
THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in doubt as to any aspect of this circular or as to the action to be taken, you should consult your stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountants or other professional adviser.

If you have sold or transferred all your shares in **Zhejiang Expressway Co., Ltd.**, you should at once hand this circular with the accompanying form of proxy to the purchaser or the transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or the transferee.

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this circular, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this circular.

This circular is for information purposes only and does not constitute an invitation or solicitation of an offer to acquire, purchase or subscribe for securities or an invitation to enter into an agreement to do so, nor is it calculated to invite any offer to acquire, purchase or subscribe for any securities.



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)

(1) PROPOSED RIGHTS ISSUE OF DOMESTIC SHARES AND H SHARES **(2) SHAREHOLDERS' RETURN PLAN FOR THE NEXT THREE YEARS (2023-2025)** **(3) NOTICES OF EXTRAORDINARY GENERAL MEETING, H SHARES CLASS MEETING AND DOMESTIC SHARES CLASS MEETING**

The EGM, the H Shares Class Meeting and the Domestic Shares Class Meeting will be held at 5/F, No. 2 Mingzhu International Business Center, 199 Wuxing Road, Hangzhou City, Zhejiang Province, the PRC on July 24, 2023 at 10:00 a.m., on July 24, 2023 at 12:00 noon (or immediately after the conclusion or adjournment of the EGM) and on July 24, 2023 at 12:30 p.m. (or immediately after the conclusion or adjournment of the H Shares Class Meeting), respectively. The notices convening the EGM, the H Shares Class Meeting and the Domestic Shares Class Meeting are set out on pages 24 to 26, 27 to 29 and 30 to 32 of this circular, respectively.

Whether or not you intend to attend the EGM, the H Shares Class Meeting and/or the Domestic Shares Class Meeting in person, you are requested to complete and return the accompanying proxy form(s) in accordance with the instructions printed thereon. In case of H Shareholders, the proxy form should be lodged with the Company's H Shares Registrar, Hong Kong Registrars Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, not less than 24 hours before the time for holding the EGM and/or the H Shares Class Meeting (or any adjournment thereof). In case of Domestic Shareholders, the proxy form should be lodged with the Company's principal place of business in the PRC at 5/F, No. 2 Mingzhu International Business Center, 199 Wuxing Road, Hangzhou City, Zhejiang Province, the PRC not less than 24 hours before the time for holding the EGM and/or Domestic Shares Class Meeting (or any adjournment thereof). Completion and delivery of the proxy form(s) will not preclude you from attending and voting in person at the meeting(s) or any adjournment thereof should you so wish.

CONTENTS

	<i>Page</i>
DEFINITIONS	1
LETTER FROM THE BOARD	5
I. INTRODUCTION	5
II. MATTERS TO BE CONSIDERED AT THE EGM AND/OR CLASS MEETINGS	6
1. Rights Issue	6
2. Shareholders' Return Plan	21
III. THE EGM AND CLASS MEETINGS	22
IV. RESPONSIBILITY STATEMENT	22
V. METHODS OF VOTING AT THE EGM AND CLASS MEETINGS	22
VI. RECOMMENDATIONS	23
NOTICE OF EXTRAORDINARY GENERAL MEETING	24
NOTICE OF H SHARES CLASS MEETING	27
NOTICE OF DOMESTIC SHARES CLASS MEETING	30

DEFINITIONS

In this circular, unless the context specifies otherwise, the following expressions shall have the meanings stated below:

“Articles of Association”	the articles of association of the Company as amended from time to time
“Board”	the board of Directors of the Company
“ChinaClear”	China Securities Depository and Clearing Corporation Limited
“China Merchants Expressway”	China Merchants Expressway Network & Technology Holdings Co., Ltd. (招商局公路網絡科技控股股份有限公司)
“Class Meetings”	the H Shares Class Meeting and the Domestic Shares Class Meeting
“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, the H Shares of which 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 shares 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

DEFINITIONS

“Domestic Shares Class Meeting”	the Domestic Shares class meeting of the Company to be held on July 24, 2023
“EGM”	the extraordinary general meeting of the Shareholders of the Company to be held on July 24, 2023
“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 or stock exchange in that place
“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 authorized person by reference to which entitlements to the H Share Rights Issue are to be determined
“H Shareholder(s)”	holder(s) of the H Shares
“H Shares”	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 Shares Class Meeting”	the H Shares class meeting of the Company to be held on July 24, 2023
“HK\$” or “Hong Kong dollars”	Hong Kong dollar, the lawful currency of Hong Kong
“HKFRSs”	Hong Kong Financial Reporting Standards

DEFINITIONS

“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
“Latest Practicable Date”	June 20, 2023, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained herein
“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 Shareholder(s) whose name(s) appear(s) 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 ChinaClear, the agent of Shanghai-Hong Kong Stock Connect
“Qualified Domestic Shareholder(s)”	Domestic Shareholder(s) 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 Shareholder(s) 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

DEFINITIONS

“Share(s)”	Domestic Share(s) and/or H Share(s)
“Shareholder(s)”	holder(s) of Shares
“Shareholders’ Return Plan”	the proposed Shareholders’ return plan for the next three years (2023-2025) of the Company in relation to the Rights Issue to be proposed at the EGM
“%”	per cent

LETTER FROM THE BOARD



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)

Chairman

Mr. YU Zhihong

Executive Directors

Mr. CHEN Ninghui

Mr. YUAN Yingjie

Non-executive Directors

Mr. YANG Xudong

Mr. FAN Ye

Mr. HUANG Jianzhang

Independent Non-executive Directors

Mr. PEI Ker-Wei

Ms. LEE Wai Tsang, Rosa

Mr. CHEN Bin

Registered Address:

12/F, Block A, Dragon Century Plaza

1 Hangda Road

Hangzhou City, Zhejiang Province 310007

The PRC

Business Address:

5/F, No. 2 Mingzhu International Business Center

199 Wuxing Road

Hangzhou City, Zhejiang Province 310020

The PRC

June 26, 2023

To the Shareholders

Dear Sir or Madam,

(1) PROPOSED RIGHTS ISSUE OF DOMESTIC SHARES AND H SHARES
(2) SHAREHOLDERS' RETURN PLAN FOR THE NEXT THREE YEARS (2023-2025)
(3) NOTICES OF EXTRAORDINARY GENERAL MEETING,
H SHARES CLASS MEETING AND
DOMESTIC SHARES CLASS MEETING

I. INTRODUCTION

Reference is made to the announcement of the Company dated May 23, 2023, in relation to the Rights Issue and the Shareholders' Return Plan. The purpose of this circular is, among other things, to give you notice of the EGM and notices of the Class Meetings and to provide you with detailed information in relation to the resolutions to be proposed at the EGM and the Class Meetings to enable you to make an informed decision on whether to vote for or against those resolutions to be put forward at the EGM and the Class Meetings.

LETTER FROM THE BOARD

The Rights Issue is subject to, among others, the approval by the Shareholders, and therefore the Rights Issue may or may not materialize. The Rights Issue is conditional upon the fulfillment of the conditions set out in this circular. If the conditions are not fulfilled, the Rights Issue will not proceed. Shareholders and investors are advised to exercise caution when dealing in the Shares.

II. MATTERS TO BE CONSIDERED AT THE EGM AND/OR CLASS MEETINGS

1. Rights Issue

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, based on the preliminary terms set out below, which are subject to, among other things, the implementation of the Rights Issue 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, Subscription Ratio and Number of the Rights Shares to be Issued : Under the Domestic Share Rights Issue, Shares are proposed to be allotted to all Qualified Domestic Shareholders on the basis of up to 3.8 Rights Shares for every 10 Shares calculated based on the total number of Domestic Shares on the Domestic Share Rights Issue Record Date.

Under the H Share Rights Issue, Shares are proposed to be allotted to all Qualified H Shareholders on the basis of up to 3.8 Rights Shares for every 10 Shares calculated based on the total number of H Shares in issue after the trading hours on the H Share Rights Issue Record Date. Fractions of less than 1 H Share will 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 subscription ratio of the Domestic Share Rights Issue and H Share Rights Issue are the same.

Calculated on the basis of 4,343,114,500 total issued 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 Latest Practicable Date 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 (comprising 1,105,518,800 Domestic Shares and 544,864,710 H 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.

LETTER FROM THE BOARD

The proposed subscription ratio is intended to balance the funding requirements and market acceptance as well as minimize the dilutive effect of the Rights Issue on existing Shareholders. The Company has taken into account the following factors when determining the subscription ratio, including (i) the subscription ratio of the comparable companies proceeded rights issue, (ii) the actual funding requirements for the Group's business development.

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, the exchange rate of Renminbi to Hong Kong dollar, 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 pricing mechanism of the H Share Rights Issue is as below:

The H Share Rights Issue Price is determined by using 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 EGM 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.

Pursuant to the Company Law of the PRC, the Rights Issue Price shall not be lower than the nominal value of the Shares, being RMB1 per Share. Save as disclosed above, there is no other applicable PRC requirements in relation to the Rights Issue Price.

The Company will ensure that the Rights Issue will not result in a theoretical dilution effect of 25% or more under Rule 7.27B of the Hong Kong Listing Rules.

LETTER FROM THE BOARD

Target Subscribers for the Rights Issue : 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.

The target subscribers in respect of the H Share Rights Issue shall be all Qualified H Shareholders as determined on the H Share Rights Issue Record Date.

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 upon obtaining the decision of consent of registration by the CSRC on the Domestic Share Rights Issue.

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 decision of consent of registration by the CSRC on the Domestic Share Rights Issue, 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 is expected to be no more than RMB6.5 billion. The net proceeds raised from the Rights Issue, after deduction of relevant expenses relating to the issuance, are proposed to be used for the purpose as below, (i) no more than RMB5.5 billion will be applied for the expense of the 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 will in turn support the sustainable development and core expressway business growth of the Group 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.

LETTER FROM THE BOARD

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, and 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 projects, the order of priority and the specific investment amount on each project based on the scale and time sensitivity of each project.

Validity Period of the Resolutions : The validity period of the resolutions on the Rights Issue shall be 12 months commencing from the date on which the resolutions are approved by the Company's EGM, 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 EGM and Class Meetings for the Rights Issue, the validity period of the resolution will be automatically extended to the expiry date of the validity period confirmed by the approval, permission, filing or registration of the regulatory authorities.

Considering (i) the time required for the Company's submission of the application to PRC regulatory authorities, response to relevant inquiries and/or update of submission materials and obtaining consent for registration for Domestic Share Rights Issue, (ii) the validity period adopted by comparable PRC companies in their rights issue, and (iii) the satisfactory market conditions before issuance for the best interest of Shareholders and the Company as a whole, the Company has determined the aforementioned validity period.

Shareholders' Approval : The Rights Issue is subject to, among others, the approval by the Shareholders at the EGM, 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 Main Board of 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.

LETTER FROM THE BOARD

Authorization to the Board to Deal with Matters Related to the Rights Issue

To successfully implement the Rights Issue, it is hereby proposed to the EGM and Class Meetings to authorize the Board and the Board to delegate the authority to the general manager or the general manager to delegate the authority to its authorized person to decide and handle, in accordance with the Rights Issue proposal, all matters relating to the Rights Issue, including but not limited to:

1. To decide and implement a specific plan for the Rights Issue covering all aspects relating to the issue plan, including but not limited to the subscription ratio and number of the Rights Issue, target subscribers for the Rights Issue, Rights Issue Price, time of issuance and actual amount of proceeds pursuant to Rights Issue proposal approved at the general meeting and with reference to actual circumstances, to such extent as the relevant laws, regulations and normative documents would allow.
2. To prepare, sign, supplement, modify, file, submit, execute and suspend the application documents and other legal documents related to the Rights Issue according to relevant laws, regulations and other normative documents as well as the opinions and requirements of relevant domestic and foreign regulators, stock exchanges at the place where the securities are traded at, securities registration and clearing institutions; to handle information disclosure matters related to the Rights Issue according to regulatory requirements; to open relevant bank accounts and sign relevant agreements.
3. To handle the share registration, listing and other matters of the Rights Issue at the securities registration, clearing institution and the stock exchanges where the shares are listed after the completion of the Rights Issue.
4. To amend the Articles of Association in relation to the registered capital and total number of Shares, and handle capital verification, modification of the business registration and relevant filing formalities according to the issuance results of the Rights Issue.
5. On the premise of abiding by the applicable laws, regulations and other normative documents, to adjust the Rights Issue proposal in accordance with requirements of relevant domestic and overseas regulatory authorities, stock exchanges and securities registration and settlement institutions of the places where the securities are traded at (including any comments upon review of the application for the Rights Issue), the market situation and actual needs of the Company, and to continue to deal with the matters relating to the Rights Issue, if there are new regulations and requirements on the policy of issuing new shares by listed companies from relevant domestic and overseas regulatory authorities, stock exchanges and securities registration and settlement institutions of the places where the securities are traded at, except for those matters required to be resolved at a general meeting and which shall not be authorized pursuant to relevant laws, regulations and other normative documents and the Articles of Association.
6. To engage underwriter(s) and other intermediary agencies in connection with the Rights Issue.

LETTER FROM THE BOARD

7. In circumstances permitted by the relevant laws and regulations, to take all necessary actions to determine and handle all other matters related to the Rights Issue.
8. The authorization of the Rights Issue proposal shall be effective within 12 months from the date of approval by the EGM, the H Shares Class Meeting and the Domestic Shares Class Meeting. In the event that the Company has obtained approval, permission, filing or registration (if applicable) from the regulatory authorities within the validity period of the resolutions of the EGM and Class Meetings in relation to the Rights Issue, the validity period of the authorization shall be automatically extended to the expiry date of the validity period confirmed by the approval, permission, filing or registration of the regulatory authorities.

Qualified H Shareholders

Subject to, among others, the approval by the Shareholders at the EGM and Class Meetings, 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, an H Shareholder must:

- (i) be registered as an 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.

LETTER FROM THE BOARD

PRC Southbound Trading Investors

The Company has made the relevant enquiries and was advised that the PRC Southbound Trading Investors may participate in the H Share Rights Issue through ChinaClear. ChinaClear will provide nominee services for the PRC Southbound Trading Investors to (i) sell (in full or in part) their Nil-paid H Rights Shares on the Hong Kong Stock Exchange under the Shanghai-Hong Kong Stock Connect and the Shenzhen-Hong Kong Stock Connect; and/or (ii) subscribe (in full or in part) for their pro-rata entitlement in respect of H Rights Shares held on the H Share Rights Issue Record Date at the Rights Issue Price under the H Share Rights Issue in accordance with the relevant laws and regulations. However, ChinaClear will not support applications by such PRC Southbound Trading Investors for excess H Rights Shares under the H Share Rights Issue through Shanghai-Hong Kong Stock Connect or Shenzhen-Hong Kong Stock Connect. In addition, according to the opinion of the PRC legal adviser of the Company, the PRC Southbound Trading Investors (or the relevant ChinaClear participants as the case may be) whose stock accounts in ChinaClear are credited with Nil-paid H Rights Shares can only sell those Nil-paid H Rights Shares on the Hong Kong Stock Exchange via ChinaClear under Shanghai-Hong Kong Stock Connect or Shenzhen-Hong Kong Stock Connect and can neither purchase any Nil-paid H Rights Shares nor transfer such Nil-paid H Rights Shares to other PRC Southbound Trading Investors.

Save and except for the PRC Southbound Trading Investors and Qualified H Shareholders who have been exempted by or have obtained the necessary and appropriate approvals from the relevant PRC authorities in accordance with the applicable PRC laws and regulations, according to the opinion of the PRC legal adviser of the Company, other Shareholders in the PRC are not entitled to participate 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 circular. The H Share Rights Issue Record Date will not precede the date of the EGM, 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. The Company will appoint a matching agent as the broker to match the purchase and sale of odd lots of the Shares at the ordinary odd lot trading quotes, details of the arrangement will be disclosed in the prospectus.

Status of the H Rights Shares

The H Rights Shares, when allotted and fully paid, will rank *pari passu* in all aspects 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.

LETTER FROM THE BOARD

Rights of Overseas Shareholders

The H Share Rights Issue Prospectus will be registered in Hong Kong only and not be registered under the applicable 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 place of registered addresses of Overseas Shareholders, the Company will endeavor 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.

The Company will publish an announcement if it becomes aware of any intention from the Controlling Shareholder making any excess applications as appropriate.

LETTER FROM THE BOARD

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 EGM;
- (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 Latest Practicable Date. 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 EGM;
- (ii) the approval of the Rights Issue at the Domestic Shares Class Meeting and the H Shares Class Meeting, respectively; and
- (iii) the decision of consent of registration of the Domestic Shares 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 Latest Practicable Date. 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.

LETTER FROM THE BOARD

UNDERWRITING

The H Share Rights Issue is proposed to be underwritten 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 published by the Company in due course.

UNDERTAKING FROM CONTROLLING SHAREHOLDER

The Company has received an undertaking from Communications Group, the Controlling Shareholder, which 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 with reference to its shareholding as of the Record Date of the Rights Issue. The implementation of such undertaking is subject to the approval of the Rights Issue by the EGM and Class Meetings, the consent of registration from the CSRC and/or the approval of the Hong Kong Stock Exchange and/or other competent authorities.

As the Communications Group has undertaken to fully subscribe in cash for all of the Domestic Rights Shares provisionally allotted to it, the Board considered that it is not necessary to set out the arrangement for excess application or underwriting arrangement for the Domestic Rights Shares.

THEORETICAL DILUTION EFFECT

The Company will ensure that the Rights Issue will not result in a theoretical dilution effect of 25% or more under Rule 7.27B of the Hong Kong Listing Rules.

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 application of the excess H Rights Shares, the underwriting arrangements and the expected timetable of the Rights Issue.

LETTER FROM THE BOARD

REASONS FOR THE RIGHTS ISSUE AND USE OF PROCEEDS

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 for the future development of expressway construction. 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 strengthen its position in the industry.

(ii) Meet continuously the growing demand for traffic and increase toll operation revenue

Located in the most developed economic area, Yangtze River Delta, Zhejiang Province plays an important role in connecting the key branches of the national economy and global perspective. The economic growth of Zhejiang Province has remarkable resilience and robustness, ranking the fourth nationwide in 2022, with a CAGR of GDP of 5.7% from 2019 to 2022. The Company is the only listed expressway company in Zhejiang Province with an expressway network covering most regions in the province, allowing it to fully benefit from local economic development.

The economy of Zhejiang Province has recovered rapidly after short-term fluctuations caused by COVID-19, in the first quarter of 2023. The daily average traffic volume in full-trip equivalents reached over 40,000 vehicles, representing an increase of 34.2% compared to the same period of 2019 and in terms of the same sections of the Group's main expressways. In response to the traffic growth, the existing expressways have been successively scheduled for improvement and expansion. Among them, the maximum daily traffic volume in full-trip equivalents of Ningbo-Jinhua Expressway and Zhajiasu Expressway has already exceeded the designed saturated traffic volumes, resulting high traffic pressure and urgent need for expansion. After the reconstruction and expansion, the traffic capacity and mobility experience will be significantly improved, which will increase the toll revenue and strengthen the long-term profitability of the Group.

(iii) Invest in the reconstruction and expansion projects commencing in 2023 to extend the expressway concessionary period

As illustrated in the Regulations for Expressways of Zhejiang Province and the Regulation on the Administration of Toll Roads (Draft for Comment), the expressway concessionary period can be significantly extended if the reconstruction and expansion of such expressway has commenced. The concessionary period of some of the Group's expressways will successively expire before 2030.

LETTER FROM THE BOARD

Currently, the reconstruction and expansion projects of Ningbo-Jinhua Expressway and Zhajiasu Expressway are scheduled to commence in 2023 and are proposed to be completed in 2027. The Group proposed to invest the proceeds raised from the Rights Issue in the reconstruction and expansion of expressways to extend the expressway concessionary period and facilitate the sustainable development of the Company, while simultaneously bringing long-term stable returns to Shareholders.

(iv) Optimize the capital structure to expand core expressway business

The Company is the first and only state-owned transportation infrastructure platform with credit ratings of A+, A and AAA by Fitch Ratings, S&P Global Ratings and China Lianhe Credit Rating, respectively. As at December 31, 2022, excluding the effect of customer deposits arising from the securities business, the asset-liability ratio of the Group was 63.7%. In order to keep the optimal credit ratings and ensure that low debt financing costs can be obtained for the Group's reconstruction and expansion projects in medium to long term, equity financing by way of rights issue is considered strategically necessary at this juncture to optimize the Group's capital structure and expand core expressway business. Upon completion of the Rights Issue, the Company can further expand its financing capacity, while maintaining its optimal asset-liability ratio, favorable credit ratings and low financing costs for its future development.

(v) 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 offered to all Qualified Shareholders with certain discounts, which will provide Qualified 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.

The specific use of the proceeds raised from the Rights Issue are as follows (the final use of the proceeds is subject to the approval of the CSRC and other relevant regulatory authorities):

(i) Expenses of the Reconstruction and Expansion Projects of Existing Expressways

Not more than RMB5.5 billion of the proceeds raised from the Rights Issue will be applied for the expenses of the reconstruction and expansion projects of existing expressways, and is expected to be used up by 31 December, 2027.

As illustrated in the Regulations for Expressways of Zhejiang Province and the Regulation on the Administration of Toll Roads (Draft for Comment), expressways with newly added lanes may obtain a new concessionary period, and the concessionary period of expressways after reconstruction and expansion can be re-evaluated and determined. The reconstruction and expansion of many road sections under the Group's management have been included in the key expressway construction projects of the 14th Five-Year Plan for Comprehensive Transportation Development in Zhejiang Province, such as the reconstruction and expansion of the Shaoxing section of the Ningbo-Jinhua Expressway, the reconstruction and expansion of the Jinhua section of the Ningbo-Jinhua Expressway and the reconstruction and expansion of the Nanhu Interchange to the border of Zhejiang and Jiangsu Section of the Zhajiasu Expressway.

LETTER FROM THE BOARD

The concessionary period of Ningbo-Jinhua Expressway and Zhajiasu Expressway will expire in 2030. The reconstruction and expansion of existing high-quality expressways will significantly extend the concessionary period, which helps the Group to maintain its strategic position in the key region of Zhejiang Province, further strengthen its position in the industry and achieve sustainable development in the future. The above reconstruction and expansion projects are expected to commence in 2023 and will be financed mainly by the Group's own funds, borrowings and the proceeds raised from the Rights Issue.

The Ningbo-Jinhua Expressway connects the strategic cities of East-West trade in Zhejiang Province, and is an important component of the national expressway network connecting the Yangtze River Delta Metropolitan Region and a major passage for diverting traffic from ports nearby. It is the only expressway that connects the world's largest port Ningbo-Zhoushan Port, the capital city of Zhejiang Province Hangzhou, and the entrepot of commodities Yiwu, establishing an important freight transportation corridor for Ningbo-Zhoushan Port and the commodity city of Yiwu.

The Ningbo-Jinhua Expressway, which was officially open to traffic at the end of 2005, starts from Ningbo West Hub of G15 Shenyang-Haikou Expressway (Ring Expressway of Ningbo and Ningbo-Taizhou-Wenzhou Expressway), passes through Haishu District and Fenghua District of Ningbo, Xinchang County and Shengzhou City of Shaoxing, Dongyang City, Yiwu City and Jinyi New District of Jinhua, and ends at the Fucun Hub of G60 Shanghai-Kunming Expressway (Hangzhou-Jinhua-Quzhou Expressway), with a total length of 185.6 km, including 42.5 km for the Ningbo section, 73.4 km for the Shaoxing section and 69.7 km for the Jinhua section.

From January to April 2023, the daily average traffic volume in full-trip equivalents of the Shaoxing section of the Ningbo-Jinhua Expressway had a year-on-year increase of 26.0%, with the maximum single-day traffic volume in full-trip equivalents of 59,602 vehicles/day, while the daily average traffic volume in full-trip equivalents of the Jinhua section had a year-on-year increase of 23.7%, with the maximum single day traffic volume in full-trip equivalents of 64,170 vehicles/day, which exceeded the designed saturated traffic volumes as four-lane expressways, resulting in high traffic pressure and urgent demand for expansion. The implementation of the reconstruction and expansion project plays an important role in enhancing the traffic capacity of the Ningbo-Jinhua Expressway and the overall service quality of the road network, strengthening the connection between Ningbo, Shaoxing and Jinhua, and promoting the high-quality economic and social development of the regions along the expressway.

The Zhajiasu Expressway, located in the north of Hangzhou-Jiaxing-Huzhou region and in the middle of Jiaying, is an important north-south route in the central region of the Yangtze River Delta. The expressway, as an important inter-provincial route between Zhejiang province and Jiangsu province, mainly connects northern Zhejiang and southern Jiangsu region.

The Zhajiasu Expressway, which was officially open to traffic in October 2002, starts from Zhapu Port, southeast of Pinghu City, Jiaying, heads northward through Pinghu, Haiyan, Nanhu, and Xiuzhou of Jiaying and enters Jiangsu Province via Xijie Port, with a total length of 53.8 km. The Nanhu Interchange to the border of Zhejiang and Jiangsu section of the Zhajiasu Expressway forms part of the Changshu-Taizhou Expressway of the national expressway, with a total length of approximately 25.2 km.

LETTER FROM THE BOARD

From January to April 2023, the daily average traffic volume in full-trip equivalents of the Zhajiasu Expressway had a year-on-year increase of 53.3%, with the maximum single-day traffic volume in full-trip equivalents of 66,330 vehicles/day, which exceeded its designed saturated traffic volumes as a four-lane expressway, and the four-lane expressway network is at level 6 of service, resulting in traffic congestion problem and urgent demand to improve the service quality and overall road network efficiency through reconstruction and expansion, which can improve the inter-provincial transportation network and promoting the construction of regional economic integration of the Yangtze River Delta.

For further detailed information of the Ningbo-Jinhua Expressway and the Zhajiasu Expressway, please refer to the annual reports of the Company published on the websites of the Company and the Hong Kong Stock Exchange.

(ii) Daily Operating Expenses such as Replenishment of Liquidity and Repayment of Borrowings

Not more than RMB1.0 billion of the proceeds raised from the Rights Issue will be applied for daily operating expenses such as replenishment of liquidity and repayment of borrowings to support the development of the Group's core expressway business, and is expected to be used up by 31 December 2026.

With the growth of the Group's core expressway business, the need for liquidity grew rapidly. The proceeds raised from the Rights Issue will be applied for daily operating expenses such as replenishment of liquidity and repayment of borrowings, which can alleviate financial pressure brought about by the development of the Group's core expressway business, improve the operation level and facilitate the Group's future strategic development. At the same time, it will optimize the capital structure of the Group, enhance its risk resistance capability and promote the long-term sustainable development.

The Company will closely monitor the actual use of proceeds for the two purposes as mentioned above and disclose and update the expected timeline in the annual report of the Company pursuant to the Hong Kong Listing Rules.

LETTER FROM THE BOARD

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 no change in the total number of Shares of the Company during the period from the Latest Practicable Date to the Record Date:

Class of Shares	As at the Latest Practicable Date		Immediately after completion of the Rights Issue Assuming all of the H Rights Shares are taken by Qualified H Shareholders			Immediately after completion of the Rights Issue Assuming none of the H Rights Shares are taken by Qualified H Shareholders and all the unsubscribed H Rights Shares were subscribed for through the Underwriters		
	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	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								
Communications Group	2,909,260,000	66.99%	1,105,518,800	4,014,778,800	66.99%	1,105,518,800	4,014,778,800	66.99%
Total of Domestic Shares	2,909,260,000	66.99%	1,105,518,800	4,014,778,800	66.99%	1,105,518,800	4,014,778,800	66.99%
H Shares								
China Merchants Expressway ^(Note 1)	258,132,000	5.94%	98,090,160	356,222,160	5.94%	–	258,132,000	4.31%
Shares held by the public								
Subscribers procured by the Underwriters ^(Note 2)	–	–	–	–	–	544,864,710	544,864,710	9.09%
H Share held by the other public shareholders ^(Note 3)	1,175,722,500	27.07%	446,774,550	1,622,497,050	27.07%	–	1,175,722,500	19.62%
Total of H Shares	1,433,854,500	33.01%	544,864,710	1,978,719,210	33.01%	544,864,710	1,978,719,210	33.01%
Total	4,343,114,500	100.00%	1,650,383,510	5,993,498,010	100.00%	1,650,383,510	5,993,498,010	100.00%

Note 1: China Merchants Expressway is a substantial shareholder of a subsidiary of the Company and thus constitute a core connected person of the Company.

Note 2: The Company intends to enter into appropriate underwriting arrangements with underwriters to procure the subscribers independent of the Company to subscribe for the unsubscribed Rights Shares, so that the Company will maintain a public float of at least 25% upon completion of the Rights Issue and comply with Rule 8.08(1) of the Listing Rules at all times.

Note 3: According to the information publicly available to the Company.

Note 4: Shareholders and public investors should note that the above shareholding changes are for illustration purposes only and the actual changes in the shareholding structure of the Company upon completion of the Rights Issue are subject to various factors, including the results of acceptance of the Rights Issue.

LETTER FROM THE BOARD

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 registered capital of the Company will be increased and certain amendments will be made to the Articles of Association in relation to the increase in the registered capital of the Company due to the Rights Issue. It is proposed that authorisation is to be granted by the EGM and the Class Meetings to the Board to make amendments to the Articles of Association in relation to the registered capital and total number of Shares according to the issuance results of the Rights Issue. Upon completion of the Rights Issue, the Company will publish a further announcement in relation to the change in registered capital and the amendments to the Articles of Association in due course, so as to provide details of such amendments to the Shareholders.

2. Shareholders' Return Plan

The Company takes into full consideration the willingness of the Shareholders, especially the needs of minority Shareholders. The Company pays attention not only to provide reasonable investment return for the investors, but also to meet the expectations of investors for a 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 prospects of the Company. In the context of the Rights Issue, the Board proposes to formulate the Shareholders' Return Plan, the details of which are as follows:

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 realized in each year respectively (as shown in the financial statements prepared under PRC GAAP and HKFRSs, whichever is lower).

Considering the profit and cash flow of the Company and taking into account its long-term dividend policy and the expectation of the 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 shall become effective subject to Shareholders' approval at the EGM and the implementation of the Rights Issue.
2. The Board is responsible for the Shareholders' Return Plan. The matters not covered shall be executed in accordance with relevant laws, regulations, normative documents and the Articles of Association.

LETTER FROM THE BOARD

III. THE EGM AND CLASS MEETINGS

The EGM, the H Shares Class Meeting and the Domestic Shares Class Meeting will be held at 5/F, No. 2 Mingzhu International Business Center, 199 Wuxing Road, Hangzhou City, Zhejiang Province, the PRC on July 24, 2023 at 10:00 a.m., on July 24, 2023 at 12:00 noon (or immediately after the conclusion or adjournment of the EGM) and on July 24, 2023 at 12:30 p.m. (or immediately after the conclusion or adjournment of the H Shares Class Meeting), respectively. The notices convening the EGM, the H Shares Class Meeting and the Domestic Shares Class Meeting are set out on pages 24 to 26, 27 to 29 and 30 to 32 of this circular, respectively.

Whether or not you intend to attend the EGM, the H Shares Class Meeting and/or the Domestic Shares Class Meeting in person, you are requested to complete and return the accompanying proxy form(s) in accordance with the instructions printed thereon. In case of H Shareholders, the proxy form should be lodged with the Company's H Shares Registrar, Hong Kong Registrars Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, not less than 24 hours before the time for holding the EGM and/or the H Shares Class Meeting (or any adjournment thereof). In case of Domestic Shareholders, the proxy form should be lodged with the Company's principal place of business in the PRC at 5/F, No. 2 Mingzhu International Business Center, 199 Wuxing Road, Hangzhou City, Zhejiang Province, the PRC, not less than 24 hours before the time for holding the EGM and/or Domestic Shares Class Meeting (or any adjournment thereof). Completion and delivery of the proxy form(s) will not preclude you from attending and voting in person at the meeting(s) or any adjournment thereof should you so wish.

IV. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

V. METHODS OF VOTING AT THE EGM AND CLASS MEETINGS

Pursuant to the requirements of Rule 13.39(4) of the Hong Kong Listing Rules, voting by the Shareholders at the EGM and the Class Meetings shall be taken by the way of poll.

To the best knowledge of the Company, no Shareholders or their associates are deemed to have a material interest in any of the resolutions at the EGM and the Class Meetings, and therefore no Shareholders are required to abstain from voting on any resolutions.

LETTER FROM THE BOARD

VI. RECOMMENDATIONS

The Directors consider that all resolutions set out in the notice of EGM and notice of the Class Meetings for consideration and approval by Shareholders are in the best interests of the Company and the Shareholders as a whole. Accordingly, the Directors recommend that the Shareholders should vote in favour of the resolutions in respect thereof to be proposed in the notice of the EGM and notice of the Class Meetings.

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

NOTICE OF EXTRAORDINARY GENERAL MEETING



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)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the extraordinary general meeting (the “EGM”) of Zhejiang Expressway Co., Ltd. (the “**Company**”) will be held on Monday, July 24, 2023 at 10 a.m. at 5/F, No. 2 Mingzhu International Business Center, 199 Wuxing Road, Hangzhou City, Zhejiang Province, People’s Republic of China (the “**PRC**”), for the purpose of considering and, if thought fit, passing with or without modification or amendment the following resolutions. Unless otherwise defined, terms used in this notice shall have the same meanings as those used in the circular of the Company dated June 26, 2023 (the “**Circular**”), which contains details of the following resolutions:

AS SPECIAL RESOLUTIONS

1. to consider and approve the resolution in relation to the Rights Issue of Zhejiang Expressway Co., Ltd.
 - 1.1 class and nominal value of Rights Shares
 - 1.2 method of issuance
 - 1.3 basis, subscription ratio and number of the Rights Shares to be issued
 - 1.4 underwriting method
 - 1.5 Rights Issue price
 - 1.6 target subscribers for the Rights Issue
 - 1.7 arrangement for accumulated undistributed profits of the Company prior to the Rights Issue
 - 1.8 time of issuance
 - 1.9 use of proceeds

NOTICE OF EXTRAORDINARY GENERAL MEETING

- 1.10 validity period of the resolutions
 - 1.11 listing and lock-up arrangement of the shares to be issued under the Rights Issue
 - 1.12 authorization to the Board and its authorized person to deal with matters related to Rights Issue
 - 1.13 the change in registered capital and the corresponding amendments to the relevant clauses in the Articles of Association upon the completion of the Rights Issue
2. to consider and approve the resolution in relation to the Shareholders' Return Plan for the Next Three Years (2023-2025) of Zhejiang Expressway Co., Ltd.

By order of the Board
Zhejiang Expressway Co., Ltd.
Tony Zheng
Company Secretary

Hangzhou, PRC
June 26, 2023

Notes:

1. Registration procedures for attending the EGM

- (1) Holders of H shares of the Company (“**H Shares**”) and domestic shares of the Company (“**Domestic Shares**”) intending to attend the EGM should return the reply slip for attending the EGM to the Company by post or by facsimile (address and facsimile numbers are shown in paragraph 5(b) below) such that the same shall be received by the Company on or before July 21, 2023.
- (2) A shareholder or his/her/its proxy should produce proof of identity when attending the EGM. If a corporate shareholder appoints its legal representative to attend the meeting, such legal representative shall produce proof of identity and a copy of the resolution of the board of directors or other governing body of such shareholder appointing such legal representative to attend the meeting.

2. Proxy

- (1) A shareholder eligible to attend and vote at the EGM is entitled to appoint, in written form, one or more proxies to attend and vote at the EGM on behalf of him/her/it. A proxy need not be a shareholder of the Company.
- (2) A proxy shall be appointed by a written instrument signed by the appointor or an attorney authorised by him/her/it for such purpose. If the appointor is a corporation, the same shall be affixed with the seal of such corporation, or signed by its director(s) or duly authorized representative(s). If the instrument appointing a proxy is signed by a person authorized by the appointor, the power of attorney or other authorization document(s) shall be notarized.

NOTICE OF EXTRAORDINARY GENERAL MEETING

(3) To be valid, the power of attorney or other authorization document(s) (which have been notarized) together with the completed form of proxy must be delivered, in the case of holders of Domestic Shares, to the Company at the address shown in paragraph 5(b) below and, in the case of holders of H Shares, to Hong Kong Registrars Limited at 17M Floor, Hopewell Center, 183 Queen's Road East, Wanchai, Hong Kong, at least 24 hours before the time designated for holding of the EGM.

(4) Any vote of the shareholders of the Company present in person or by proxy at the EGM must be taken by poll.

3. Book closing period

For the purpose of the EGM, the register of members holding H shares of the Company will be closed from July 19, 2023 to July 24, 2023 (both days inclusive).

4. Last day of transfer and record date

Holders of H Shares who intend to attend the EGM must deliver all transfer instruments and the relevant share certificates to Hong Kong Registrars Limited at Rooms 1712-1716, 17/F, Hopewell Center, 183 Queen's Road East, Wanchai, Hong Kong, at or before 4:30 p.m. on July 18, 2023.

For the purpose of the EGM, the record date will be July 24, 2023.

5. Miscellaneous

(a) The EGM will not last for more than one day. Shareholders who attend shall bear their own traveling and accommodation expenses.

(b) The principal place of business of the Company in the PRC is:

5/F, No. 2 Mingzhu International Business Center
199 Wuxing Road
Hangzhou City, Zhejiang Province
the People's Republic of China
310020
Telephone No.: (+86)-571-8798 7700
Facsimile No.: (+86)-571-8795 0329

As at the date of this notice, 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. 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.

NOTICE OF H SHARES CLASS MEETING



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)

NOTICE OF H SHARES CLASS MEETING

NOTICE IS HEREBY GIVEN THAT the class meeting (the “**H Shares Class Meeting**”) for holders of the H shares (“**H Shares**”) of Zhejiang Expressway Co., Ltd. (the “**Company**”) will be held on Monday, July 24, 2023 at 12:00 noon (or immediately after the conclusion or adjournment of the extraordinary general meeting) at 5/F, No. 2 Mingzhu International Business Center, 199 Wuxing Road, Hangzhou City, Zhejiang Province, the People’s Republic of China (the “**PRC**”), for the purpose of considering and, if thought fit, passing with or without modification or amendment the following resolutions. Unless otherwise defined, terms used in this notice shall have the same meanings as those used in the circular of the Company dated June 26, 2023 (the “**Circular**”), which contains details of the following resolutions:

AS SPECIAL RESOLUTIONS

1. to consider and approve the resolution in relation to the Rights Issue of Zhejiang Expressway Co., Ltd.
 - 1.1 class and nominal value of Rights Shares
 - 1.2 method of issuance
 - 1.3 basis, subscription ratio and number of the Rights Shares to be issued
 - 1.4 underwriting method
 - 1.5 Rights Issue price
 - 1.6 target subscribers for the Rights Issue
 - 1.7 arrangement for accumulated undistributed profits of the Company prior to the Rights Issue
 - 1.8 time of issuance

NOTICE OF H SHARES CLASS MEETING

- 1.9 use of proceeds
- 1.10 validity period of the resolutions
- 1.11 listing and lock-up arrangement of the shares to be issued under the Rights Issue
- 1.12 authorization to the Board and its authorized person to deal with matters related to Rights Issue
- 1.13 the change in registered capital and the corresponding amendments to the relevant clauses in the Articles of Association upon the completion of the Rights Issue

By order of the Board
Zhejiang Expressway Co., Ltd.
Tony Zheng
Company Secretary

Hangzhou, PRC
June 26, 2023

Notes:

1. Registration procedures for attending the H Shares Class Meeting

- (a) Holders of H Shares intending to attend the H Shares Class Meeting should return the reply slip for attending the H Shares Class Meeting to the Company by post or by facsimile (address and facsimile numbers are shown in paragraph 5(b) below) such that the same shall be received by the Company on or before July 21, 2023.
- (b) A shareholder or his/her/its proxy should produce proof of identity when attending the H Shares Class Meeting. If a corporate shareholder appoints its legal representative to attend the meeting, such legal representative shall produce proof of identity and a copy of the resolution of the board of directors or other governing body of such shareholder appointing such legal representative to attend the meeting.

2. Proxy

- (a) A shareholder eligible to attend and vote at the H Shares Class Meeting is entitled to appoint, in written form, one or more proxies to attend and vote at the H Shares Class Meeting on behalf of him/her/it. A proxy need not be a shareholder of the Company.
- (b) A proxy shall be appointed by a written instrument signed by the appointor or an attorney authorized by him/her/it for such purpose. If the appointor is a corporation, the same shall be affixed with the seal of such corporation, or signed by its director(s) or duly authorized representative(s). If the instrument appointing a proxy is signed by a person authorized by the appointor, the power of attorney or other authorisation document(s) shall be notarized.
- (c) To be valid, the power of attorney or other authorisation document(s) (which have been notarized) together with the completed form of proxy must be delivered, in the case of holders of H Shares, to Hong Kong Registrars Limited at 17M Floor, Hopewell Center, 183 Queen's Road East, Wanchai, Hong Kong, at least 24 hours before the time designated for holding of the H Shares Class Meeting (or any adjournment thereof).
- (d) Any vote of the shareholders of the Company present in person or by proxy at the H Shares Class Meeting must be taken by poll.

NOTICE OF H SHARES CLASS MEETING

3. Book closing period

For the purpose of the H Shares Class Meeting, the register of members holding H Shares of the Company will be closed from July 19, 2023 to July 24, 2023 (both days inclusive).

4. Last day of transfer and record date

Holders of H Shares who intend to attend the H Shares Class Meeting must deliver all transfer instruments and the relevant share certificates to Hong Kong Registrars Limited at Rooms 1712-1716, 17/F, Hopewell Center, 183 Queen's Road East, Wanchai, Hong Kong, at or before 4:30 p.m. on July 18, 2023. For the purpose of the H Shares Class Meeting, the record date will be July 24, 2023.

5. Miscellaneous

- (a) The H Shares Class Meeting will not last for more than one day. Shareholders who attend shall bear their own traveling and accommodation expenses.
- (b) The principal place of business of the Company in the PRC is:

5/F, No. 2 Mingzhu International Business Center
199 Wuxing Road
Hangzhou City, Zhejiang Province
People's Republic of China
310020
Telephone No.: (+86)-571-8798 7700
Facsimile No.: (+86)-571-8795 0329

As at the date of this notice, 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. 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.

NOTICE OF DOMESTIC SHARES CLASS MEETING



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)

NOTICE OF DOMESTIC SHARES CLASS MEETING

NOTICE IS HEREBY GIVEN THAT the class meeting (the “**Domestic Shares Class Meeting**”) for holders of the Domestic Shares (“**Domestic Shares**”) of Zhejiang Expressway Co., Ltd. (the “**Company**”) will be held on Monday, July 24, 2023 at 12:30 p.m. (or immediately after the conclusion or adjournment of the H Shares Class Meeting) at 5/F, No. 2 Mingzhu International Business Center, 199 Wuxing Road, Hangzhou City, Zhejiang Province, the People’s Republic of China (the “**PRC**”), for the purpose of considering and, if thought fit, passing with or without modification or amendment the following resolutions. Unless otherwise defined, terms used in this notice shall have the same meanings as those used in the circular of the Company dated June 26, 2023 (the “**Circular**”), which contains details of the following resolutions:

AS SPECIAL RESOLUTIONS

1. to consider and approve the resolution in relation to the Rights Issue of Zhejiang Expressway Co., Ltd.
 - 1.1 class and nominal value of Rights Shares
 - 1.2 method of issuance
 - 1.3 basis, subscription ratio and number of the Rights Shares to be issued
 - 1.4 underwriting method
 - 1.5 Rights Issue price
 - 1.6 target subscribers for the Rights Issue
 - 1.7 arrangement for accumulated undistributed profits of the Company prior to the Rights Issue
 - 1.8 time of issuance

NOTICE OF DOMESTIC SHARES CLASS MEETING

- 1.9 use of proceeds
- 1.10 validity period of the resolutions
- 1.11 listing and lock-up arrangement of the shares to be issued under the Rights Issue
- 1.12 authorization to the Board and its authorized person to deal with matters related to Rights Issue
- 1.13 the change in registered capital and the corresponding amendments to the relevant clauses in the Articles of Association upon the completion of the Rights Issue

By order of the Board
Zhejiang Expressway Co., Ltd.
Tony Zheng
Company Secretary

Hangzhou, PRC
June 26, 2023

Notes:

1. Registration procedures for attending the Domestic Shares Class Meeting

- (a) Holders of Domestic Shares intending to attend the Domestic Shares Class Meeting should return the reply slip for attending the Domestic Shares Class Meeting to the Company by post or by facsimile (address and facsimile numbers are shown in paragraph 5(b) below) such that the same shall be received by the Company on or before July 21, 2023.
- (b) A shareholder or his/her/its proxy should produce proof of identity when attending the Domestic Shares Class Meeting. If a corporate shareholder appoints its legal representative to attend the meeting, such legal representative shall produce proof of identity and a copy of the resolution of the board of directors or other governing body of such shareholder appointing such legal representative to attend the meeting.

2. Proxy

- (a) A shareholder eligible to attend and vote at the Domestic Shares Class Meeting is entitled to appoint, in written form, one or more proxies to attend and vote at the Domestic Shares Class Meeting on behalf of him/her/it. A proxy need not be a shareholder of the Company.
- (b) A proxy shall be appointed by a written instrument signed by the appointor or an attorney authorized by him/her/it for such purpose. If the appointor is a corporation, the same shall be affixed with the seal of such corporation, or signed by its director(s) or duly authorized representative(s). If the instrument appointing a proxy is signed by a person authorized by the appointor, the power of attorney or other authorisation document(s) shall be notarized.
- (c) To be valid, the power of attorney or other authorisation document(s) (which have been notarized) together with the completed form of proxy must be delivered, in the case of holders of Domestic Shares, to the Company at the address shown in paragraph 5(b) below, at least 24 hours before the time designated for holding of the Domestic Shares Class Meeting (or any adjournment thereof).
- (d) Any vote of the shareholders of the Company present in person or by proxy at the Domestic Shares Class Meeting must be taken by poll.

NOTICE OF DOMESTIC SHARES CLASS MEETING

3. Book closing period

For the purpose of the Domestic Shares Class Meeting, the register of members holding Domestic Shares of the Company will be closed from July 19, 2023 to July 24, 2023 (both days inclusive).

4. Last day of transfer and record date

Holders of the Domestic Shares who intend to attend the Domestic Shares Class Meeting must deliver all transfer instruments and the relevant share certificates to the Company's principal place of business in the PRC at 5/F, No. 2 Mingzhu International Business Center, 199 Wuxing Road, Hangzhou City, Zhejiang Province, People's Republic of China, at or before 4:30 p.m. on July 18, 2023. For the purpose of the Domestic Shares Class Meeting, the record date will be July 24, 2023.

5. Miscellaneous

- (a) The Domestic Shares Class Meeting will not last for more than one day. Shareholders who attend shall bear their own traveling and accommodation expenses.
- (b) The principal place of business of the Company in the PRC is:

5/F, No. 2 Mingzhu International Business Center
199 Wuxing Road
Hangzhou City, Zhejiang Province
People's Republic of China
310020
Telephone No.: (+86)-571-8798 7700
Facsimile No.: (+86)-571-8795 0329

As at the date of this notice, 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. 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.