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

(Stock Code: 0576)

**H SHARE RIGHTS ISSUE OF 544,864,710 H SHARES ON THE BASIS OF
3.8 H RIGHTS SHARES**

**FOR EVERY 10 EXISTING H SHARES AT HK\$4.06
PER H RIGHTS SHARE PAYABLE IN FULL ON ACCEPTANCE**

**DOMESTIC SHARE RIGHTS ISSUE OF
1,105,518,800 DOMESTIC SHARES ON THE BASIS OF 3.8 DOMESTIC
RIGHTS SHARES**

**FOR EVERY 10 EXISTING DOMESTIC SHARES AT RMB3.73
PER DOMESTIC RIGHTS SHARE PAYABLE IN FULL ON
ACCEPTANCE**

**CLOSURE OF H-SHARE REGISTER FROM
TUESDAY, NOVEMBER 14, 2023 TO MONDAY, NOVEMBER 20, 2023**

**Joint Global Coordinators, Joint Bookrunners and Underwriters for
H Share Rights Issue**



(in alphabetical order)

Underwriters for H Share Rights Issue



(in alphabetical order)

INTRODUCTION

We refer to (i) the announcement of the Company dated May 23, 2023 and the circular of the Company dated June 26, 2023 in relation to, among others, the proposed issue of H Shares and Domestic Shares by way of rights issue; and (ii) the poll results announcement of the Company dated July 24, 2023 in relation to, among others, the EGM, the H Shares Class Meeting and the Domestic Shares Class Meeting at which the resolutions on the Rights Issue and related matters were considered and approved.

The Company has recently received the written approval for the registration of Domestic Share Rights Issue, i.e. the Approval Regarding the Registration of Shares to be Issued by Zhejiang Expressway Co., Ltd. to Specific Targets (Zheng Jian Xu Ke [2023] No. 2473) (《關於同意浙江滬杭甬高速公路股份有限公司向特定對象發行股票註冊的批覆》(證監許可[2023]2473號)) from the CSRC, please refer to the announcement of the Company dated November 5, 2023 in relation to the approval of registration of the Domestic Share Rights Issue with the CSRC.

THE RIGHTS ISSUE

The H Share Rights Issue is conducted on the basis of 3.8 H Rights Shares for every 10 existing H Shares held by Qualified H Shareholders on the H Share Record Date at the Rights Issue Price of HK\$4.06 per H Rights Share. The Domestic Share Rights Issue is conducted on the basis of 3.8 Domestic Rights Shares for every 10 existing Domestic Shares held by Qualified Domestic Shareholders on the Domestic Share Record Date at the Rights Issue Price of RMB3.73 per Domestic Rights Share. The 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 the subscription ratio of rights issue precedents of comparable companies, and the actual funding requirements for the Group's business development, etc.

The Rights Issue (comprising the Domestic Share Rights Issue and the H Share Rights Issue) is estimated to raise (i) gross proceeds in an aggregate amount of approximately RMB6.15 billion; and (ii) net proceeds (after deducting the costs and expenses incidental to the Rights Issue of approximately RMB30.2 million) in an aggregate amount of approximately RMB6.12 billion.

Shareholders' Irrevocable Undertakings

The Company has received an irrevocable undertaking from each of Communications Group (the Controlling Shareholder), China Merchants Expressway and Universal Cosmos Limited (both being existing Shareholders), which have undertaken (i) to fully subscribe in cash for all Rights Shares provisionally allotted to them respectively determined according to the Rights Issue proposal at the Rights Issue Price with reference to their respective shareholding as of the Record Date and (ii) not to dispose of, transfer, create any encumbrance over any of the Shares directly or indirectly controlled by them from the date of the respective undertaking to the Latest Time for Termination. For details, please refer to the paragraphs headed "Shareholders Irrevocable Undertaking" below.

Save as disclosed above, as at the date of this announcement, the Company has not received, from any other Shareholders, any information regarding his/her/its intention or undertakings with respect to the Rights Shares to be provisionally allotted to him/her/it under the Rights Issue.

CLOSURE OF H-SHARE REGISTER

The H-share register will be closed from **Tuesday, November 14, 2023 to Monday, November 20, 2023** (both days inclusive). No transfer of H Shares will be registered during this period. In order to be Qualified H Shareholders, all transfer documents accompanied by the relevant share certificates must be lodged with the H Share Registrar at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong by no later than 4:30 p.m. on **Monday, November 13, 2023**.

Shareholders and potential investors of the Company should note that the H Share Rights Issue is subject to the terms and conditions of the Underwriting Agreement. If any of the conditions of the H Share Rights Issue are not fulfilled, the H Share Rights Issue will not proceed. The Underwriting Agreement contains provisions entitling the Underwriters by notice in writing to terminate the Underwriting Agreement upon the occurrence of certain events. In the event that the Underwriting Agreement does not become unconditional or if it is terminated in accordance with the terms thereof, the H Share Rights Issue will not proceed.

Any H Shareholder or other person dealing in H Shares up to the date on which all the conditions to which the H Share Rights Issue is subject are fulfilled (and the date on which the Underwriters' right of terminating the Underwriting Agreement ceases) and any person dealing in the Nil-paid H Rights during the period from Thursday, November 23, 2023 to Thursday, November 30, 2023 (both days inclusive) will bear the risk that the H Share Rights Issue may not become unconditional or may not proceed. If in any doubt, Shareholders and potential investors of the Company are recommended to consult their professional advisers.

As the tentative timetable may be subject to change and the H Share Rights Issue may or may not proceed, Shareholders and potential investors of the Company are reminded to exercise caution when dealing in the Shares and securities of the Company.

INTRODUCTION

We refer to (i) the announcement of the Company dated May 23, 2023 and the circular of the Company dated June 26, 2023 in relation to, among others, the proposed issue of H Shares and Domestic Shares by way of rights issue; and (ii) the poll results announcement of the Company dated July 24, 2023 in relation to, among others, the EGM, the H Shares Class Meeting and the Domestic Shares Class Meeting at which the resolutions on the Rights Issue and related matters were considered and approved.

The Company has recently received the written approval for the registration of Domestic Share Rights Issue, i.e. the Approval Regarding the Registration of Shares to be Issued by Zhejiang Expressway Co., Ltd. to Specific Targets (Zheng Jian Xu Ke [2023] No. 2473) (《關於同意浙江滬杭甬高速公路股份有限公司向特定對象發行股票註冊的批覆》(證監許可[2023]2473號)) from the CSRC, please refer to the announcement of the Company dated November 5, 2023 in relation to the approval of registration of the Domestic Share Rights Issue with the CSRC.

THE RIGHTS ISSUE

The H Share Rights Issue is conducted on the basis of 3.8 H Rights Shares for every 10 existing H Shares held by Qualified H Shareholders on the H Share Record Date at the Rights Issue Price of HK\$4.06 per H Rights Share. The Domestic Share Rights Issue is conducted on the basis of 3.8 Domestic Rights Shares for every 10 existing Domestic Shares held by Qualified Domestic Shareholders on the Domestic Share Record Date at the Rights Issue Price of RMB3.73 per Domestic Rights Share. The 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 the subscription ratio of rights issue precedents of comparable companies, and the actual funding requirements for the Group's business development, etc.

The Rights Issue (comprising the Domestic Share Rights Issue and the H Share Rights Issue) is estimated to raise (i) gross proceeds in an aggregate amount of approximately RMB6.15 billion; and (ii) net proceeds (after deducting the costs and expenses incidental to the Rights Issue of approximately RMB30.2 million) in an aggregate amount of approximately RMB6.12 billion.

H SHARE RIGHTS ISSUE

The H Share Rights Issue is conditional upon the fulfilment of the conditions set out under the paragraph headed "Conditions of the H Share Rights Issue" in this announcement.

Details of the H Share Rights Issue are as follows:

Basis of H Share Rights Issue:	3.8 H Rights Shares for every 10 existing H Shares held by Qualified H Shareholders on the H Share Record Date
Number of H Shares in issue as at the date of this announcement:	1,433,854,500 H Shares
Number of H Rights Shares proposed to be issued (assuming the number of H Shares in issue on the H Share Record Date remains the same as at the date of this announcement):	544,864,710 H Rights Shares
Aggregate nominal value of the H Rights Shares:	RMB544,864,710
Rights Issue Price:	HK\$4.06 per H Rights Share

Joint Global Coordinators, Joint Bookrunners and Underwriters (*in alphabetical order*): BNP Paribas Securities (Asia) Limited, CLSA Limited and DBS Asia Capital Limited

Underwriters (*in alphabetical order*): China International Capital Corporation
Hong Kong Securities Limited and
Zheshang International Financial Holdings Co., Limited

The H Share Rights Issue will be fully underwritten by the Underwriters on the terms and conditions set out in the Underwriting Agreement. Pursuant to the Company's constitutional documents and the laws of Hong Kong and the PRC, there is no requirement on minimum subscription level in respect of the H Share Rights Issue. Subject to fulfilment of the conditions of the H Share Rights Issue, the H Share Rights Issue will proceed regardless of the ultimate subscription level.

The Company issued the zero coupon convertible bonds of EUR230 million listed on the Hong Kong Stock Exchange on January 21, 2021, which will be due in January 2026. Based on the adjusted conversion price of HK\$6.69 with effect from Friday, November 10, 2023, being the first date on which H Shares have been dealt on ex-rights basis and a fixed exchange rate of €1.00 to HK\$9.5145 as stipulated in the offering circular of the 2021 Convertible Bonds, up to 327,105,381 H Shares, out of which 299,771,917 H Shares may be issued subject to compliance with relevant Hong Kong Listing Rules and 27,333,464 additional H Shares may only be issued and allotted subject to a specific mandate to be sought from the Shareholders assuming no 2021 Convertible Bonds are converted prior to the first date on which H Shares have been dealt on ex-rights basis. Save as disclosed above, the Company has no outstanding convertible securities, options or warrants in issue which confer any right to subscribe for, convert or exchange into H Shares.

Basis of Entitlement

Subject to fulfilment of the conditions set out below in the paragraph headed "Conditions of the H Share Rights Issue", Qualified H Shareholders will be provisionally allotted 3.8 H Rights Shares for every 10 existing H Shares held on the H Share Record Date at the Rights Issue Price, being HK\$4.06, for each H Rights Share payable in full on acceptance.

Qualified H Shareholders, PRC Southbound Trading Investors and Closure of H-Share Register

The Company will send the Prospectus Documents comprising H Share Rights Issue Prospectus, the Provisional Allotment Letter and the Excess Application Form, to Qualified H Shareholders only. To qualify for the subscription of the H Rights Shares, an H Shareholder must be registered as a member of the Company on the H Share Record Date and must not be an Excluded H Shareholder.

The Company have made the relevant enquiries and were advised that the PRC Southbound Trading Investors may participate in the H Share Rights Issue through China Clear. China Clear will provide nominee services for the PRC Southbound Trading Investors to (i) sell (in full or in part) their Nil-paid H Rights 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 Record Date at the Rights Issue Price under the H Share Rights Issue in accordance with the relevant laws and regulations. However, China Clear 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 legal advice from the PRC legal adviser of the Company, the PRC Southbound Trading Investors (or the relevant China Clear participants as the case may be) whose stock accounts in the China Clear are credited with Nil-paid H Rights can only sell those Nil-paid H Rights on the Hong Kong Stock Exchange via China Clear under Shanghai-Hong Kong Stock Connect or Shenzhen-Hong Kong Stock Connect and can neither purchase any Nil-paid H Rights nor transfer such Nil-paid H Rights to other PRC Southbound Trading Investors.

According to the legal advice from the PRC legal adviser of the Company, the PRC Southbound Trading Investors and 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 are entitled to participate in the H Share Rights Issue. Save for the above, other H Shareholders in the PRC are not entitled to participate in the H Share Rights Issue.

The PRC Southbound Trading Investors should seek advice from their intermediaries (including brokers, custodians, nominees or China Clear participants) and/or other professional advisers for details of the logistical arrangements as required by China Clear, and provide instructions for such intermediaries in relation to the acceptance and/or sale of the Nil-Paid H Rights. Such instructions should be given in advance of the latest time for acceptance of and payment for H Rights Shares and application and payment for excess H Rights Shares in the paragraph headed “Expected H Share Rights Issue Timetable” in this announcement and otherwise in accordance with the requirements of the intermediaries of the PRC Southbound Trading Investors and/or China Clear in order to allow sufficient time to ensure that such instructions are given effect.

The last day of dealings in the H Shares on a cum-rights basis for the H Share Rights Issue will be **Thursday, November 9, 2023**. The H Shares will be dealt in on an ex-rights basis from **Friday, November 10, 2023**. To determine the entitlements to the H Share Rights Issue, the H-share register will be closed from **Tuesday, November 14, 2023 to Monday, November 20, 2023** (both days inclusive). In order to be a Qualified H Shareholder, all H Share certificates together with the share transfer documents must have been lodged with the H Share Registrar at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Wan Chai, Hong Kong for registration at or before 4:30 p.m. on **Monday, November 13, 2023**.

Excluded H Shareholders

The Prospectus Documents will not be registered or filed under the applicable securities or equivalent legislation of any jurisdiction other than Hong Kong.

Pursuant to Rule 13.36(2) of the Hong Kong Listing Rules, the Board is currently making enquiries regarding the feasibility of extending the H Share Rights Issue to the Overseas Shareholders. If, based on the enquiries made by the Company and the legal opinions obtained from the relevant jurisdictions, the Board is of the view that it would be necessary or expedient not to offer the H Rights Shares to certain Overseas Shareholders (who are Excluded H Shareholders) on account either of the legal restrictions under the laws of the place of their registered addresses or the requirements of the relevant regulatory body or stock exchange in that place, no offer of the H Share Rights Issue will be made to such Excluded H Shareholders and no provisional allotment of Nil-paid H Rights or allotment of H Rights Shares will be made to them. Further information will be set out in the H Share Rights Issue Prospectus.

To the extent reasonably practicable and legally permitted, the Company will send the H Share Rights Issue Prospectus to each of the Excluded H Shareholders for information purposes only, but will not send the Provisional Allotment Letters or the Excess Application Forms to the Excluded H Shareholders. However, the H Share Rights Issue Prospectus shall not be despatched to the Excluded H Shareholders whom the Company knows to be residents in the jurisdiction(s) which restrain(s) the posting of the Prospectus Documents.

Arrangements will be made for the H Rights Shares, which would otherwise have been provisionally allotted to the Excluded H 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, 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 H Shareholders, which means the Company will pay individual amounts of more than HK\$100 to the relevant Excluded H Shareholders, provided that the Company will retain individual amounts of HK\$100 or less for its own benefit. Any unsold entitlements of the Excluded H Shareholders will be made available for excess application by the Qualified H Shareholders.

Rights Issue Price for the H Rights Shares

The Rights Issue Price of HK\$4.06 per H Rights Share is payable in full when a Qualified H Shareholder accepts the relevant provisional allotment of H Rights Shares or applies for excess H Rights Shares or when a transferee of Nil-paid H Rights accepts the H Rights Shares. The Rights Issue Price of HK\$4.06 per H Rights Share represents:

1. a discount of approximately 32.11% to the closing price of HK\$5.98 per H Share as quoted on the Hong Kong Stock Exchange on November 3, 2023 (being the trading date immediately preceding the date of the Underwriting Agreement);
2. a discount of approximately 31.88% to the closing price of HK\$5.96 per H Share as quoted on the Hong Kong Stock Exchange on November 6, 2023 (being the Price Determination Date);
3. a discount of approximately 31.33% to the average closing price of HK\$5.91 per H Share as quoted on the Hong Kong Stock Exchange for the five consecutive trading days up to and including November 6, 2023 (being the Price Determination Date);
4. a discount of approximately 30.67% to the average closing price of HK\$5.86 per H Share as quoted on the Hong Kong Stock Exchange for the 10 consecutive trading days up to and including November 6, 2023 (being the Price Determination Date);
5. a discount of approximately 30.61% to the average closing price of HK\$5.85 per H Share as quoted on the Hong Kong Stock Exchange for the 20 consecutive trading days up to and including November 6, 2023 (being the Price Determination Date);
6. a discount of approximately 25.32% to the theoretical ex-right price of HK\$5.44 per H Share based on the closing price of HK\$5.96 per H Share as quoted on the Hong Kong Stock Exchange on November 6, 2023 (being the Price Determination Date);
7. a discount of approximately 68.72% to the published unaudited consolidated net asset value per Share as at 30 June 2023 of approximately HK\$12.98, and
8. a theoretical dilution effect (as defined under Rule 7.27B of the Hong Kong Listing Rules) represented by a discount of approximately 8.78% to all the existing H Shareholders, which is calculated based on the theoretical diluted price of approximately HK\$5.44 per H Rights Share to the benchmarked price of approximately HK\$5.96 per H Rights Share.

Both of the abovementioned theoretical diluted price and the benchmarked price, as defined under Rule 7.27B of the Hong Kong Listing Rules, have taken into account the closing price of the H Shares on the date of the Underwriting Agreement and the average of the closing price of the H Shares as quoted on the Hong Kong Stock Exchange for the last five consecutive trading days immediately prior to the Price Determination Date. Accordingly, 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.

The Rights Issue Price of HK\$4.06 per H Rights Shares was determined with reference to, (i) the 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) the principle of price determination according to the negotiation between the Board or its authorized person and the underwriter(s). Pursuant to the Company Law of the PRC, the Rights Issue Price shall not be lower than the nominal value of the Shares, being RMB 1 per Share. Save as disclosed above, there is no other applicable PRC requirements in relation to the Rights Issue Price.

The net price per H Rights Share (i.e. the Rights Issue Price less estimated cost and expense incurred in the H Share Rights Issue) upon full acceptance of the relevant provisional allotment of the H Rights Shares will be approximately HK\$4.04.

After taking into account the reasons for the Rights Issue as stated in the paragraph headed “Reasons for the Rights Issue and Use of Proceeds” below, the Directors consider that the terms of the H Share Rights Issue, including the Rights Issue Price, are fair and reasonable and in the interests of the Company and the H Shareholders as a whole.

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.

H Share Rights Issue Fractional Entitlements

The entitlements of Qualified H Shareholders will be rounded down to the nearest whole number and fractional entitlements to H Rights Shares will not be provisionally allotted to Qualified H Shareholders. Nil-paid H Rights representing the aggregate of all the fractional entitlements to H Rights Shares (rounded down to the nearest whole number) will be provisionally allotted to a nominee appointed by the Company and, if a premium (net of expenses) can reasonably be obtained, will be sold by the Company or its nominee in the market as soon as practicable after dealing in the Nil-paid H Rights commences and the net proceeds of sale (after deduction of expenses of sale) will be retained by the Company for its own benefit. Any unsold fractions of H Rights Shares will be available for excess application by Qualified H Shareholders.

Odd Lot Arrangement

In order to facilitate the trading of odd lots of the H Shares arising from the Rights Issue, the Company has appointed Zheshang International Financial Holdings Co., Limited as the broker to match the purchase and sale of odd lots of the Shares at the ordinary odd lot trading quotes during the period from Thursday, December 14, 2023 to Wednesday, January 17, 2024 (both days inclusive). Holders of the H Shares in odd lots represented by valid share certificates for the H Shares who wish to take advantage of this facility either to dispose of their odd lots of the Shares or to top up their odd lots to a new full board lot, may directly or through their brokers, contact Mr. LAU Ka Hei at (852) 2180 6499 or Mr. YONG Sai Long at (852) 2180 6499 or by facsimile at (852) 2180 6598 during such period. Holders of odd lots of H Shares should note that successful matching of the sale and purchase of odd lots of H Shares is on a best effort basis and not guaranteed. Any Shareholder who is in any doubt about the odd lot arrangement is recommended to consult his/her/its own professional advisers.

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 shall be made only by Qualified H Shareholders (other than PRC Southbound Trading Investors) and only by completing an Excess Application Form and lodging the same with a separate remittance for the amount payable on application in respect of the excess H Rights Shares being applied for with the H Share Registrar, Hong Kong Registrars Limited at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong by no later than 4:00 p.m. on Tuesday, December 5, 2023.

All remittances must be made in Hong Kong dollars and by cheque or cashier's order. Cheques must be drawn on an account with, and cashier's order must be issued by, a licensed bank in Hong Kong and made payable to the designated account as mentioned in the H Share Rights Issue Prospectus and crossed "Account Payee Only".

The Board will allocate the excess H Rights Shares at its sole and absolute discretion on a fair and equitable basis. All excess H Rights Shares will be allocated to Qualified H Shareholders (other than the PRC Southbound Trading Investors) 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 the Qualified H Shareholders.

If the aggregate number of H Rights Shares not taken up by the Qualified H Shareholders under the Provisional Allotment Letters is greater than the aggregate number of excess H Rights Shares applied for through the Excess Application Forms, the Company will allocate to each Qualified H Shareholder (other than the PRC Southbound Trading Investors) who applies for excess H Rights Shares in full application. No preference will be given to topping up odd lots to whole board lots. There is no guarantee that Qualified H Shareholders with odd lots of H Rights Shares will be topped up to whole board lots pursuant to their applications for excess H Rights Shares.

Beneficial H Shareholders with their H Shares held by a nominee company (including HKSCC Nominees) should note that the Board will regard the nominee company (including HKSCC Nominees) as a single H Shareholder in accordance with the H-share register. Accordingly, Beneficial H Shareholders should note that the aforesaid arrangement in relation to the allocation of excess H Rights Shares will not be extended to Beneficial H Shareholder individually.

The Excess Application Form is for use only by the person(s) to whom it is addressed and is not transferable. All enquiries in connection with the Excess Application Form should be addressed to the H Share Registrar.

The Excess Application Form with a separate remittance for the amount payable on application in respect of the excess H Rights Shares being applied for shall be lodged to the H Share Registrar as mentioned above by no later than 4:00 p.m. on Tuesday, December 5, 2023. The Company may, at its sole discretion, treat an Excess Application Form as valid and binding on the person(s) by whom or on whose behalf it is lodged, even if not completed in accordance with the relevant instructions.

All cheques or cashier's orders will be presented for payments immediately following receipt and all interest earned on such monies will be retained for the benefit of the Company. Any Excess Application Form in respect of which the cheque or cashier's order is dishonoured on first presentation is liable to be rejected. An applicant must pay the exact amount payable upon application for the H Rights Shares, and any underpaid application will be rejected. In the event of an overpaid application, a refund cheque will be made out to the applicant only if the overpaid amount is HK\$100 or above.

If no excess H Rights Shares are allotted and issued to a Qualified H Shareholder, the amount tendered on application is expected to be refunded to that Qualified H Shareholder in full without any interest by means of cheque(s) despatched by ordinary post and at the risk of such Qualified H Shareholder on or about Wednesday, December 13, 2023. If the number of excess H Rights Shares allotted and issued to a Qualified H Shareholder is less than the number applied for, the surplus application monies are also expected to be refunded to such Qualified H Shareholder without any interest by means of cheque(s) despatched by ordinary post and at the risk of such Qualified H Shareholder on or about Wednesday, December 13, 2023.

If the Underwriters exercise the right to terminate the Underwriting Agreement in accordance with the terms thereof or if the conditions precedent under the Underwriting Agreement are not fulfilled before the Latest Time for Termination and the H Share Rights Issue does not proceed, the monies received in respect of relevant applications for excess H Rights Shares will be returned to the relevant persons without interest, by means of cheque(s) to be despatched by ordinary post at the risk of such persons on or about Wednesday, December 13, 2023.

All documents, including cheques or cashier's orders for amounts due, will be sent at the risk of the persons entitled thereto to their registered addresses by the H Share Registrar.

Conditions of the H Share Rights Issue

It is expected that the H Share Rights Issue will be conditional upon the fulfillment 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 Share Class Meeting by H Shareholders and the Domestic Share Class Meeting by Domestic Shareholders, respectively;
- (iii) 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 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. As at the date of this announcement, the conditions under (i) and (ii) above have been fulfilled. If any of the above conditions is not fulfilled, the H Share Rights Issue will not proceed.

Furthermore, it should be noted that the H Share Rights Issue will proceed on a fully underwritten basis in accordance with Rule 7.19(1)(a) of the Hong Kong Listing Rules. Please refer to the paragraph headed “H Share Rights Issue Underwriting Arrangement” below for details of the underwriting arrangement. In the event that the Underwriting Agreement does not become unconditional or if it is terminated in accordance with the terms thereof, the H Share Rights Issue may not proceed.

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

Shareholders’ Irrevocable Undertakings

The Company has received an irrevocable undertaking from each of Communications Group (the Controlling Shareholder), China Merchants Expressway and Universal Cosmos Limited, (both being existing Shareholders), which have undertaken (i) to fully subscribe in cash for all Rights Shares provisionally allotted to them respectively determined according to the Rights Issue proposal at the Rights Issue Price with reference to their respective shareholding as of the Record Date and (ii) not to dispose of, transfer, create any encumbrance over any of the Shares directly or indirectly controlled by them from the date of the respective undertaking to the Latest Time for Termination. The implementation of such undertakings is subject to the decision of approval of registration from the CSRC and/or the approval of the Hong Kong Stock Exchange and/or other competent authorities regarding the Rights Issue.

As at the date of this announcement, (i) Communications Group holds 2,909,260,000 Domestic Shares, representing 66.99% of the total number of Shares; (ii) China Merchant Expressway holds 263,706,000 H Shares, representing 6.07% of the total number of Shares, and (iii) Universal Cosmos Limited holds 51,522,000 H Shares, representing 1.19% of the total number of Shares.

Save as disclosed above, as at the date of this announcement, the Company has not received, from any other Shareholders, any information regarding his/her/its intention or undertakings with respect to the Rights Shares to be provisionally allotted to him/her/it under the Rights Issue.

Application for Listing/Dealing Arrangements

Application has been made to the Hong Kong Stock Exchange for the listing of, and permission to deal in, the H Rights Shares, in both nil-paid and fully-paid forms. Dealings in the nil-paid and fully paid H Rights Shares will be subject to the payment of stamp duty, Hong Kong Stock Exchange trading fee, Securities and Futures Commission transaction levy or any other applicable fees and charges in Hong Kong. The board lot size of Nil-paid H Rights and H Rights Shares is 2,000 Nil-paid H Rights and 2,000 H Rights Shares, respectively.

H Rights Shares will be Eligible for Admission into CCASS

Subject to the granting of the listing of, and permission to deal in, the H Rights Shares in both their nil-paid and fully-paid forms on the Hong Kong Stock Exchange, and subject to compliance with the stock admission requirements of HKSCC, the H Rights Shares in both their nil-paid and fully-paid forms will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the commencement date of dealings in the H Rights Shares in both their nil-paid and fully-paid forms on the Hong Kong Stock Exchange or such other date(s) as determined by HKSCC. Settlement of transactions between participants of the Hong Kong Stock Exchange on any trading day is required to take place in CCASS on the second trading day thereafter. All activities under CCASS are subject to the General Rules of CCASS and the CCASS Operational Procedures in effect from time to time. H Shareholders should seek advice from their licenced securities dealer(s) or other professional adviser(s) for details of those settlement arrangements and how such arrangements will affect their rights and interests.

Please note that without approval from the relevant regulatory authorities, the H Rights Shares and the Domestic Rights Shares are neither interchangeable nor fungible, and there is no trading or settlement between the Domestic Share and the H Share markets.

H Share Rights Issue Underwriting Arrangement

Details of the underwriting arrangement in relation to the H Share Rights Issue are set out below:

Date: November 6, 2023

Joint Global Coordinators, Joint Bookrunners and Underwriters (in alphabetical order): BNP Paribas Securities (Asia) Limited, a licenced corporation under the SFO to carry out Type 1 (dealing in securities), Type 2 (dealing in futures contracts), Type 4 (advising on securities) and Type 6 (advising on corporate finance) regulated activities as defined under the SFO and its ordinary course of business includes underwriting of securities;

CLSA Limited, a licenced corporation under the SFO to carry out Type 1 (dealing in securities), Type 4 (advising on securities) and Type 7 (providing automated trading services) regulated activities as defined under the SFO and its ordinary course of business includes underwriting of securities; and

DBS Asia Capital Limited, a licenced corporation under the SFO to carry out Type 1 (dealing in securities), Type 4 (advising on securities) and Type 6 (advising on corporate finance) regulated activities as defined under the SFO and its ordinary course of business includes underwriting of securities.

Underwriters

(in alphabetical order):

China International Capital Corporation Hong Kong Securities Limited, a licenced corporation under the SFO to carry out Type 1 (dealing in securities), Type 2 (dealing in futures contracts), Type 4 (advising on securities), Type 5 (advising on futures contracts) and Type 6 (advising on corporate finance) regulated activities as defined under the SFO and its ordinary course of business includes underwriting of securities; and

Zheshang International Financial Holdings Co., Limited, a licenced corporation under the SFO to carry out Type 1 (dealing in securities), Type 2 (dealing in futures contracts), Type 4 (advising on securities), Type 5 (advising on futures contracts) and Type 9 (asset management) regulated activities as defined under the SFO and its ordinary course of business includes underwriting of securities, and a subsidiary of the Company as at the date of this announcement.

To the best of the Directors' knowledge and information and having made all reasonable enquiries, except Zheshang International Financial Holdings Co., Limited, other underwriters and their respective ultimate beneficial owner(s) are third parties independent of the Company and connected persons (as defined in the Hong Kong Listing Rules) of the Company.

Each of the Underwriters has complied with Rule 7.19(1)(a) of the Hong Kong Listing Rules.

Total number of underwritten H Rights Shares: 425,078,070 Shares *Note*

- Commissions and expenses:
- (i) 1.2% fixed commission of a sum which is equal to (1) the Rights Issue Price multiplied by (2) the number of the H Rights Shares underwritten by the Underwriters;
 - (ii) an additional incentive fee of not more than 0.1% of a sum which is equal to (1) the Rights Issue Price multiplied by (2) the number of the H Rights Shares underwritten by the Underwriters; and
 - (iii) an additional underwriting commission of 0.35% of a sum which is equal to (1) the Rights Issue Price multiplied by (2) the number of the H Rights Shares underwritten by the Underwriters.

The Directors consider that the terms of the Underwriting Agreement (including the commission rate) are on normal commercial terms and are fair and reasonable so far as the Company and the Shareholders are concerned.

Conditions of the Underwriting Agreement

The obligations of the Underwriters under the Underwriting Agreement are conditional upon:

- (i) the H Rights Shares being duly issued and provisionally allotted by the Company on the terms set out in the Prospectus Documents to the Qualifying H Shareholders;
- (ii) the Domestic Share Rights Issue having become unconditional (including but not limited to the approval of the Domestic Share Rights Issue granted by the CSRC being valid and not having been withdrawn or revoked prior to the Latest Time for Termination);
- (iii) the listing approval of the H Rights Shares (subject only to allotment and despatch of the appropriate documents of title) having been obtained in accordance with the Listing Rules and such permission not being withdrawn or revoked before the Latest Time for Termination;

Note: Which is the total number of H Rights Shares to be issued (based on the number of H Shares in issue on the H Share Record Date), less the total number of H Rights Shares (being 119,786,640 H Rights Shares) to be provisionally allotted to China Merchants Expressway and Universal Cosmos Limited pursuant to their irrevocable undertakings as set out in the paragraphs headed "Shareholders Irrevocable Undertaking". The total number of underwritten H Rights Shares may be increased to a maximum of 538,991,398 Shares assuming full conversion of the 2021 Convertible Bonds at the prevailing conversion price of HK\$7.30 on or before the Record Date.

- (iv) the Stock Exchange issuing a certificate authorizing registration of H Share Rights Issue Prospectus with the Registrar of Companies under section 342C of the Companies (Winding Up and Miscellaneous Provisions) Ordinance on the business day before the date of H Share Rights Issue Prospectus (or such later time and/or date as the Company and the Underwriters may agree in writing) and, following registration of H Share Rights Issue Prospectus, a copy of H Share Rights Issue Prospectus having been submitted to the Stock Exchange for publication on its website not later than the date of H Share Rights Issue Prospectus (or such later time and/or date as the Company and the Underwriters may agree in writing);
- (v) a duly certified copy of H Share Rights Issue Prospectus (and other required documents) having been lodged with the Registrar of Companies not later than the business day before the date of H Share Rights Issue Prospectus (or such later time and/or date as the Company and the Underwriters may agree in writing), and the Registrar of Companies issuing a confirmation of registration letter not later than the business day before the date of H Share Rights Issue Prospectus (or such later time and/or date as the Company and the Underwriters may agree in writing);
- (vi) each condition to enable the Nil-paid H Rights to be admitted as eligible securities for deposit, clearance and settlement in CCASS (other than the listing approval) being satisfied on or before the business day before the commencement of trading of the Nil-paid H Rights and no notification having been received by the Company from HKSCC by such time that such admission or facility for holding and settlement has been or is to be refused;
- (vii) compliance by each of Communications Group, China Merchants Expressway and Universal Cosmos Limited with its obligations under the respective irrevocable undertakings by the times specified, and the irrevocable undertakings remaining to be legal, valid, binding and enforceable and not having been terminated and none of the representations, warranties and undertakings under such irrevocable undertakings being untrue, inaccurate, incomplete or misleading or being breached in any respect;
- (viii) in respect of the representations, warranties and undertakings referred to in the Underwriting Agreement, such representations and warranties being true, accurate and complete and not misleading in any respect and no such undertakings being breached on and as of the date of the Underwriting Agreement and at any time before the Latest Time for Termination, as though they had been given and made at such time by reference to the facts and circumstances then subsisting;

- (ix) compliance by the Company with its obligations under the Underwriting Agreement in all material respects, including, without limitation:
 - (a) to publish the announcement containing, among other things, details of the H Share Rights Issue by the time specified in accordance with the Underwriting Agreement; and
 - (b) to deliver to the Underwriters the documents as set out in the Underwriting Agreement in accordance with the timing set out therein;
- (x) the Shares remaining listed on the Stock Exchange at all times up to and including the Latest Time for Termination and the current listing of the Shares not having been withdrawn or the trading of the Shares not having been suspended or limited for a consecutive period of more than three trading days (or such longer period as the Company and the Underwriters may agree) and no indication having been received before the Latest Time for Termination from the Stock Exchange to the effect that such listing may be withdrawn or objected to (or conditions will or may be attached thereto) including but not limited to as a result of the H Share Rights Issue or in connection with the terms of the Underwriting Agreement or for any other reason;
- (xi) the consummation of the H Share Rights Issue and the performance of obligations of the Underwriters under the Underwriting Agreement not being prohibited by any statute, order, rule, regulation or directive issued by any legislative, executive or regulatory body or authority;
- (xii) no stop order or similar order having been issued by any court or other judicial, governmental or regulatory authority in relation to the H Share Rights Issue nor the sale and subscription and/or purchase of the H Rights Shares (in their nil-paid and fully-paid forms, respectively); and
- (xiii) no matter having arisen prior to the Latest Time For Termination which might be expected to give rise to a rescission or termination of the Underwriting Agreement.

The Underwriters may at any time in writing waive any of the conditions (except conditions (i) to (vi), (xi) and (xii)) or extend the time or date for fulfilment of any of the conditions (in which case a reference in the Underwriting Agreement to the satisfaction of such condition shall be to its fulfilment by the time or date as so extended) and such waiver or extension may be made subject to such terms and conditions as are determined by the Underwriters.

Termination of the Underwriting Agreement

If at any time before the Latest Time for Termination:

- (i) any matter or circumstance arises as a result of which any of the conditions set out in the section headed “Conditions of the Underwriting Agreement” above is not satisfied, or has become incapable of satisfaction, as at the required time (unless otherwise waived or modified by the Underwriters);
- (ii) any of the representations, warranties or undertakings contained in the Underwriting Agreement is untrue, inaccurate or misleading or has been breached in any respect comes to the knowledge of the Underwriters, or there has been a breach on the part of the Company of any other provision of the Underwriting Agreement;
- (iii) any statement contained in the announcement containing, among other things, details of the H Share Rights Issue or a Prospectus Documents has become or been discovered to be untrue, inaccurate, incomplete in any material respect or misleading, or any matter arises or is discovered which would, if such announcement or the relevant Prospectus Document was or to be issued at the time, constitute an omission therefrom;
- (iv) the issue or requirement to issue by the Company of any supplement or amendment to any of the offer documents under the Underwriting Agreement;
- (v) non-compliance of any of the offer documents under the Underwriting Agreement (or any other documents used in connection with the contemplated offer and sale of the Rights Shares) or any aspect of the Rights Issue with the Listing Rules or any other applicable laws, rules or regulations;
- (vi) a prohibition on the Company for whatever reason from allotting, issuing or selling any of the Rights Shares (whether in nil-paid or fully paid form) pursuant to the terms of the Rights Issue and the Underwriting Agreement;
- (vii) any expert, whose consent is required for the issue of H Share Rights Issue Prospectus with the inclusion of its reports, letters or opinions and references to its name included in the form and context in which it respectively appears, has withdrawn its consent prior to the issue of H Share Rights Issue Prospectus;
- (viii) the Company has withdrawn any of the offer documents under the Underwriting Agreement (and/or any other documents issued or used in connection with the Rights Issue) or the Rights Issue;
- (ix) the permission to deal in and the listing of the H Rights Shares (in their nil-paid and fully-paid forms) has been withdrawn by the Stock Exchange;

- (x) there is a material adverse effect (or change, as the case may be) on the financial condition, prospects, results of operations, business, general affairs or properties of the Company or any other member of the Group, or on the ability of the Company to perform its obligations under the Underwriting Agreement, or any effect (or change, as the case may be) which, in the sole and absolute opinion of the Underwriters, is or may be material and adverse in the context of the H Share Rights Issue;
- (xi) any existing director of the Company as of the date of the Underwriting Agreement committing any act of fraud or other indictable offence;
- (xii) any event, act or omission occurs which gives or is likely to give rise to any liability of the Company pursuant to the indemnities in the Underwriting Agreement; or
- (xiii) (a) there shall have occurred, happened, come into effect or become public knowledge any event, series of events or circumstances concerning or relating to (whether or not foreseeable): (i) a moratorium, trading halt, suspension, restriction or limitation in trading in securities generally, or the establishment of minimum prices, on the New York Stock Exchange, the London Stock Exchange, the NASDAQ Global Market, the Stock Exchange, the Shanghai Stock Exchange, the Shenzhen Stock Exchange and/or any other stock exchange on which the Company's securities are traded; (ii) a trading halt, suspension or limitation in dealings (including, without limitation, any maximum or minimum price limit or range) in the Company's securities on the Stock Exchange and/or any other stock exchange on which the Company's securities are traded for a consecutive period of more than three trading days (or such longer period as the Company and the Underwriters may agree) (other than pending publication of the announcement containing, among other things, details of the H Share Rights Issue, or any other announcements relating to the H Share Rights Issue); (iii) a declaration of a general moratorium or a disruption in commercial companying activities in the United States, Hong Kong, the PRC, the European Union (or any member thereof) or the United Kingdom or a disruption in commercial companying or securities settlement or clearance services in the United States, Hong Kong, the PRC, the European Union (or any member thereof) or the United Kingdom; (iv) any change, or any development involving a prospective change, or any event or circumstance likely to result in a change or a development involving a prospective change, in or affecting any taxation or exchange controls or currency exchange rates in Hong Kong, the PRC, the United States, the United Kingdom or the European Union (or any member thereof); or (v) any new laws or any change, or any development involving a prospective change, or any event or circumstance likely to result in a change or a development involving a prospective change, in or affecting existing laws or the interpretation or application of existing laws by any court or other competent authority in Hong Kong, the PRC, the United States or the United Kingdom, the European Union (or any member thereof);

- (b) there shall have occurred any event or circumstance or series of events or circumstances in the nature of force majeure (including, without limitation, any act of government, economic sanctions, strike or lock-out (whether or not covered by insurance), riot, fire, explosion, flooding, earthquake, civil commotion, act or declaration of war, outbreak or escalation of hostilities (whether or not war is or has been declared), act of terrorism (whether or not responsibility has been claimed), act of God, pandemic, epidemic, outbreak of infectious disease, declaration of a state of material emergency or calamity or crisis), in each case, involving or affecting Hong Kong, the PRC, the United States, the United Kingdom or the European Union (or any member thereof);
- (c) there shall have occurred any change or development or any event or series of events involving a prospective change or any event or series of events or circumstance likely to result in a change or a development involving a prospective change (whether or not permanent) in any local, national or international financial, political, economic, military, industrial, legal, fiscal, regulatory, currency or securities market matters or conditions or currency exchange rates or exchange controls (including without limitation, any change in the system under which the value of the Hong Kong currency is linked to that of the United States) or market conditions (including, without limitation, conditions in the stock and bond markets, money and foreign exchange markets and credit markets) in or affecting Hong Kong, the PRC, the United States, the European Union (or any member thereof) or the United Kingdom;
- (d) any new laws, rules, statutes, ordinances, regulations, guidelines or circulars (in each case, to the extent mandatory or, if not complied with, the basis for legal or regulatory consequences), orders, judgements, decrees or rulings of any governmental authority are implemented or there are any changes or developments involving prospective changes in existing laws or in the interpretation or application thereof by any court or other competent authority in Hong Kong or any other place in which any member of the Group conducts or carries on business;
- (e) the Company publishes or is required to publish any supplementary prospectus in accordance with Rule 11.13 of the Listing Rules, as a result of a significant change affecting any matter contained in the Prospectus Documents or a significant new matter having arisen the inclusion of information in respect of which would have been required in the Prospectus Documents if it had arisen before the date thereof, or otherwise, unless the Company has obtained the prior written consent from the Underwriters for such publication; or
- (f) an authority or a political body or organization in any relevant jurisdiction commences any investigation or other action, or announces an intention to investigate or take other action, against any member of the Group or any existing Director,

which, individually or in the aggregate, in the sole and absolute opinion of the Underwriters:

- (i) is or will be, or may be, materially adverse to, or prejudicially affects or would prejudicially affect, the results of operation, general affairs, management, business, properties, financial, trading or other condition or prospects of the Group;
- (ii) has or will have or may have a material adverse impact on, or prejudicially affects or would prejudicially affect, the success of the H Share Rights Issue or dealings in the H Rights Shares in the secondary market; or
- (iii) makes or may make it impracticable, inadvisable, incapable or inexpedient to proceed with the H Share Rights Issue or the delivery of the H Rights Shares on the terms and in the manner contemplated in the announcement containing, among other things, details of the H Share Rights Issue and the Prospectus Documents,

then in any such case the Underwriters may by notice in writing to the Company, served before the Latest Time for Termination, rescind or terminate the Underwriting Agreement.

Lock-up Undertakings

The Company undertakes to the Underwriters that for the period from the date of the Underwriting Agreement and ending on the date which is 90 days after the listing date of the H Rights Shares, it shall not (except for the H Rights Shares and the Domestic Rights Shares to be allotted and issued pursuant to the H Share Rights Issue and the Domestic Share Rights Issue, respectively):

- (a) allot or issue or sell, or offer to allot, issue or sell, accept subscription for, pledge, lend, mortgage, assign, charge, purchase any option or contract to sell, or grant any option, right or warrant to subscribe for or purchase or lend or otherwise dispose of (either conditionally or unconditionally, or directly or indirectly, or otherwise) any Shares or any interests in Shares or any securities convertible into or exercisable or exchangeable for any Shares or which carry rights to subscribe for or purchase or receive Shares, or deposit Shares with a depositary in connection with the issue of depositary receipts;
- (b) enter into a transaction (including, without limitation, a swap or other derivative transaction) that transfers, in whole or in part, any of the economic consequences of ownership of any Shares or such securities of the Company or any interest therein or has an effect on the market in the Shares similar to that of a sale of interest in Shares or purchase or repurchase of any Shares;

- (c) enter into any transaction with the same economic effect as any of the transactions described in paragraphs (a) or (b) above; or
- (d) offer or agree or contract or announce any intention to enter into or effect any such transaction described in paragraphs (a), (b) or (c) above whether any of the foregoing transactions described in paragraphs (a), (b) or (c) above is to be settled by delivery of Shares or such other securities, in cash or otherwise,

unless with the prior written consent of the Underwriters (which may be given or withheld at the absolute discretion of the Underwriters); provided that the above restrictions shall cease to apply if the Underwriting Agreement (i) does not become unconditional and is terminated; or (ii) is terminated by the Underwriters pursuant to any of the termination events set out in the section headed “Termination of the Underwriting Agreement” above.

Warning of the Risks of Dealing in the H Shares and Nil-paid H Rights

Existing H Shares will be dealt in on an ex-rights basis from Friday, November 10, 2023. Dealings in the Nil-paid H Rights are expected to take place from Thursday, November 23, 2023 to Thursday, November 30, 2023 (both days inclusive). If the conditions of the H Share Rights Issue (please see the paragraph headed “Conditions of the H Share Rights Issue” above) are not fulfilled, the H Share Rights Issue will not proceed.

Furthermore, in the event that the Underwriting Agreement does not become unconditional or if it is terminated in accordance with the terms thereof, the H Share Rights Issue may not proceed.

Any dealing in the H Shares or the Nil-paid H Rights is at the investor’s own risk. If in any doubt, investors are recommended to consult their professional advisers.

Despatch of H Share Certificates and Refund Cheques

Subject to fulfilment of the conditions of the H Share Rights Issue, it is expected that the certificates for the H Rights Shares and the refund cheques in respect of overpayment for H Rights Shares (if any) or in respect of wholly or partly unsuccessful applications for excess H Rights Shares (if any) will be despatched by ordinary post to the allottees, at their own risk, to their registered addresses by the H Share Registrar on or about Wednesday, December 13, 2023.

Taxation

Qualified H Shareholders are recommended to consult their professional advisers if they are in any doubt as to the taxation implications of holding, disposing of or dealing in the H Rights Shares (in their nil-paid and/or fully-paid forms) and, as regards the Excluded H Shareholders, their receipt of the net proceeds of sale of the Nil-paid forms of the H Rights Shares otherwise falling to be issued to them under the H Share Rights Issue. It is emphasised that neither the Company, the Directors nor any other party involved in the H Share Rights Issue accept responsibility for any tax effects or liabilities of holders of the H Rights Shares resulting from the purchase, holding, disposal of, or dealing in the H Rights Shares (in their nil-paid and/or fully-paid forms).

Expected H Share Rights Issue Timetable

The last day of dealings in the H Shares on a cum-rights basis	Thursday, November 9, 2023
The first day of dealings in the H Shares on an ex-rights basis	Friday, November 10, 2023
Latest time to be registered as a member of the Company to qualify for the H Share Rights Issue	4:30 p.m. Monday, November 13, 2023
Close of register of members	Tuesday, November 14, 2023 to Monday, November 20, 2023 (both days inclusive)
Record date for H Share Rights Issue	Monday, November 20, 2023
Despatch of Prospectus Documents	Tuesday, November 21, 2023
First day of dealings in Nil-paid H Rights	Thursday, November 23, 2023
Latest time for splitting Nil-paid H Rights	4:30 p.m., Monday, November 27, 2023
Last day of dealings in Nil-paid H Rights	Thursday, November 30, 2023
Latest time for acceptance of and payment for H Rights Shares and application and payment for excess H Rights Shares	4:00 p.m., Tuesday, December 5, 2023

Latest time for the termination of the Underwriting Agreement and for the H Share Rights Issue to become unconditional 5:00 p.m., Wednesday, December 6, 2023

Announcement of results of acceptance of and excess applications for H Rights Shares Tuesday, December 12, 2023

Despatch of certificates for fully-paid H Rights Shares Wednesday, December 13, 2023

Despatch of refund cheques in respect of wholly or partially unsuccessful applications for excess H Rights Shares Wednesday, December 13, 2023

Commencement of dealings in fully-paid H Rights Shares 9:00 a.m., Thursday, December 14, 2023

All dates and times herein refer to Hong Kong local dates and times. Shareholders should note that the dates specified in the expected timetable of the H Share Rights Issue as set out above, and in other parts of this announcement, are indicative only and may be changed by the Board. In the event any special circumstances arise, the Board or the authorized person(s) by the Board may extend or make adjustments to the timetable if it considers appropriate. Any such change to the expected timetables will be published or notified to the Shareholders accordingly.

EFFECT OF BAD WEATHER ON LATEST TIME FOR ACCEPTANCE OF AND PAYMENT FOR H RIGHTS SHARES AND APPLICATION AND PAYMENT FOR EXCESS H RIGHTS SHARES

The latest time for acceptance of and payment for H Rights Shares and application and payment for excess H Rights Shares will not take place if a tropical cyclone warning signal number 8 or above or an “extreme conditions” or “black” rainstorm warning signal is issued by the Hong Kong Observatory:

1. in force in Hong Kong at any local time before 12:00 noon and no longer in force after 12:00 noon on the Latest Acceptance Date. Instead, the latest time for acceptance of and payment for H Rights Shares and application and payment for excess H Rights Shares will be extended to 5:00 p.m. on the same business day; or

2. in force in Hong Kong at any local time between 12:00 noon and 4:00 p.m. on the Latest Acceptance Date. Instead, the latest time for acceptance of and payment for H Rights Shares and application and payment for excess H Rights Shares will be rescheduled to 4:00 p.m. on the following business day which does not have either of those warnings in force at any time between 9:00 a.m. and 4:00 p.m.

If the latest time for acceptance of and payment for H Rights Shares and application and payment for excess H Rights Shares does not take place on the Latest Acceptance Date, the dates mentioned in the paragraph headed “Expected H Share Rights Issue Timetable” above may be affected. An announcement will be made by the Company in such event as soon as practicable.

Domestic Share Rights Issue

The Domestic Share Rights Issue is conducted on the basis of 3.8 Domestic Rights Shares for 10 existing Domestic Shares held by Qualified Domestic Shareholders on the Domestic Share Record Date at the Rights Issue Price of RMB3.73 per Domestic Rights Share. Details of the Domestic Share Rights Issue are as follows:

Domestic Share Rights Issue statistics

Basis of Domestic Share Rights Issue: 3.8 Domestic Rights Shares for every 10 existing Domestic Shares held by Qualified Domestic Shareholders on the Domestic Share Record Date

Number of Domestic Shares in issue as at this announcement: 2,909,260,000 Domestic Shares

Number of Domestic Rights Shares proposed to be issued (assuming the number of Domestic Shares in issue on the Domestic Share Record Date remains the same as at the date of this announcement): 1,105,518,800 Rights Shares

Rights Issue Price: RMB3.73 per Domestic Rights Share (equivalent to approximately HK\$4.06)

The subscription of the Domestic Rights Shares will be separately agreed in writing between the Company and the Communications Group.

The Domestic Shares have not been admitted for listing on any stock exchange and are not currently proposed to be traded or dealt in on any other authorised trading facility.

Qualified Domestic Shareholders

To qualify for the Domestic Share Rights Issue, a Domestic Shareholder must be registered on the register of the Company at the Shenzhen branch of China Clear after the close of trading on the Domestic Share Record Date.

Domestic Share Rights Issue Timetable

Domestic Share Record Date Monday, November 20, 2023

Commencement of the Domestic Share Rights Issue and
first day for acceptance of and payment for
the Domestic Rights Shares Tuesday, November 21, 2023

Close of the Domestic Share Rights Issue and
last day for payment for the Domestic Rights Shares Tuesday, December 5, 2023

Shareholders should note that the dates specified in the expected timetable of the Domestic Share Rights Issue as set out above, and in other parts of H Share Rights Issue Prospectus, are indicative only and may change. Any such change to the expected timetable will be announced and notified to the Shareholders as and when appropriate.

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:

1. the approval of the Rights Issue by the Shareholders at the EGM;
2. the approval of the Rights Issue at the Domestic Shareholders Class Meeting and the H Shareholders Class Meeting, respectively; and
3. the decision of consent of registration of the Domestic Share 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. As at the date of this announcement, all of the conditions above have been fulfilled.

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

CHANGES OF THE SHAREHOLDING OF THE COMPANY AS A RESULT OF THE RIGHTS ISSUE

For illustrative purpose only, the following tables set out the Company's shareholding structure as at the date of this announcement and immediately following completion of the Rights Issue, assuming that no change in the number of issued Shares of the Company occurs during the period from the date of this announcement to the H Share Record Date except for the issuance and listing of the Domestic Rights Shares, and assuming all of the H Rights Shares and Domestic Rights Shares are taken up by Qualified H Shareholders and Qualified Domestic Shareholders, respectively:

Class of Shares	Number of Shares	As at the date of this announcement	Number of Shares to be increased under the Rights Issue ^(note 1)	Immediately following completion of the Rights Issue	
		Approximate percentage of the total number of Shares		Number of Shares	Approximate percentage of the total number of Shares
Domestic Shares					
Communications Group	<u>2,909,260,000</u> ^(note 2)	<u>66.99%</u>	<u>1,105,518,800</u>	<u>4,014,778,800</u>	<u>66.99%</u>
Total number of Domestic Shares	<u>2,909,260,000</u>	<u>66.99%</u>	<u>1,105,518,800</u>	<u>4,014,778,800</u>	<u>66.99%</u>
H Shares					
China Merchants Expressway ^(note 3)	263,706,000	6.07%	100,208,280	363,914,280	6.07%
Universal Cosmos Limited ^(note 4)	51,522,000	1.19%	19,578,360	71,100,360	1.19%
H Shares held by the public ^(note 5)	<u>1,118,626,500</u>	<u>25.76%</u>	<u>425,078,070</u>	<u>1,543,704,570</u>	<u>25.76%</u>
Total number of 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>4,343,114,500</u>	<u>100.00%</u>	<u>1,650,383,510</u>	<u>5,993,498,010</u>	<u>100.00%</u>

Notes:

1. Based on the number of the Shares to be issued under the H Share Rights Issue assuming on the basis of 3.8 H Rights Shares for every 10 existing H Shares in issue.
2. 2,909,260,000 Shares are directly held by the Communications Group. As at the date of this announcement, the Communications Group held 66.99% of the issued share capital of the Company and was a core connected person of the Company.
3. China Merchants Expressway is a substantial shareholder of a subsidiary of the Company and thus constitutes a core connected person of the Company.
4. Universal Cosmos Limited is a close associate of Communication Group under the Listing Rules and thus constitutes a core connected person of the Company.
5. Based on publicly available information known by the Company.
6. Assuming that the 2021 Convertible Bonds are fully converted as at the Record Date, as stipulated in the offering circular of the 2021 Convertible Bonds, 451,405,426 H Shares, which includes the entitlement to H Rights Shares, will be issued subject to compliance with relevant Listing Rules. Upon completion of the Rights Issue and the full conversion of the 2021 Convertible Bonds, the number of Domestic Shares is 4,014,778,800, accounting for 62.29% of the then total number of Shares of the Company, and the number of H Shares is 2,430,124,636 accounting for 37.71% of the then total number of Shares of the Company.
7. 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.
8. Certain percentage figures included in the table above have been subject to rounding. Accordingly, figures shown as totals may not be an arithmetic aggregation of the figures preceding them. Any discrepancies in the table above between the total shown and the sum of the amounts listed are due to rounding.

For illustrative purpose only, the following table sets out the Company's shareholding structure as at the date of this announcement and immediately following completion of the Rights Issue, assuming none of the H Rights Shares is taken up by Qualified Shareholders except for the Rights Shares taken up by Communications Group, China Merchants Expressway and Universal Cosmos Limited pursuant to their respective undertaking:

Class of Shares	Number of Shares	As at the date of this announcement		Immediately following completion of the Rights Issue and assuming all the Untaken H Rights Shares are acquired by subscribers procured by the Underwriters pursuant to the Underwriting Agreement	
		Approximate percentage of the total number of Shares	Number of Shares to be increased under the Rights Issue <small>(note 1)</small>	Number of Shares immediately following completion of the Rights Issue	Approximate percentage of the total number of Shares immediately following completion of the Rights Issue
Domestic Shares					
Communications Group	2,909,260,000 <small>(note 2)</small>	66.99%	1,105,518,800	4,014,778,800	66.99%
Total number of Domestic Shares	2,909,260,000	66.99%	1,105,518,800	4,014,778,800	66.99%
H Shares					
China Merchants Expressway <small>(note 3)</small>	263,706,000	6.07%	100,208,280	363,914,280	6.07%
Universal Cosmos Limited <small>(note 4)</small>	51,522,000	1.19%	19,578,360	71,100,360	1.19%
H Shares held by the public <small>(note 5)</small>	1,118,626,500	25.76%	425,078,070	1,543,704,570	25.76%
– Subscribers procured by the Underwriters	–	–	425,078,070	425,078,070	7.09%
– Other H Shares held by the public	1,118,626,500	25.76%	–	1,118,626,500	18.66%
Total number of H Shares	1,433,854,500	33.01%	544,864,710	1,978,719,210	33.01%
Total	4,343,114,500	100.00%	1,650,385,510	5,993,498,010	100.00%

Notes:

1. Based on the number of the Shares to be issued under the H Share Rights Issue assuming on the basis of 3.8 H Rights Shares for every 10 existing H Shares in issue.
2. 2,909,260,000 Shares are directly held by the Communications Group. As at the date of this announcement, the Communications Group held 66.99% of the issued share capital of the Company and was a core connected person of the Company.
3. China Merchants Expressway is a substantial shareholder of a subsidiary of the Company and thus constitutes a core connected person of the Company.
4. Universal Cosmos Limited is a close associate of Communication Group under the Listing Rules and thus constitutes a core connected person of the Company.
5. Based on publicly available information known by the Company.
6. For the purpose of illustrating the impact of the Rights Issue on the shareholding structure and public float of the Company only and based on the assumptions that (i) no change in the number of Shares held by Communications Group, China Merchants Expressway and Universal Cosmos Limited during the period from the date of this announcement to the H Share Record Date; (ii) full subscription for the Domestic Rights Shares by Communications Group in accordance with its undertaking and full subscription for the H Rights Shares by each of China Merchants Expressway and Universal Cosmos Limited in accordance with its undertaking; and (iii) no excess H Rights Shares will be allotted to Communications Group, China Merchants Expressway or Universal Cosmos Limited under the H Share Rights Issue.
7. Assuming that the 2021 Convertible Bonds are fully converted as at the Record Date, as stipulated in the offering circular of the 2021 Convertible Bonds, 451,405,426 H Shares, which includes the entitlement to H Rights Shares, will be issued subject to compliance with relevant Listing Rules. Upon completion of the Rights Issue and the full conversion of the 2021 Convertible Bonds, the number of Domestic Shares is 4,014,778,800, accounting for 62.29% of the then total number of Shares of the Company, and the number of H Shares is 2,430,124,636 accounting for 37.71% of the then total number of Shares of the Company.
8. 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.
9. Certain percentage figures included in the table above have been subject to rounding. Accordingly, figures shown as totals may not be an arithmetic aggregation of the figures preceding them. Any discrepancies in the table above between the total shown and the sum of the amounts listed are due to rounding.

Pursuant to the Underwriting Agreement, in the event that the Underwriters are called upon to procure subscribers to subscribe for the Untaken H Rights Shares, the Underwriters shall use their best endeavours to ensure that (1) each of the subscribers of the Untaken H Rights Shares procured by it shall be a third party independent of, not acting in concert (within the meaning of the Takeovers Code) with and not connected with the Company, any of the Directors or chief executive or substantial shareholders of the Company or their respective associates; and (2) the public float requirements under Rule 8.08 of the Hong Kong Listing Rules are fulfilled by the Company upon completion of the Rights Issue. Each of the Underwriters has undertaken, among other things, that it will not subscribe, for its own account and shall procure that no subscribers procured by it will apply for or take up, any Untaken H Rights Shares if immediately afterwards the shareholding of the relevant person will be 10% or more of the voting rights of the Company and/or the subscription would result in an obligation to make a mandatory general offer under the Takeovers Code.

At the date of this announcement, to the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, the Company has no reason to believe that any person will incur an obligation to make a mandatory general offer under the Takeovers Code as a result of completion of the Rights Issue. Based on the information available to the Directors, upon completion of the Rights Issue, the Company will still meet the public float requirements under Rule 8.08 of the Hong Kong Listing Rules.

FUND RAISING ACTIVITIES INVOLVING ISSUE OF EQUITY SECURITIES IN THE PAST 12 MONTHS

The Company has not engaged in any equity fund raising activity in the 12 months immediately before the date of this announcement.

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 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.

Currently, the Company entered into agreements with relevant parties in respect of the investment and implementation of (i) the reconstruction and expansion project of the Jinhua Section of the Ningbo-Jinhua Expressway with a total length of about 69.74 km, and the estimated total investment amount is approximately RMB19,418.6 million, and (ii) the reconstruction and expansion project of the Nanhu Interchange to Zhejiang-Jiangsu Boundary Section of the Zhajiasu Expressway with a total length of about 25.24 km, and the estimated total investment amount is approximately RMB8,134 million. The reconstruction and expansion projects of Ningbo-Jinhua 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, sizeable 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:

(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 December 31, 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.

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 scheduled to commence in 2023 and proposed to be completed in 2027, 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 Company entered into an agreement with relevant parties in the second half of 2023 in respect of the investment and implementation of the reconstruction and expansion project of the Jinhua Section of the Ningbo-Jinhua Expressway with a total length of about 69.74 km, and the estimated total investment amount is approximately RMB19,418.6 million. 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 concessionary period shall extend for 25 years commencing from date of the project delivery, subject to the approval from the People's Government of Zhejiang Province.

The Zhajiasu Expressway, located in the north of Hangzhou-Jiaxing-Huzhou region and in the middle of Jiaxing, 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, Jiaxing, heads northward through Pinghu, Haiyan, Nanhu, and Xiuzhou of Jiaxing 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.

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. The Company entered into an agreement with relevant parties in September 2023 in respect of the investment and implementation of the reconstruction and expansion project of the Nanhu Interchange to Zhejiang-Jiangsu Boundary Section of the Zhajiasu Expressway with a total length of about 25.24 km, and the estimated total investment amount is approximately RMB8,134 million. The concessionary period shall extend for 25 years commencing from date of the project delivery, subject to the approval from the People's Government of Zhejiang Province.

For further detailed information of the Ningbo-Jinhua Expressway and the Zhajiasu Expressway, and the progress of their reconstruction and expansion please refer to the annual reports of the Company and the announcements of the Company dated September 6, 2023 and September 14, 2023 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 December 31, 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.

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.

ADJUSTMENT TO CONVERSION PRICE OF 2021 CONVERTIBLE BONDS

References are made to the announcements and circular of the Company dated January 20, 2021, January 21, 2021, June 30, 2022, May 4, 2023 and May 22, 2023 respectively, in relation to the issue of the 2021 Convertible Bonds and the previous adjustment to conversion price of the 2021 Convertible Bonds.

The terms and conditions of the 2021 Convertible Bonds (the “**CB Terms and Conditions**”) provided, among other things, that if and whenever the Company shall issue Ordinary Shares (as defined in the CB Terms and Conditions) of one or more classes to all or substantially all Ordinary Shareholders of such classes by way of rights, or issue or grant to all or substantially all Ordinary Shareholders of such classes by way of rights, options, warrants or other rights to subscribe for, purchase or otherwise acquire any Ordinary Shares of such classes, in each case at a consideration less than 95 per cent. of the Current Market Price (as defined in the CB Terms and Conditions) per H Share on the date of the first public announcement of the terms of the issues or grants, the Conversion Price (as defined in the CB Terms and Conditions) shall be adjusted by multiplying the Conversion Price in force immediately before such issues or grants by the following fraction:

$$\frac{A + B1 + B2}{A + C1 + C2}$$

Where:

- A is the aggregate number of Ordinary Shares of all classes in issue immediately before such announcement;
- B1 is the number of Ordinary Shares of one class which the aggregate consideration receivable for the Ordinary Shares of such class issued by way of rights or for the options or warrants or other rights issued or granted by way of rights and for the total number of Ordinary Shares of such class comprised therein would subscribe for, purchase or otherwise acquire at such Current Market Price per Ordinary Share of such class;
- B2 where applicable, is the number of Ordinary Shares of a second class which the aggregate consideration receivable for the Ordinary Shares of such class issued by way of rights or for the options or warrants or other rights issued or granted by way of rights and for the total number of Ordinary Shares of such class comprised therein would subscribe for, purchase or otherwise acquire at such Current Market Price per Ordinary Share of such class;
- C1 is the aggregate number of Ordinary Shares of one class issued or, as the case may be, comprised in the issue or grant; and
- C2 where applicable, is the aggregate number of Ordinary Shares of a second class issued or, as the case may be, comprised in the issue or grant.

Such adjustment shall become effective on the date of issue of such Ordinary Shares or issue or grant of such options, warrants or other rights (as the case may be) or where a record date is set, the first date on which the Ordinary Shares are traded ex-rights, ex-options or ex-warrants, as the case may be; provided that if there is a different effective date for different classes of Ordinary Shares, the effective date of the H Shares shall prevail.

Where a record date has been set for the Rights Issue, the first day on which existing H Share will be dealt in on an ex-rights basis will be Friday, November 10, 2023. Therefore, as a result of the Rights Issue, with effect from Friday, November 10, 2023, the Conversion Price of the 2021 Convertible Bonds will be adjusted from the Conversion Price of HK\$7.30 per H Share to the adjusted Conversion Price of HK\$6.69 per H Share (the “**Adjustment**”), in accordance with CB Terms and Conditions. Save for the abovementioned Adjustment to the Conversion Price, the other terms of the 2021 Convertible Bonds remain unchanged.

As at the date of this announcement, the aggregate principal amount under the 2021 Convertible Bonds that remains outstanding is €230,000,000. Immediately following the Adjustment, the maximum number of H Shares issuable by the Company upon full conversion of the 2021 Convertible Bonds at the adjusted Conversion Price of HK\$6.69 per H Share will be 327,105,381 H Shares, representing an increase of 27,333,464 H Shares (the “**Additional Conversion Shares**”) from 299,771,917 H Shares based on the previous Conversion Price of HK\$7.30 per H Share.

Taking into account of the Additional Conversion Shares, the maximum number of Conversion Shares after the Adjustment will not be sufficiently covered under the maximum number of H Shares that can be issued pursuant to the general mandate approved by the Shareholders at the annual general meeting of the Company held on May 15, 2020 and the specific mandate approved by the Shareholders at extraordinary general meeting of the Company held on June 9, 2023, pursuant to which the Company is entitled to issue and allot a maximum of 299,771,917 H Shares. Therefore, 27,333,464 H Shares of the Additional Conversion Shares will be issued and allotted under a specific mandate to be sought from the Shareholders (the “**Specific Mandate**”).

An application will be made by the Company to the Stock Exchange for the listing of, and permission to deal in, the Additional Conversion Shares on the Stock Exchange.

An extraordinary general meeting will be convened for the purpose of considering and, if deemed appropriate, approving, among other things, the grant of the Specific Mandate.

A circular containing, among other things, (i) further details of the Specific Mandate; and (ii) notice convening the extraordinary general meeting, will be despatched to the Shareholders as soon as practicable in accordance with the Listing Rules.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following expressions and terms have the following meanings:

“2021 Convertible Bonds”	Euro230 million zero coupon convertible bonds due 2026 issued by the Company on the Hong Kong Stock Exchange on January 21, 2021 (stock code: 40526)
“associate(s)”	has the meaning ascribed to it under the Hong Kong Listing Rules
“Beneficial H Shareholder(s)”	any beneficial owner(s) of H Shares whose H Shares are registered in the name of a registered H Shareholder as shown in the H-share register
“Board”	the board of Directors of the Company
“business day”	any day other than Saturday, Sunday or public holiday(s) on which banks are open for general business in Hong Kong
“CCASS”	the Central Clearing and Settlement System established and operated by HKSCC

“China Clear”	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), a joint stock limited company established in the PRC on December 18, 1993, the shares of which are listed on the Shenzhen Stock Exchange (stock code: 001965)
“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
“Companies (Winding Up and Miscellaneous Provisions) Ordinance”	the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong) as amended, supplemented or otherwise modified from time to time
“Companies Ordinance”	the Companies Ordinance (Chapter 622 of the Laws of Hong Kong) as amended, supplemented or otherwise modified from time to time
“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, H Shares of which are listed on the main board of the Hong Kong Stock Exchange (stock code: 0576)
“connected person(s)”	has the meaning ascribed to it under the Hong Kong Listing Rules
“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

“Domestic Share(s)”	the ordinary shares issued by 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 Class Meeting”	the domestic share class meeting of the Company held on July 24, 2023 at which the resolutions in relations to the Rights Issue were considered and approved
“Domestic Share Record Date”	Monday, November 20, 2023
“Domestic Share Rights Issue”	the proposed issue of 1,105,518,800 Domestic Rights Shares at the Rights Issue Price on the basis of 3.8 Domestic Rights Shares for every 10 existing Domestic Shares held on the Domestic Share Record Date (assuming the number of Domestic Shares in issue on the Domestic Share Record Date remains the same as at the date of this announcement)
“Domestic Shareholder(s)”	holder(s) of Domestic Shares
“EGM”	the extraordinary general meeting of the Shareholders of the Company convened on July 24, 2023, which considered and approved, among other things, the resolutions in relation to the Rights Issue and other relevant resolutions
“Excess Application Form(s)”	application form(s) for excess H Rights Shares
“Excluded H Shareholder(s)”	has the meaning ascribed to it in the paragraph headed “Excluded H Shareholders” in this announcement
“Group”, “we”, “us” or “our”	the Company and its subsidiaries
“H-share register”	the H-share register of the Company
“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

“H Share Class Meeting”	the H share class meeting of the Company held on July 24, 2023 at which the resolutions in relation to the Rights Issue were considered and approved
“H Share Record Date”	Monday, November 20, 2023, or such other date determined by the Board or its authorized person(s) by reference to which entitlements of the H Share Rights Issue are to be determined
“H Share Registrar”	Hong Kong Registrars Limited
“H Share Rights Issue”	the proposed issue of 544,864,710 H Rights Shares at the Rights Issue Price on the basis of 3.8 H Rights Shares for every 10 existing H Shares held on the H Share Record Date (assuming the number of H Shares in issue on the H Share Record Date remains the same as at the date of this announcement)
“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 details of the H Share Rights Issue
“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
“HK\$” or “Hong Kong dollars”	Hong Kong dollar, the lawful currency of Hong Kong
“HKSCC”	Hong Kong Securities Clearing Company Limited
“HKSCC Nominees”	HKSCC Nominees Limited, a wholly-owned subsidiary of HKSCC
“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
“Hong Kong Stock Exchange”	The Stock Exchange of Hong Kong Limited

“Joint Bookrunners”	BNP Paribas Securities (Asia) Limited, CLSA Limited and DBS Asia Capital Limited (in alphabetical order)
“Joint Global Coordinators”	BNP Paribas Securities (Asia) Limited, CLSA Limited and DBS Asia Capital Limited (in alphabetical order)
“Last Acceptance Date”	Tuesday, December 5, 2023, being the last day for acceptance of and payment for the H Rights Shares and application and payment for excess H Rights Shares
“Latest Time for Termination”	5:00 p.m. on Wednesday, December 6, 2023
“Nil-paid H Rights”	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
“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 Clear, the agent of Shanghai-Hong Kong Stock Connect and Shenzhen-Hong Kong Stock Connect
“Price Determination Date”	November 6, 2023, the date on which the Rights Issue Price was determined for the purpose of the Rights Issue
“Prospectus Documents”	the H Share Rights Issue Prospectus, the Provisional Allotment Letter(s) and the Excess Application Form(s)
“Provisional Allotment Letter(s)”	provisional allotment letter(s) for the H Rights Shares
“Qualifying 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
“Qualifying H Shareholder(s)”	H Shareholder(s) whose name(s) appear(s) on the H-share register of the Company on the H Share Record Date (not being Excluded H Shareholders)
“Record Date”	Domestic Share Record Date and/or H Share Record Date

“Rights Issue”	Domestic Share Rights Issue and/or H Share Rights Issue
“Rights Issue Price”	the Rights Issue price of HK\$4.06 per H Rights Share and/or the Rights Issue price of RMB3.73 per Domestic Rights Share (as the case may be)
“Rights Share(s)”	Domestic Rights Share(s) and/or H Rights Share(s)
“RMB”	Renminbi, the lawful currency of the PRC
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) as amended, supplemented or otherwise modified from time to time
“Shanghai-Hong Kong Stock Connect”	the securities trading and clearing links programme developed by the Hong Kong Stock Exchange, the Shanghai Stock Exchange, HKSCC and China Clear for the establishment of mutual market access between Hong Kong and Shanghai
“Share(s)”	Domestic Share(s) and/or H Share(s)
“Shareholder(s)”	holder(s) of Shares
“Shenzhen-Hong Kong Stock Connect”	the securities trading and clearing links programme developed by the Hong Kong Stock Exchange, the Shenzhen Stock Exchange, HKSCC and China Clear for the establishment of mutual market access between Hong Kong and Shenzhen
“subsidiary(ies)”	has the meaning ascribed to it under the Hong Kong Listing Rules
“substantial shareholder(s)”	has the meaning ascribed to it under the Hong Kong Listing Rules
“Underwriters”	BNP Paribas Securities (Asia) Limited, CLSA Limited, DBS Asia Capital Limited, China International Capital Corporation Hong Kong Securities Limited and Zheshang International Financial Holdings Co., Limited

“Underwriting Agreement”	the underwriting agreement dated November 6, 2023 entered into between the Company and the Underwriters in relation to the H Share Rights Issue
“U.S.” or “United States”	the United States of America, its territories, its possessions and all areas subject to its jurisdiction
“%”	per cent

Unless otherwise specified in this announcement, the exchange rate adopted in this announcement for illustration only is HK\$1 to RMB0.91753. No representation is made that any amounts in RMB could have been or could be converted at that rate or at any other rates.

By order of the Board
Zhejiang Expressway Co., Ltd.
YUAN Yingjie
Chairman

Hangzhou, the PRC, November 6, 2023

As at the date of this announcement, the Chairman of the Company is Mr. YUAN Yingjie; the executive Directors of the Company are: Mr. WU Wei and Mr. LI Wei; 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.