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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)

**ANNOUNCEMENT
CONNECTED TRANSACTION
IN RELATION TO THE SALE OF CONVERTIBLE BONDS**

Reference is made to the announcements of the Company dated March 28, 2022, April 12, 2022, June 9, 2022, June 13, 2022 and June 14, 2022 in relation to, among other things, the issue of Convertible Bonds by Zheshang Securities (the “**Overseas Regulatory Announcements**”).

As disclosed in the Overseas Regulatory Announcements, the issue of Convertible Bonds by Zheshang Securities in the principal amount of not more than RMB7 billion has been approved by the CSRC on March 28, 2022. Existing shareholders of Zheshang Securities enjoy pre-emptive rights to subscribe for the Convertible Bonds and any outstanding Convertible Bonds (including those where the existing shareholders waive their pre-emptive rights to subscribe) will be sold to the public investors through the Shanghai Stock Exchange trading system. Shangsans Co, being an approximately 73.63% owned subsidiary of the Company, owns approximately 54.79% issued share capital of Zheshang Securities. As an existing shareholder of Zheshang Securities, Shangsans Co has the pre-emptive right to subscribe for the Convertible Bonds in proportion to its shareholding in Zheshang Securities. Accordingly, Shangsans Co has subscribed for the Convertible Bonds with a principal amount of approximately RMB3.8 billion on June 14, 2022.

AGREEMENTS

On June 15, 2022, Shangsans Co entered into separate Agreements with Zhejiang Communications Finance and Zheshang Financial, respectively, in relation to the transfer of the Convertible Bonds in the aggregate principal amount of RMB1.1 billion at the aggregate consideration of not more than RMB1.2 billion. Completion will take place within 40 trading days from the first trading day upon the lapse of the Lock-up Period (both dates inclusive).

LISTING RULES IMPLICATIONS

As at the date of this announcement, Communications Group is a controlling shareholder of the Company. Zhejiang Communications Finance is owned as to 79.92% by Communications Group and Zheshang Financial is a wholly owned subsidiary of Communications Group, and therefore both Zhejiang Communications Finance and Zheshang Financial are connected persons of the Company.

As at the date of this announcement, Shangsang Co is a non-wholly owned subsidiary of the Company. As such, the transactions contemplated under the Agreements constitute connected transactions for the Company and will be aggregated under Chapter 14A of the Listing Rules.

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

BACKGROUND

Reference is made to the Overseas Regulatory Announcements. As disclosed in the Overseas Regulatory Announcements, the issue of Convertible Bonds by Zheshang Securities in the principal amount of not more than RMB7 billion has been approved by the CSRC on March 28, 2022. Shangsang Co, being an approximately 73.63% owned subsidiary of the Company, owns approximately 54.79% issued share capital of Zheshang Securities. As an existing shareholder of Zheshang Securities, Shangsang Co has the pre-emptive rights to subscribe for the Convertible Bonds in proportion to its shareholding in Zheshang Securities. Accordingly, Shangsang Co has subscribed for the Convertible Bonds with a principal amount of approximately RMB3.8 billion on June 14, 2022.

Shangsang Co proposed to sell part of the subscribed Convertible Bonds to Zhejiang Communications Finance and Zheshang Financial, respectively, by way of the Agreements. Being the controlling shareholder of Zheshang Securities, Shangsang Co is subject to the Lock-up Period, during which Shangsang Co is not allowed to transfer any Convertible Bonds under the PRC Securities Law. Completion will take place within 40 trading days from the first trading day upon the lapse of the Lock-up Period (both dates inclusive).

THE AGREEMENTS

On June 15, 2022, Shangsang Co entered into separate Agreements with Zhejiang Communications Finance and Zheshang Financial, respectively, in relation to the transfer of Convertible Bonds. Principal terms of the Agreements are summarized below:

- Date:** June 15, 2022
- Parties:**
- (a) Shangsang Co as vendor; and
 - (b) Zhejiang Communications Finance / Zheshang Financial as purchaser.
- Sale of Convertible Bonds:** Convertible Bonds with the aggregate principal amount of RMB1.1 billion, where:
- (a) RMB0.95 billion will be transferred to Zhejiang Communications Finance on the agreed completion day; and
 - (b) RMB0.15 billion will be transferred to Zheshang Financial on the agreed completion day.
- Consideration:** An aggregate consideration of not more than RMB1.2 billion, where Zhejiang Communications Finance and Zheshang Financial will each settle part of the consideration in proportion to the principal amount of Convertible Bonds acquired by them respectively.
- Basis of Consideration:** The amount of aggregate consideration was determined after conducting price enquiries with several institution investors and the offer jointly made by Zhejiang Communications Finance and Zheshang Financial was the most favourable.
- Trading of the Convertible Bonds will be conducted via the system for block trading of the Shanghai Stock Exchange (上海證券交易所大宗交易所) or the comprehensive electronic trading platform for fixed return equities of the Shanghai Stock Exchange (上海證券交易所固定收益證券綜合電子平台). The actual transaction price, quantity and settlement amount are subject to results confirmed by the trading platform.

Term: Completion of transfer of Convertible Bonds shall take place within 40 trading days from first trading day at the lapse of the Lock-up Period (both dates inclusive).

Termination: The Agreements may be terminated under the following circumstances:

- (a) parties to the Agreements agree to terminate the transaction;
- (b) where Shangsang Co or Zheshang Securities (including but not limited to their respective close associates, controlling shareholders, ultimate beneficial owner, directors, supervisors and senior management) are being investigated by the CSRC or the Shanghai Stock Exchange; or have their bank accounts or securities accounts be frozen by the court; or the occurrence of an event of default by any of the parties; or
- (c) where the Convertible Bonds do not proceed to be listed and dealt with in the Shanghai Stock Exchange.

REASONS FOR AND BENEFITS OF THE AGREEMENTS

The transfer of the Convertible Bonds under the Agreements amounts to an aggregate principal amount of RMB1.1 billion. Since the value of Convertible Bonds may fluctuate with the price of the underlying shares, through the Agreements which are forward agreement in nature, Shangsang Co can sell the Convertible Bonds within a designated price range thereby enhancing the liquidity of Shangsang Co and effectively lowering the investment risks in relation to the subscription of Convertible Bonds.

Given the above, the Directors (including the independent non-executive Directors) who are not required to abstain from voting in the relevant Board resolutions, are of the view that the terms of the Agreements are on normal commercial terms or better and in the interests of the Company and the Shareholders as a whole.

INFORMATION OF 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 is also engaged in expressway-related development and operation, as well as securities business.

Shangsan Co is a limited liability company established under the laws of the PRC on January 1, 1998. As at the date of this announcement, it is owned as to approximately 73.63% by the Company. It is principally engaged in the investment, construction, maintenance, management and other related services for the operation and development of highways.

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.

Zhejiang Communications Finance is a company established under the laws of the PRC with limited liability on November 9, 2012. As at the date of this announcement, it is owned as to 79.92% and 20.08% by Communications Group and the Company, respectively. Its principal business includes the provision of deposit services, loan and financial leasing services, clearing services and other financial services.

Zheshang Financial is a wholly-owned subsidiary of the Communications Group, which was established under the laws of the PRC with limited liability in August 2018. Zheshang Financial, serving as the financial investment platform of the Communications Group, is principally engaged in financial investment, financial control and asset securities.

Zheshang Securities is a joint stock limited company established under the laws of the PRC, the shares of which are listed on the Shanghai Stock Exchange (Stock Code: 601878). It is owned as to approximately 54.79% by Shangsan Co. Zheshang Securities is principally engaged in the provision of security brokerage, securities margin trading, security lending, security underwriting, asset management, advisory services and security trading.

LISTING RULE IMPLICATIONS

As at the date of this announcement, Communications Group is a controlling shareholder of the Company. Zhejiang Communications Finance is owned as to 79.92% by Communications Group and Zheshang Financial is a wholly owned subsidiary of Communications Group, and therefore both Zhejiang Communications Finance and Zheshang Financial are connected persons of the Company.

As at the date of this announcement, Shangsang Co is a non-wholly owned subsidiary of the Company. As such, the transactions contemplated under the Agreements constitute connected transactions for the Company and will be aggregated under Chapter 14A of the Listing Rules.

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

As Mr. Yu Zhihong, Mr. Jin Chaoyang, Mr. Fan Ye and Mr. Huang Jianzhang are currently also employed by Communications Group, they have abstained from voting at the Board meeting at which the Agreements were considered and approved. Save for Mr. Yu Zhihong, Mr. Jin Chaoyang, Mr. Fan Ye and Mr. Huang Jianzhang, none of the Directors has any material interest in the Agreements and the transactions contemplated thereunder.

WARNING

Shareholders and potential investors of the Company should note that completion of the transfer of Convertible Bonds under the Agreements is conditional upon the listing of the Convertible Bonds on the Shanghai Stock Exchange. Therefore, the transfer of Convertible Bonds under the Agreements may or may not proceed. Shareholders and potential investors of the Company should therefore exercise caution when dealing in the securities of the Company. Persons who are in doubt as to the action they should take should consult their professional advisers.

DEFINITIONS

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

“Agreement(s)”	the bonds block trade agreement(s) dated June 15, 2022 entered into between (i) Shangsang Co and Zhejiang Communications Finance; and (ii) Shangsang Co and Zheshang Financial, respectively, in relation to the transfer of certain Convertible Bonds
“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
“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
“Convertible Bonds”	the convertible bonds issued by Zheshang Securities in the aggregate principal amount of not more than RMB7 billion (bond code: 113060) to be traded on the Shanghai Stock Exchange
“CSRC”	China Securities Regulatory Commission
“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
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange, as amended, supplemented or otherwise modified from time to time
“Lock-up Period”	a six-months’ lock-up period commencing from the initial registration of the Convertible Bonds during which Shangsans Co, being the controlling shareholder of Zheshang Securities, is not allowed to transfer, assign or otherwise dispose of the Convertible Bonds
“percentage ratio”	has the meaning ascribed to it under Rule 14.04(8) 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
“Shangsans Co”	Zhejiang Shangsans Expressway Co., Ltd. (浙江上三高速公路有限公司), a limited liability company established in the PRC on January 1, 1998 which is owned as to approximately 73.63% by the Company and a subsidiary of the Company
“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 Communications Finance”	Zhejiang Communications Investment Group Finance Co., Ltd.* (浙江省交通投資集團財務有限責任公司), a company established in the PRC and a 79.92% owned subsidiary of the Communications Group
“Zheshang Financial”	Zhejiang Zheshang Financial Holding Co., Ltd.* (浙江浙商金控有限公司), a company established in the PRC with limited liability on August 17, 2018, which is a wholly-owned subsidiary of the Communications Group
“Zheshang Securities”	Zheshang Securities Co., Ltd. (浙商證券股份有限公司), a joint stock limited company established under the laws of the PRC on May 9, 2002, the shares of which was listed on the Shanghai Stock Exchange on June 26, 2017 (SH stock code: 601878)

“%” per cent

* *For identification purposes only.*

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

Hangzhou, the PRC, June 15, 2022

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 Mr. YUAN Yingjie; the other non-executive Directors of the Company are: Mr. JIN Chaoyang, 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.