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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)

CONNECTED TRANSACTION FORMATION OF THE JOINT VENTURE

JOINT VENTURE AGREEMENT

The Board is pleased to announce that on June 21, 2021, Zheshang Development and Zhejiang Zheqi entered into the Joint Venture Agreement, pursuant to which Zheshang Development and Zhejiang Zheqi will jointly establish the Joint Venture which will be principally engaged in spot and futures trading of commodities and supply chain management.

The Joint Venture Agreement sets out, among other things, the manner of formation of the Joint Venture, the management of the Joint Venture and certain rights and obligations of the shareholders of the Joint Venture and their financial commitments to the Joint Venture.

LISTING RULES IMPLICATIONS

As at the date of this announcement, Communications Group is a controlling shareholder of the Company. Zheshang Development is a 46.21% owned associate of Communications Group, and therefore it is a connected person of the Company.

As at the date of this announcement, Zhejiang Zheqi is a wholly-owned subsidiary of Zheshang Futures, which, in turn, is an indirectly non-wholly owned subsidiary of the Company. As a result, the transactions under the Joint Venture Agreement constitute connected transactions for the Company under Chapter 14A of the Listing Rules.

As the applicable percentage ratios in respect of the transactions contemplated under the Joint Venture Agreement are more than 0.1% but less than 5%, the Joint Venture Agreement is subject to the reporting, announcement and annual review requirements but exempt from the independent Shareholders' approval requirement under Chapter 14A of the Listing Rules.

INTRODUCTION

The Board is pleased to announce that on June 21, 2021, Zheshang Development and Zhejiang Zheqi entered into the Joint Venture Agreement, pursuant to which Zheshang Development and Zhejiang Zheqi will jointly establish the Joint Venture which will be principally engaged in spot and futures trading of commodities and supply chain management.

THE JOINT VENTURE AGREEMENT

Date

June 21, 2021

Parties

- (1) Zheshang Development; and
- (2) Zhejiang Zheqi.

Establishment of the Joint Venture

Zheshang Development and Zhejiang Zheqi will jointly establish the Joint Venture to engage in spot and futures trading of commodities and supply chain management.

Effectiveness of the Joint Venture Agreement

The Joint Venture Agreement will only take effect upon all necessary approvals for the implementation of the transactions contemplated under the Joint Venture Agreement having been obtained by Zheshang Development and Zhejiang Zheqi.

Registered capital of the Joint Venture

The registered capital of the Joint Venture shall be RMB150 million and may increase to RMB300 million, depending on the operating business conditions after the commencement of the Joint Venture.

The registered capital shall be contributed by the parties in the following proportion:

Name of Shareholder	Capital Contribution (RMB)	% of the total equity interests of the Joint Venture
Zheshang Development	120 million	80%
Zhejiang Zheqi	30 million	20%
Total	150 million	100%

The registered capital of the Joint Venture was determined after arm's length negotiation between the parties and is based on the funding requirements of the Joint Venture.

Management of the Joint Venture

The board of directors of the Joint Venture shall consist of five directors, three of which shall be nominated by Zheshang Development, one of which shall be nominated by Zhejiang Zheqi and one of which shall be a director representing the employees. The director representing the employees shall be elected by the employee representative assembly, general employee assembly or by other forms of democratic elections.

Directors (other than the director representing the employees) shall be nominated by the shareholders and shall subsequently be elected by the shareholders' meeting. The term of office for all directors is three years. At the expiry of the term, the directors may be re-elected.

The board shall have one chairman who shall be one of the directors nominated by Zheshang Development and elected by the board of directors. The chairman shall also serve as the legal representative of the Joint Venture.

The Joint Venture shall have one supervisor nominated by Zheshang Development and elected by the shareholders' meeting.

The Joint Venture shall have one general manager appointed by the board of directors.

REASONS FOR AND BENEFITS OF THE TRANSACTIONS

The Directors believe that the establishment of the Joint Venture is conducive to the long-term business development of Zhejiang Zheqi in terms of building the supply chain service platform of bulk commodity, stabilising the risk of commodity price fluctuations, broadening the variety of products and expanding the clientele. The establishment of the Joint Venture is also beneficial to enhancing the economic capacity of Zhejiang Zheqi, which is consistent with the core business goals and development strategies of Zhejiang Zheqi.

The Directors (including the independent non-executive Directors) are of the view that the terms of the Joint Venture Agreement 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.

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Mr. Yu Zhihong, Mr. Dai Benmeng and Mr. Fan Ye, being Directors, are deemed to have material interests in the Joint Venture Agreement as they are also employed by the Communications Group and have abstained from voting on the relevant Board resolutions. Other than those Directors mentioned above, none of the Directors have a material interest in the transactions contemplated under the Joint Venture Agreement, and none are required to abstain from voting on the relevant resolutions of the Board.

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.

Communications Group is a wholly state-owned enterprise established in the PRC on December 29, 2001 and is principally engaged in a diverse range of businesses, including investment, construction, operation, maintenance, toll collection and ancillary services of transportation infrastructure projects.

Zheshang Development is a 46.21% owned associate of Communications Group which was established under the laws of the PRC with limited liability in April 1999, the shares of which are listed on the Shenzhen Stock Exchange (Stock Code: 000906). Zheshang Development is principally engaged in providing supply chain integration services including but not limited to consulting, raw material procurement, inventory management, logistics distribution, risk hedging, asset management and supply chain finance.

Zhejiang Zheqi is an indirectly non-wholly owned subsidiary of the Company which was established under the laws of the PRC with limited liability on April 9, 2013. Zhejiang Zheqi is principally engaged in futures and spot related business, including basis trading, market making business and over-the-counter business.

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 wholly state-owned 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 shares are listed on the main board of the Stock Exchange
“associate”	has the meaning ascribed to it under the Listing Rules
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“connected transaction”	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
“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 primarily 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

“Joint Venture”	a joint venture company to be established in the PRC pursuant to the Joint Venture Agreement
“Joint Venture Agreement”	the agreement entered into between Zheshang Development and Zhejiang Zheqi on June 21, 2021 in relation to the formation of the Joint Venture
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange, as amended, supplemented or otherwise modified from time to time
“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
“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 the Hong Kong Limited
“subsidiary(ies)”	has the meaning ascribed to it under the Listing Rules
“%”	per cent.
“Zheshang Development”	Zheshang Development Group Co., Ltd.* (浙商中拓集團股份有限公司), a company established in the PRC with limited liability and a 46.21% owned associate of Communications Group
“Zheshang Futures”	Zheshang Futures Co., Ltd.* (浙商期貨有限公司), a company established in the PRC with limited liability and an indirectly non-wholly owned subsidiary of the Company

“Zhejiang Zheqi”

Zhejiang Zheqi Industrial Co., Ltd.* (浙江浙期實業有限公司), a company established in the PRC, a wholly-owned subsidiary of Zheshang Futures with limited liability and an indirectly non-wholly owned subsidiary of the Company

* *For identification purposes only*

On behalf of the Board of Directors
Zhejiang Expressway Co., Ltd.
YU Zhihong
Chairman

Hangzhou, the PRC, June 21, 2021

As at the date of this announcement, the Chairman of the Company is Mr. YU Zhihong; the executive Director of the Company is: Mr. CHEN Ninghui; the other non-executive Directors of the Company are: Mr. YUAN Yingjie, Mr. DAI Benmeng 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.