AG Hong Kong Branch
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Maturity Date”	the date on which the Bonds will be redeemed at their outstanding principal amount, unless previously redeemed, converted or purchased and cancelled, which is expected to be on 20 January 2026
“NDRC”	National Development and Reform Commission
“Offering Circular”	the offering circular to be prepared by the Company for use in connection with the issue of the Bonds and the listing of the Bonds on the Hong Kong Stock Exchange
“PRC”	the People’s Republic of China
“professional investor(s)”	as defined in Chapter 37 of the Listing Rules
“Publication Date”	the publication date of the Offering Circular, which is dated no later than three business days prior to the Issue Date or such other date as may be agreed between the Company and the Joint Lead Managers
“RMB”	Renminbi, the lawful currency of the PRC
“Shares”	(i) the H Shares, (ii) domestic invested shares, being ordinary shares with a par value of RMB1.00 each issued by the Company to investors within the PRC, and (iii) any other fully-paid and non-assessable shares of any class or classes of the ordinary shares of the Company authorised after the Issue Date which have no preference in respect of dividends or of amounts payable in the event of any voluntary or involuntary liquidation or dissolution of the Company
“Shareholders”	the holders of Shares
“Subscription Agreement”	the subscription agreement dated 5 January 2021 entered into between the Company and the Joint Lead Managers in connection with the issue and offering of the Bonds

“Terms and Conditions”	the terms and conditions of the Bonds
“Trust Deed”	the trust deed constituting the Bonds to be entered into between the Company and the Trustee on or around the Issue Date
“Trustee”	The Bank of New York Mellon, London Branch
“United States”	the United States of America, its territories and possessions and all areas subject to its jurisdiction
“Zhejiang SASAC”	the State-owned Assets Supervision and Administration Commission of the People’s Government of Zhejiang Province
“%”	percentage

By order of the Board
Zhejiang Expressway Co., Ltd.
YU Zhihong
Chairman

Hangzhou, the PRC, 6 January 2021

As at the date of this announcement, the Chairman of the Company is Mr. YU Zhihong; the executive directors of the Company are: Mr. CHEN Ninghui and Ms. LUO Jianhu; the non-executive directors of the Company are: Mr. DAI Benmeng, Mr. YUAN Yingjie and Mr. FAN Ye; and the independent non-executive directors of the Company are: Mr. PEI Ker-Wei, Ms. LEE Wai Tsang, Rosa and Mr. CHEN Bin.