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

(Stock Code: 0576)

**PROPOSED RIGHTS ISSUE OF DOMESTIC SHARES AND H SHARES
AND
SHAREHOLDERS' RETURN PLAN
FOR THE NEXT THREE YEARS (2023–2025)**

This announcement is made pursuant to the Inside Information Provisions (as defined in the Hong Kong Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) and Rule 13.09 of the Hong Kong Listing Rules.

PROPOSED RIGHTS ISSUE OF DOMESTIC SHARES AND H SHARES

The Board is pleased to announce that the Board proposes to seek the approval by the Shareholders for the Rights Issue and related authorizations. The Rights Issue will include the issuance of Domestic Rights Shares and H Rights Shares. The Rights Issue is subject to, among other things, the approval by the Shareholders, Domestic Shareholders and H Shareholders at the General Meeting, the Domestic Shares Class Meeting and the H Shares Class Meeting, respectively, and the approval by the CSRC and other relevant regulatory authorities before implementation.

Based on the total number of Shares of the Company on the Record Date of the Rights Issue, the allotment is proposed to be made to all Shareholders on the basis of up to 3.8 Rights Shares for every 10 existing Shares under the Rights Issue. The proportion of both Domestic Share Rights Issue and H Share Rights Issue are the same. The H Share Rights Issue will be underwritten pursuant to Rule 7.19(1) of the Hong Kong Listing Rules. The H Share Rights Issue Price is determined by using a market discount method based on the trading conditions of H Shares in the market prior to the publication of the issuance announcement. The final Rights Issue Price will be determined through the negotiation between the Board or its authorized person under the authorization of the General Meeting and the underwriter(s) with reference to the market conditions before the issuance.

Based on the total number of 4,343,114,500 Shares of the Company as at March 31, 2023 (comprising 2,909,260,000 Domestic Shares and 1,433,854,500 H Shares), and assuming there will be no change in the total number of Shares of the Company during the period from the date of this announcement to the Record Date, on the basis of up to 3.8 Rights Shares for every 10 existing Shares, the Company expects that the total number of Shares that may be allocated and issued will not exceed 1,650,383,510 Rights Shares under the Rights Issue, comprising up to 1,105,518,800 Domestic Rights Shares and up to 544,864,710 H Rights Shares.

The gross proceeds raised from the Rights Issue shall not exceed RMB6.5 billion. After deduction of relevant expenses relating to the issuance, the proceeds will be applied for (i) the expenses of the reconstruction and expansion projects of existing expressways and (ii) daily operating expenses such as replenishment of liquidity and repayment of borrowings, which in turn will support the sustainable development and business growth of the Group's core expressway business and be conducive to a win-win situation for the Company and the Shareholders. The final use of the proceeds is subject to the approval of the CSRC and other relevant regulatory authorities.

In accordance with the relevant requirements under the Articles of Association, a circular will be despatched by the Company to the H Shareholders as soon as practicable containing the notices for convening the General Meeting and the H Shares Class Meeting.

Prior to the commencement of the H Share Rights Issue, the Company will make a further announcement and issue the H Share Rights Issue Prospectus, which will contain all relevant information of Rights Issue, including the definitive basis on which the Rights Shares are to be issued, the maximum number of Rights Shares to be issued, the Rights Issue Price, the period of closure of the register of members for the H Shares and the H Share Rights Issue Record Date, the trading arrangements for the H Rights Shares, the arrangements for the excess H Rights Shares, the underwriting arrangements and the expected timetable of the Rights Issue.

SHAREHOLDERS' RETURN PLAN FOR THE NEXT THREE YEARS (2023–2025)

In the context of the Rights Issue, the Board intends to formulate the Shareholders' Return Plan for the Next Three Years (2023–2025) of Zhejiang Expressway Co., Ltd.. Subject to the implementation of the Rights Issue, the annual dividend of the Company proposed for the next three years (2023–2025) shall be no less than 75% of the distributable profit realized in the year (as shown in the financial statements prepared under PRC GAAP and HKFRSs, whichever is lower). The Shareholders' return plan for the next three years (2023–2025) is subject to the approval by the Shareholders at the General Meeting and the implementation of the Rights Issue.

As the Rights Issue is subject to, among others, the approval by the Shareholders, Domestic Shareholders and H Shareholders at the General Meeting, the Domestic Shares Class Meeting and the H Shares Class Meeting, respectively; the Shareholders' return plan for the next three years (2023–2025) is subject to the approval by the Shareholders at the General Meeting and the implementation of the Rights Issue. The H Share Rights Issue proposal is conditional upon the fulfillment of the conditions set out in the section headed "Conditions of the H Share Rights Issue". If the conditions have not been fulfilled, the H Share Rights Issue will not proceed. Shareholders and investors are advised to exercise caution when dealing in H Shares.

I. PROPOSED RIGHTS ISSUE OF DOMESTIC SHARES AND H SHARES

Introduction

The Board is pleased to announce that the Board proposes to seek the approval by the Shareholders for the Rights Issue and related authorizations. The Rights Issue will include the issuance of Domestic Rights Shares and H Rights Shares. After deduction of relevant expenses relating to the issuance, the proceeds raised from the Rights Issue will be applied for (i) the expenses of the reconstruction and expansion projects of existing expressways and (ii) daily operating expenses such as replenishment of liquidity and repayment of borrowings, which in turn will support the sustainable development and business growth of the Group's core expressway business and be conducive to a win-win situation for the Company and the Shareholders. The final use of the proceeds is subject to the approval of the CSRC and other relevant regulatory authorities.

Details of the Rights Issue Proposal

The Rights Issue proposal will comprise the issuance of Domestic Rights Shares to all Qualified Domestic Shareholders and the issuance of H Rights Shares to all Qualified H Shareholders, respectively, on the preliminary terms set out below, which are subject to, among other things, the implementation of the Rights Issue proposal and the actual market conditions.

Class and Nominal Value of Rights Shares : The classes of Shares to be issued under the Rights Issue are Domestic Shares and H Shares, each with a nominal value of RMB1.00 per Share.

Method of Issuance : The Rights Issue will be conducted by way of issuing Shares to existing Shareholders.

**Basis, Proportion
and Number of
the Rights Shares
to be Issued**

: The Domestic Share Rights Issue is proposed to be based on the total number of Domestic Shares on the Domestic Share Rights Issue Record Date, and the allotment will be made to all Qualified Domestic Shareholders on the basis of up to 3.8 Domestic Rights Shares for every 10 Domestic Shares. The H Share Rights Issue is proposed to be based on the total number of H Shares on the H Share Rights Issue Record Date, and the allotment will be made to all Qualified H Shareholders on the basis of up to 3.8 H Rights Shares for every 10 H Shares, with fractions of less than 1 H Rights Share to be dealt with according to the relevant requirements of the stock exchanges and securities registration and settlement institutions of the places where the securities are traded at. The proportion of the Rights Issue of both Domestic Shares and H Shares are the same.

Based on the Company's total number of Shares of 4,343,114,500 Shares (comprising 2,909,260,000 Domestic Shares and 1,433,854,500 H Shares) as at March 31, 2023, and assuming there will be no change in the total number of Shares of the Company during the period from the date of this announcement to the Record Date, the number of Rights Shares to be issued and allotted is expected to be no more than 1,650,383,510 Shares, among which, the number of Domestic Rights Shares would be no more than 1,105,518,800 Shares and the number of H Rights Shares would be no more than 544,864,710 Shares. In the event that the total number of Shares of the Company changes due to any bonus issue, capital conversion from capital reserve and other reasons before the Rights Issue, the number of Rights Shares will be adjusted accordingly based on the total number of Shares after the change.

Underwriting Method : H Share Rights Issue will be underwritten pursuant to Rule 7.19(1) of the Hong Kong Listing Rules.

Rights Issue Price : The pricing principle of the H Share Rights Issue is as below:

- (i). To make reference to various valuation indicators of the Shares in the secondary market including price and volatility, price-to-book ratio and price-to-earnings ratio, and consider the business development of the Company as well as the interests of the Shareholders; and
- (ii). To comply with the principle of price determination according to the negotiation between the Board or its authorized person and the underwriter(s).

The H Share Rights Issue Price is determined by using a market discount method based on the trading conditions of H Shares in the market prior to the publication of the issuance announcement. The final Rights Issue Price will be determined through the negotiation between the Board or its authorized person under the authorization of the General Meeting and the underwriter(s) with reference to the market conditions before the issuance. The Rights Issue Prices of Domestic Shares and H Shares shall be consistent after exchange rate adjustment.

Target Subscribers for the Rights Issue : The target subscribers in respect of the H Share Rights Issue shall be all Qualified H Shareholders as at the H Share Rights Issue Record Date. The target subscribers in respect of the Domestic Share Rights Issue shall be all Qualified Domestic Shareholders as at the Domestic Share Rights Issue Record Date. No issuance will be made to anyone who is not a Shareholder of the Company in the Domestic Share Rights Issue and no preferential subscription arrangement will be involved.

Communications Group, the Controlling Shareholder of the Company, has undertaken to fully subscribe in cash for all Rights Shares provisionally allotted to it determined according to the Rights Issue proposal at the final determined Rights Issue Price.

The Record Date of the Rights Issue will be determined separately after obtaining the approval of registration of the Domestic Share Rights Issue by the CSRC.

- Arrangement for Accumulated Undistributed Profits of the Company Prior to the Rights Issue** : The accumulated undistributed profits of the Company prior to the Rights Issue shall be shared by all Shareholders on a pro rata basis of their shareholding after the completion of the Domestic Share Rights Issue and H Share Rights Issue.
- Time of Issuance** : Upon obtaining the approval of registration of the Domestic Share Rights Issue by the CSRC, the Rights Shares will be allotted and issued to all Shareholders in due course within the prescribed period.
- Use of Proceeds** : The gross proceeds raised from the Rights Issue shall not exceed RMB6.5 billion. Out of the net proceeds raised after deducting issuance expenses, (i) no more than RMB5.5 billion will be applied for the expense of reconstruction and expansion projects of existing expressways, and (ii) no more than RMB1.0 billion will be applied for daily operating expenses such as replenishment of liquidity and repayment of borrowings, which in turn will support the sustainable development and business growth of the Group's core expressway business and be conducive to a win-win situation for the Company and the Shareholders. The final use of the proceeds is subject to the approval of the CSRC and other relevant regulatory authorities.

If the expected proceeds cannot be fully raised from the Rights Issue, the shortfall will be supplemented by the Group with its self-raised funds.

Without altering the use of proceeds raised from the Rights Issue, considering the regulatory approval requirements and uncertainty in the implementation time of investment projects, in order to reduce the idling of investment funds, the Company will adjust and decide the specific investment projects, the order of priority and the specific investment amount of each project based on the size and time sensitivity of each project.

- Validity Period of the Resolutions** : The effective period of the resolutions on the Rights Issue shall be 12 months starting from the date on which the resolutions are approved by the Company's General Meeting, the Domestic Shares Class Meeting and the H Shares Class Meeting. If the Company obtains approval, permission, filing or registration (if applicable) from the regulatory authorities during the validity period of the resolutions of the General Meeting and class meetings for the Rights Issue, the validity period of the resolutions will be automatically extended to the expiry date of the validity period confirmed by the approval, permission, filing or registration of the regulatory authorities.
- Shareholders' Approval** : The Rights Issue is subject to, among others, the approval by the Shareholders at the General Meeting, the approval by the Domestic Shareholders at the Domestic Shares Class Meeting and the approval by the H Shareholders at the H Shares Class Meeting, respectively.
- Listing and Lock-up Arrangement of the Shares to be Issued under the Rights Issue** : Upon completion of the H Share Rights Issue, the H Shares issued under the Rights Issue will be listed on the Hong Kong Stock Exchange according to the relevant requirements.

The new Shares issued under the Rights Issue is not subject to any lock-up arrangement and there is no voluntary lock-up undertaking made for such new Shares.

Qualified H Shareholders

Subject to, among others, the approval by the Shareholders at the relevant General Meeting, the Company will despatch the H Share Rights Issue Prospectus to the Qualified H Shareholders, including the PRC Southbound Trading Investors (and to the extent permitted by the relevant laws, to the Excluded Shareholders for information purposes only). To qualify for the H Share Rights Issue, a Shareholder shall:

- (i) be registered as a H Shareholder of the Company on the H Share Rights Issue Record Date; and
- (ii) not be an Excluded Shareholder.

Before the commencement of the H Share Rights Issue, the Company will announce the date by which the H Shareholders must lodge any transfer documents in relation to the existing H Shares (together with the relevant H Share certificates) with the H Share Registrar, in order for the transferee to become a H Shareholder of the Company on or before the H Share Rights Issue Record Date.

The PRC Southbound Trading Investors will not be excluded from participation in the H Share Rights Issue.

H Share Rights Issue Record Date

The H Share Rights Issue Record Date and the trading arrangements for the Nil-paid H Rights Shares will be determined by the Board and once so determined, a further announcement will be made by the Company. The H Share Rights Issue is conditional upon the fulfilment of the conditions set out under the section headed “Conditions of the H Share Rights Issue” in this announcement. The H Share Rights Issue Record Date will not precede the date of the General Meeting, the Domestic Shares Class Meeting and the H Shares Class Meeting or the date on which relevant PRC governmental and regulatory approvals in relation to the Rights Issue are granted to the Company.

Trading of the H Rights Shares

Dealings in the H Rights Shares in both their nil-paid and fully-paid forms registered with the H Share Registrar will be subject to the payment of stamp duty in Hong Kong. A further announcement will be made by the Company regarding the trading arrangements for the H Rights Shares (in nil-paid and fully-paid forms) after such arrangements have been finalized by the Board.

Status of the H Rights Shares

The H Rights Shares, when allotted and fully paid, will rank *pari passu* in all respects with the H Shares then in issue. Holders of fully-paid H Rights Shares will be entitled to receive all dividends and distributions which are declared, made or paid after the date of allotment and issue of the H Rights Shares.

Rights of Overseas Shareholders

The H Share Rights Issue Prospectus will be registered in Hong Kong only and not be registered under the relevant securities legislation of any other jurisdiction. The Company will make enquiries regarding the feasibility of extending the H Share Rights Issue to the Overseas Shareholders. If, based on the advice received from the relevant legal advisers, the Board considers that it is necessary or expedient not to offer the H Rights Shares to certain Overseas Shareholders (who are thus Excluded Shareholders) on account either of the legal restrictions under the laws of the place of his/her/their registered address(es) or the requirements of the relevant regulatory body or stock exchange in that place, the H Share Rights Issue will not be made available to the Excluded Shareholders. To the extent permitted by the laws of the places of registered addresses of Overseas Shareholders, the Company will endeavour to provide fair opportunities for Overseas Shareholders to participate in the H Share Rights Issue and subscribe for H Rights Shares.

The Company will despatch copies of the H Share Rights Issue Prospectus to the Excluded Shareholders for their information only, but the Company will not despatch any provisional allotment letters or excess application forms to the Excluded Shareholders.

Arrangements will be made for the H Rights Shares, which would otherwise have been provisionally allotted to the Excluded Shareholders, to be sold in the market in their nil-paid form, as soon as practicable after the commencement of the dealings in the Nil-paid H Rights Shares, if a premium (net of expenses) can be obtained. The proceeds of such sale, less expenses, will be paid on a pro rata basis to the Excluded Shareholders, and the Company will pay individual amounts of more than HK\$100 to the relevant Excluded Shareholders, provided that the Company will retain individual amounts of HK\$100 or less for its own benefit.

Application for Excess H Rights Shares

Qualified H Shareholders of the Company (other than the PRC Southbound Trading Investors) may apply, by way of excess application, for any H Rights Shares to which unsold entitlements of the Excluded Shareholders relate and for any H Rights Shares provisionally allotted to the Qualified H Shareholders but not accepted.

Application for excess H Rights Shares may be made by completing the excess application form to be despatched to the Qualified H Shareholders together with the H Share Rights Issue Prospectus and lodging the same with a separate remittance for such excess H Rights Shares. Excess H Rights Shares (if available) will, at the sole discretion of the Company, be allocated on a fair and reasonable basis. All excess H Rights Shares will be allocated to the Qualified H Shareholders who have applied for excess H Rights Shares on a pro rata basis with reference to their number of excess H Rights Shares applied for. No reference will be made to H Rights Shares comprised in applications by provisional allotment letter or the existing number of H Shares held by Qualified H Shareholders. If the aggregate number of H Rights Shares not taken up by the Qualified H Shareholders under provisional allotment letters is greater than the aggregate number of excess H Rights Shares applied for through excess application forms, the Company will allocate to each Qualified H Shareholder who applies for excess H Rights Shares in full application.

Conditions of the H Share Rights Issue

It is expected that the H Share Rights Issue will be conditional upon the fulfilment of the following matters:

- (i) the approval of the Rights Issue by the Shareholders at the General Meeting;
- (ii) the approval of the Rights Issue at the H Shares Class Meeting and the Domestic Shares Class Meeting, respectively;
- (iii) the Listing Committee of the Hong Kong Stock Exchange agreeing to grant the listing of, and permission to deal in, the H Rights Shares in their nil-paid and fully-paid forms on the Hong Kong Stock Exchange, either unconditionally or subject to such conditions which the Company accepts and the satisfaction of such conditions (if any) by no later than the date of the delivery of the H Share Rights Issue Prospectus; and
- (iv) the delivery to the Hong Kong Stock Exchange and filing and registration of all documents in relation to the H Share Rights Issue as required by laws to be filed to and registered with the Companies Registry in Hong Kong.

None of the above conditions for completion of the H Share Rights Issue may be waived by the Company or has been satisfied as of the date of this announcement. If the conditions are not fulfilled, the H Share Rights Issue will not proceed.

Conditions of the Domestic Share Rights Issue

It is expected that the Domestic Share Rights Issue will be conditional upon the fulfilment of the following matters:

- (i) the approval of the Rights Issue by the Shareholders at the General Meeting;
- (ii) the approval of the Rights Issue at the Domestic Shares Class Meeting and the H Shares Class Meeting, respectively; and
- (iii) the consent of registration or the approval of the Rights Issue by the CSRC and other relevant regulatory authorities.

None of the above conditions for completion of the Domestic Share Rights Issue may be waived by the Company or has been satisfied as of the date of this announcement. If the conditions are not fulfilled, the Domestic Share Rights Issue will not proceed.

The H Share Rights Issue and the Domestic Share Rights Issue are inter-conditional upon each other.

Underwriting

The Company intends to proceed with the H Share Rights Issue on an underwritten basis in accordance with Rule 7.19(1) of the Hong Kong Listing Rules and such underwriting will be conducted in accordance with the requirements of the Hong Kong Listing Rules. Details of the underwriting arrangement in relation to the Rights Issue will be provided to the Shareholders in a further announcement on the Rights Issue to be issued by the Company in due course.

Further Announcement and Issuance of H Share Rights Issue Prospectus in Relation to the H Share Rights Issue

Prior to the commencement of the H Share Rights Issue, the Company will make a further announcement and issue the H Share Rights Issue Prospectus, which will contain all relevant details of the Rights Issue, including the definitive basis on which the Rights Shares are to be issued, the maximum number of the Rights Shares to be issued, the Rights Issue Price, the period of closure of the register of members for the H Shares and the H Share Rights Issue Record Date, the trading arrangements for H Rights Shares, the arrangements for the excess H Rights Shares, the underwriting arrangements and the expected timetable of the Rights Issue.

Reasons for the Rights Issue

The reasons for the Rights Issue of the Company are as follows:

(i) Seize the opportunities to provide capital support for expressway construction

China's "14th Five-Year Plan" proposes to accelerate the development of a country with strong transportation network by further enhancing the integrated major transportation access, integrated transit hubs and logistics networks, opening up new opportunities and possibilities for the future development of expressway construction. As the only listed expressway company in Zhejiang Province, the Company operates the main strategic road network in Zhejiang Province. The Group's unparalleled geographic advantage enables it to play a key role in the national strategies of "Building National Strength in Transportation" and "Integrated Development of the Yangtze River Delta". The proceeds raised from the Rights Issue will provide a strong support for expressway construction, which will enable the Group to actively seize development opportunities, and consolidate and expand its influence on the industry.

(ii) Extend the expressway concessionary period to achieve sustainable development of the Group

According to the Regulations for Expressways of Zhejiang Province, after the expiration of the original expressway concessionary period, the expressway concessionary period can be extended for expressway that has commenced reconstruction and expansion. The concessionary period of some of the Group's expressways will successively expire before 2030. Currently, the reconstruction and expansion projects of Ningbo-Jinhua Expressway and Zhajiasu Expressway are scheduled to commence in 2023. After the reconstruction and expansion, the concessionary period of these expressways will be extended by 25 years and the traffic capacity will be significantly improved, which will strengthen the long-term profitability of the Group.

(iii) Optimize the asset structure to enhance investment and financing capacity

The Rights Issue will further optimize the Company's asset-liability structure, and further expand the financing capacity while maintaining low financing costs, creating favorable conditions for the medium and long-term development of the core expressway business.

(iv) Give Shareholders a fair opportunity to participate in the Rights Issue and share the potential growth of the Group

The Rights Issue is proposed to be placed to all qualified Shareholders, and certain price discounts will be provided to give Shareholders a fair opportunity to participate in the Rights Issue and share the potential growth of the Group. Qualified Shareholders can maintain their shareholdings in the Company by subscribing the Rights Shares.

Shareholding Structure of the Company

For illustrative purpose, the following table sets out the Company's current shareholding structure and the proposed shareholding structure upon the completion of the Rights Issue, assuming the Rights Issue is conducted on the basis of 3.8 Rights Shares for every 10 existing Shares and the Rights Shares are fully subscribed, and no change in the total number of Shares of the Company during the period from the date of this announcement to the Record Date:

Class of Shares	As at the date of this announcement			Immediately after the completion of the Rights Issue	
	Number of Shares	As a percentage of total number of Shares of the Company	Shares to be increased according to the Rights Issue	Number of Shares	As a percentage of total number of Shares of the Company
Domestic Shares	2,909,260,000	66.99%	1,105,518,800	4,014,778,800	66.99%
H Shares	<u>1,433,854,500</u>	<u>33.01%</u>	<u>544,864,710</u>	<u>1,978,719,210</u>	<u>33.01%</u>
Total	<u><u>4,343,114,500</u></u>	<u><u>100%</u></u>	<u><u>1,650,383,510</u></u>	<u><u>5,993,498,010</u></u>	<u><u>100%</u></u>

Change in Registered Capital and the Corresponding Amendments to the Relevant Clauses in the Articles of Association

Upon the completion of the Rights Issue, the Company shall correspondingly adjust its registered capital and the relevant clauses of the Articles of Association. Therefore, the Board seeks the approval at the General Meeting and class meetings to approve that, upon the completion of the Rights Issue, the Company's registered capital shall be adjusted in accordance with the issuance results of the Rights Issue. Based on the issuance results of the Rights Issue and the adjustment of the Company's registered capital, the clauses related to the total number of Shares and shareholding structure and the clause related to the registered capital in the Articles of Association shall be amended accordingly.

II. SHAREHOLDERS' RETURN PLAN FOR THE NEXT THREE YEARS (2023–2025)

The Company takes into full consideration the expectation of the Shareholders, especially the needs of minority Shareholders, not only paying attention to the reasonable investment return for investors, but also to the expectations of investors for the sustained and rapid development of the Company. The Company proactively provides investors with returns, fulfills social responsibilities, establishes a sound corporate image, and builds up the investors' confidence in the development prospects of the Company. In the context of the Rights Issue, the Board proposes to formulate the Shareholders' Return Plan for the Next Three Years (2023–2025) of Zhejiang Expressway Co., Ltd., the details of which are as follows:

Proposed Shareholders' Return Plan

The actual annual dividend payment of the Company from 2020 to 2022 accounted for 68.2%, 47.2% and 60.2% of the distributable profit (as shown in the financial statements prepared under PRC GAAP and HKFRSs, whichever is lower) realized in each year respectively.

Considering the profit and cash flow of the Company and taking into account its long-term dividend policy and the expectation of Shareholders, subject to the implementation of the Rights Issue and compliance with relevant laws, regulations and other normative documents, the Company proposes that the annual dividend for the next three years (2023–2025) shall be no less than 75% of the distributable profit realized in the year (as shown in the financial statements prepared under PRC GAAP and HKFRSs, whichever is lower).

Adjustments to the Shareholders' Return Plan

1. The Shareholders' return plan for the next three years (2023–2025) shall become effective subject to Shareholders' approval at the General Meeting and the implementation of the Rights Issue.
2. The Board is responsible for the Shareholders' return plan for the next three years (2023–2025). The matters not covered shall be executed in accordance with relevant laws, regulations, normative documents and the Articles of Association.

III. CIRCULAR

In accordance with the relevant requirements under the Articles of Association, a circular will be despatched by the Company to the H Shareholders as soon as practicable containing the notices for convening the General Meeting and the H Shares Class Meeting.

As the Rights Issue proposal is subject to, among others, the approval by the Shareholders, Domestic Shareholders and H Shareholders at the General Meeting, the Domestic Shares Class Meeting and the H Shares Class Meeting, respectively; the Shareholders' return plan for the next three years (2023–2025) is subject to the approval by the Shareholders at the General Meeting and the implementation of the Rights Issue. The H Share Rights Issue proposal is conditional upon the fulfillment of the conditions set out in the section headed “Conditions of the H Share Rights Issue”. If the conditions have not been fulfilled, the H Share Rights Issue will not proceed. Shareholders and investors are advised to exercise caution when dealing in H Shares.

DEFINITIONS

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

“Articles of Association”	the articles of association of the Company as amended from time to time
“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 Hong Kong Stock Exchange (stock code: 0576)
“Controlling Shareholder”	has the meaning ascribed to it under the Hong Kong Listing Rules
“CSRC”	China Securities Regulatory Commission

“Director(s)”	the director(s) of the Company
“Domestic Rights Share(s)”	the new Domestic Share(s) proposed to be placed and issued to the Qualified Domestic Shareholders pursuant to the Domestic Share Rights Issue (less any Domestic Shares not taken up by Domestic Shareholders)
“Domestic Share(s)”	the ordinary Share(s) of the Company with a nominal value of RMB1.00 each, which are not listed on the main board of the Hong Kong Stock Exchange
“Domestic Share Rights Issue”	the proposed issue of up to 1,105,518,800 Domestic Rights Shares at the Rights Issue Price on the basis of up to 3.8 Domestic Rights Shares for every 10 existing Domestic Shares held on the Domestic Share Rights Issue Record Date
“Domestic Share Rights Issue Record Date”	a date to be determined by the Board or its authorized person by reference to which entitlements to the Domestic Share Rights Issue are to be determined
“Domestic Shareholder(s)”	holder(s) of the Domestic Shares
“Domestic Shares Class Meeting”	the Domestic Shares class meeting of the Company to be convened to consider and, if thought fit, approve, among other things, the Rights Issue
“Excluded Shareholder(s)”	Overseas Shareholder(s) whom the Board, based on relevant opinions provided by legal advisers, considers it necessary or expedient to exclude any such Overseas Shareholder(s) from participating in the Rights Issue on account either of the legal restrictions under the laws of the place of his/her/their registered address(es) or the requirements of the relevant regulatory body and stock exchange in that place
“General Meeting”	the general meeting of the Company to be held to consider and, if thought fit, approve, among others, the Rights Issue
“Group”	the Company and its subsidiaries
“H Rights Share(s)”	the new H Share(s) proposed to be placed and issued to the Qualified H Shareholders pursuant to the H Share Rights Issue (less any H Shares not taken up by the H Shareholders)

“H Share Registrar”	Hong Kong Registrars Limited
“H Share Rights Issue”	the proposed issue of up to 544,864,710 H Rights Shares at the Rights Issue Price on the basis of up to 3.8 H Rights Shares for every 10 existing H Shares held on the H Share Rights Issue Record Date
“H Share Rights Issue Prospectus”	the prospectus in relation to the H Share Rights Issue to be issued by the Company and despatched to the H Shareholders, which contains further details of the H Share Rights Issue
“H Share Rights Issue Record Date”	a date to be determined by the Board or its authorised person by reference to which entitlements to the H Share Rights Issue are to be determined
“H Share(s)”	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
“H Shareholder(s)”	holder(s) of the H Shares
“H Shares Class Meeting”	the H Shares class meeting of the Company to be convened to consider and, if thought fit, approve, among other things, the Rights Issue
“HK\$” or “Hong Kong dollars”	Hong Kong dollar, the lawful currency of Hong Kong
“HKFRSs”	Hong Kong Financial Reporting Standards
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Hong Kong Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, as amended, supplemented or otherwise revised from time to time
“Hong Kong Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Nil-paid H Rights Share(s)”	the rights to subscribe for H Rights Shares (in the form of H Rights Shares in nil-paid form) before the Rights Issue Price is paid

“Overseas Shareholder(s)”	H Shareholders whose name(s) appear on the register of members of the Company on the H Share Rights Issue Record Date and whose registered address(es) is/are in a place outside Hong Kong
“PRC GAAP”	PRC Generally Accepted Accounting Principles
“PRC” or “China”	the People’s Republic of China
“PRC Southbound Trading Investors”	PRC investors holding the shares of Hong Kong listed companies through China Securities Depository and Clearing Corporation Limited, the agent of Shanghai-Hong Kong Stock Connect
“Qualified Domestic Shareholder(s)”	Domestic Shareholders whose name(s) appear(s) on the register of members of the Company on the Domestic Share Rights Issue Record Date (excluding Excluded Shareholders)
“Qualified H Shareholder(s)”	H Shareholders whose name(s) appear(s) on the register of members of the Company on the H Share Rights Issue Record Date (not being Excluded Shareholders)
“Record Date”	Domestic Share Rights Issue Record Date and/or H Share Rights Issue Record Date
“Rights Issue”	Domestic Share Rights Issue and/or H Share Rights Issue
“Rights Issue Price”	the final subscription price for the Domestic Rights Shares and the H Rights Shares to be offered pursuant to the Rights Issue
“Rights Share(s)”	Domestic Rights Share(s) and/or H Rights Share(s)
“RMB”	Renminbi, the lawful currency of the PRC
“Share(s)”	Domestic Share(s) and/or H Share(s)

“Shareholder(s)” holder(s) of Shares

“%” per cent

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

Hangzhou, the PRC

May 23, 2023

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 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. CHEN Bin.