

THIS PROSPECTUS IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of this prospectus or as to the action to be taken, you should consult a licensed securities dealer, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your H Shares (as defined herein) in Zhejiang Expressway Co., Ltd., you should at once hand this prospectus and the accompanying Provisional Allotment Letter (as defined herein) and Excess Application Form (as defined herein) to the purchaser or other transferee or to the bank manager, the licensed securities dealer or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

A copy of this prospectus, together with copies of the Provisional Allotment Letter and the Excess Application Form and (where applicable) the prospectus specified in the paragraph "Statutory and General Information – Documents Delivered to the Registrar of Companies" in Appendix III to this prospectus have been registered with the Registrar of Companies in Hong Kong as required by Section 342C of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong). The Registrar of Companies in Hong Kong, the Hong Kong Stock Exchange (as defined herein) and the Securities and Futures Commission take no responsibility as to the contents of any of the Prospectus Documents (as defined herein) or any other documents referred to above.

Dealings in the securities of Zhejiang Expressway Co., Ltd. and the H Rights Shares (as defined herein) and the Nil-paid H Rights (as defined herein) may be settled through the CCASS (as defined herein) and you should consult a licensed securities dealer, bank manager, solicitor, professional accountant or other professional adviser for details of the settlement arrangements and how such arrangements may affect your rights and interests.

Subject to the granting of the listing of and permission to deal in the H Rights Shares and the Nil-paid H Rights on the Hong Kong Stock Exchange and subject to compliance with the stock admission requirements of HKSCC (as defined herein), the H Rights Shares and the Nil-paid H Rights will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in the CCASS with effect from the respective commencement dates of dealings in the H Rights Shares and the Nil-paid H Rights on the Hong Kong Stock Exchange or such other date(s) as determined by HKSCC. All activities under the CCASS are subject to the General Rules of the CCASS and the CCASS Operational Procedures in effect from time to time.

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

Distribution of this prospectus into jurisdictions other than Hong Kong may be restricted by law. Persons into whose possession this prospectus comes should inform themselves of and observe any such restrictions. H Shareholders (as defined herein) with registered addresses in any of the Specified Territories (as defined herein) and the Beneficial H Shareholders (as defined herein) who are residents of the Specified Territories are referred to the important information set out in the sections headed "Letter from the Board – H Share Rights Issue – Excluded H Shareholders" and "Letter from the Board – H Share Rights Issue – limited categories of persons in the Specified Territories who may be able to take up their Nil-paid H Rights to subscribe for the H Rights Shares under the H Share Rights Issue".

This prospectus is for information purposes only and shall not constitute an offer to sell or the solicitation of an offer to buy any securities, nor shall there be any sale or purchase of securities in any jurisdiction in which such offer, solicitation or sale would be unlawful. The securities have not been registered under the U.S. Securities Act of 1933, as amended (as defined herein) or the laws of any state in the United States, and may not be offered or sold within the United States, absent registration or an exemption from the registration requirements of the U.S. Securities Act and applicable state laws. There is no intention to register any portion of the rights issue or any securities described herein in the United States or to conduct a public offering of securities in the United States.

This prospectus does not constitute or form part of any offer or invitation to sell or issue, or any solicitation of any offer to acquire, any securities (including the Shares and the Rights Shares (in their nil-paid or fully-paid forms)) or to take up entitlements to H Rights Shares (in their nil-paid or fully-paid forms) in any jurisdiction in which such an offer or solicitation or sale is unlawful. Neither this prospectus nor anything in this prospectus forms the basis of any contract of commitment whatsoever.



浙江滬杭甬高速公路股份有限公司 ZHEJIANG EXPRESSWAY CO., LTD.

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

(Stock Code: 0576)

**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**

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



(in alphabetical order)

Underwriters for H Share Rights Issue



(in alphabetical order)

Existing H Shares have been dealt in on an ex-rights basis from Friday, November 10, 2023. Dealings in the Nil-paid H Rights Shares will take place from Thursday, November 23, 2023 to Thursday, November 30, 2023 (both days inclusive).

The latest time for acceptance of and payment for H Rights Shares and application of and payment for excess H Rights Shares is at 4:00 p.m. on Tuesday, December 5, 2023. Further details on the expected timetable for the H Share Rights Issue are set out in the section headed "Expected Timetable" in this prospectus.

The procedure for acceptance or transfer of the H Rights Shares is set out in the "Letter from the Board" on pages 38 to 82 of this prospectus.

The H Share Rights Issue will proceed on a fully-underwritten basis. The Underwriting Agreement contains provisions entitling the Underwriters by notice in writing to terminate the Underwriting Agreement on the occurrence of certain events, including force majeure, as set out in the paragraph headed "Letter from the Board – Termination of the Underwriting Agreement" on pages 67 to 70 of this prospectus. If 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 person dealing in the H Shares and/or Nil-paid H Rights up to the time when all conditions to which the H Share Rights Issue is subject are fulfilled and up to the Latest Time for Termination (which is expected to be 5:00 p.m. on Wednesday, December 6, 2023) will bear the risk that the H Share Rights Issue may not become unconditional and may not proceed. Shareholders' and potential investors' attention is also drawn to the paragraph headed "Letter from the Board – Warning of the Risks of Dealing in the H Shares and Nil-paid H Rights" in this prospectus. Any person who is in any doubt about his position is recommended to consult his professional adviser.

November 21, 2023

NOTICE

The H Share Rights Issue is conditional upon the Underwriting Agreement becoming unconditional and not being terminated. Furthermore, if any of the conditions of the H Share Rights Issue set out under the paragraph headed “Letter from the Board – Conditions of the H Share Rights Issue” are not fulfilled, the H Share Rights Issue will not proceed, in which case a further announcement will be made by the Company at the relevant time. Shareholders’ and potential investors’ attention is drawn to the paragraph headed “Letter from the Board – Warning of the Risks of Dealing in the H Shares and Nil-paid H Rights”. It should also be noted that the H Shares have been dealt in on an ex-rights basis from Friday, November 10, 2023 and that dealings in the Nil-paid H Rights will take place from Thursday, November 23, 2023 to Thursday, November 30, 2023 (both days inclusive). Such dealings will take place when the conditions of the H Share Rights Issue remain unfulfilled, and the Underwriting Agreement does not become unconditional or is subject to termination in accordance with the terms thereof. Any person dealing in the securities of the Company up to the date on which such condition is fulfilled or waived and up to the Latest Time for Termination (as defined herein) and any person dealing in the Nil-paid H Rights from Thursday, November 23, 2023 to Thursday, November 30, 2023 (being the first and last day of dealings in the Nil-paid H Rights, respectively) will accordingly bear the risk that the H Share Rights Issue may not become unconditional and may not proceed. Any person dealing in or contemplating any dealing in the securities of the Company, the Nil-paid H Rights and/or the H Rights Shares during this period, who is in any doubt about his, her or its position, is recommended to consult his, her or its own professional adviser.

Except as otherwise set out herein, no action has been taken to permit a public offering of the Nil-paid H Rights and/or H Rights Shares, other than in Hong Kong, or the distribution of this prospectus in any jurisdiction other than Hong Kong. Accordingly, this prospectus may not be used for the purpose of and does not constitute an offer or invitation in any jurisdiction or in any circumstances, in which such an offer or invitation is not authorised or to any person to whom it is unlawful to make such an offer or invitation. The distribution of this prospectus and the offering of the Nil-paid H Rights and/or H Rights Shares in other jurisdictions are subject to restrictions and may not be made except as permitted under the applicable securities laws of such jurisdictions pursuant to registration with or authorisation by the relevant securities regulatory authorities or an exemption therefrom.

This prospectus does not constitute or form part of any offer or invitation to sell or issue, or any solicitation of any offer to acquire, the Nil-paid H Rights or the H Rights Shares or to take up any entitlements to the Nil-paid H Rights or the H Rights Shares in any jurisdiction in which such an offer or solicitation is unlawful. Except as otherwise set out herein, the H Share Rights Issue described in this prospectus is not being made to H Shareholders, beneficial H Shareholders or investors with registered addresses in the Specified Territories. None of the Nil-paid H Rights, the H Rights Shares, this prospectus, the Provisional Allotment Letter or the Excess Application Form will be registered under the securities laws of any of the Specified Territories and none of the Nil-paid H Rights, the H Rights Shares, this prospectus, the Provisional Allotment Letter and the Excess Application Form will qualify for distribution under any of the relevant securities laws of any of the Specified Territories (other than pursuant to any applicable exceptions as agreed by the Company). Accordingly, the Nil-paid H Rights and the H Rights Shares may not be offered, sold, pledged, taken up, exercised, resold, renounced, transferred or delivered, directly or indirectly, into or within any Specified Territories absent registration or qualification under the respective securities laws of such Specified Territories, or absent exemption from the registration or qualification requirements under applicable rules of such Specified Territories.

NOTICE

Each person acquiring the Nil-paid H Rights and/or H Rights Shares under the H Share Rights Issue will be required to confirm, or be deemed by his acquisition of the Nil-paid H Rights and/or H Rights Shares to confirm, that he is aware of the restrictions on offers and sales of the Nil-paid H Rights and/or H Rights Shares described in this prospectus.

H Shareholders with registered addresses in any of the Specified Territories and Beneficial H Shareholders who are residents of the Specified Territories are referred to the sections of this prospectus headed “Letter from the Board – H Share Rights Issue – Excluded H Shareholders” and “Letter from the Board – H Share Rights Issue – limited categories of persons in the Specified Territories who may be able to take up their Nil-paid H Rights to subscribe for the H Rights Shares under the H Share Rights Issue”.

For a description of certain restrictions regarding the take-up of the Nil-paid H Rights for, and the offering and sale of, the H Rights Shares, see the notices below.

NOTICE TO INVESTORS IN THE U.S.

Because of the following restrictions, the purchasers or subscribers of the Nil-paid H Rights and the H Rights Shares are advised to consult their legal counsels prior to making any offer, resale, pledge or other transfer of Nil-paid H Rights and the H Rights Shares. Capitalised Terms used herein that are not defined otherwise are defined in Rule 144A or Regulation S under the U.S. Securities Act.

The Nil-paid H Rights and the H Rights Shares represented by this prospectus have not been and will not be registered under the U.S. Securities Act, or any securities laws of any state of the United States, and accordingly, may not be offered, sold, allocated, pledged, taken up, exercised, resold, renounced, transferred or delivered, directly or indirectly, within the United States, except pursuant to an applicable exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and in compliance with any applicable securities laws of any state of the United States.

Offer and sale of the Nil-paid H Rights and the H Rights Shares have not been approved or disapproved by the U.S. Securities and Exchange Commission, any state securities commission in the United States or any U.S. regulatory authority, nor have any of the foregoing authorities passed upon or endorsed the merits of the offering or the accuracy of this Prospectus. Any representation to the contrary is a criminal offence in the United States.

Accordingly, the Nil-paid H Rights and the H Rights Shares hereby are offered and sold (i) outside the United States in an offshore transaction in reliance on Regulation S or (ii) in the United States only to Qualified Institutional Buyers (“QIBs”) in reliance on Rule 144A or other available exemptions under the U.S. Securities Act.

In addition, until 40 days after the offering, an offer or sale of Nil-paid H Rights and the H Rights Shares within the United States may violate the registration requirements of the U.S. Securities Act if such offer or sale is made otherwise than in reliance on Rule 144A or other exemptions from the registration requirements of the U.S. Securities Act.

NOTICE

Each purchaser or subscriber of the Nil-paid H Rights and the H Rights Shares, by accepting delivery of this Prospectus, will be deemed to have represented and agreed as follows:

- i. it was an H Shareholder as at the H Share Record Date, or it lawfully acquired or may lawfully acquire the Nil Paid H Rights Shares, directly or indirectly, from such a person;
- ii. it is not located in any jurisdiction in which it is unlawful to purchase or subscribe for the Nil-paid H Rights and H Rights Shares;
- iii. it is not an affiliate of the Company or otherwise acting on the Company's behalf and (a) is a QIB, (b) is aware that the sale to it is being made in reliance on Rule 144A or another available exemption from the registration requirements of the U.S. Securities Act, and (c) is acquiring the Nil-paid H Rights or the H Rights Shares for its own account or for the account of a QIB;
- iv. it understands that the Nil-paid H Rights and the H Rights Shares are being offered in a transaction not involving any public offering in the United States within the meaning of the U.S. Securities Act, that the Nil-paid H Rights and the H Rights Shares have not been and will not be registered under the U.S. Securities Act or any securities laws of the states of the United States and that if in the future it decides to offer, resell, pledge or otherwise transfer any of the Nil-paid H Rights and the H Rights Shares, such Nil-paid H Rights and the H Rights Shares may be offered, resale, pledged, or otherwise transferred only (A) (i) in an offshore transaction in accordance with Rule 903 or Rule 904 of Regulation S under the U.S. Securities Act, (ii) in a transaction exempt from the registration requirements of the U.S. Securities Act and, if requested by the Company, provide an opinion of counsel reasonably satisfactory to the Company which states that the transfer is exempt from the registration requirements of the U.S. Securities Act, or (iii) pursuant to an effective registration statement under the U.S. Securities Act, and (B) in each case, in accordance with any applicable securities laws of any state or territory of the United States;
- v. it acknowledges that the Nil-paid H Rights and the H Rights Shares offered and sold in reliance on Rule 144A or another available exemption from the registration requirements of the U.S. Securities Act, are restricted securities within the meaning of Rule 144(a)(3) under the U.S. Securities Act and that no representation is made as to the availability of the exemption provided by Rule 144 under the U.S. Securities Act for any resale of the Nil-paid H Rights and the H Rights Shares;
- vi. it will not deposit the Nil-paid H Rights and the H Rights Shares, or cause any Nil-paid H Rights and the H Rights Shares to be deposited, into any unrestricted depositary receipt facility established or maintained by a depositary bank relating to the Nil-paid H Rights and the H Rights Shares, unless or until the Nil-paid H Rights and the H Rights Shares are no longer deemed as restricted securities within the meaning of Rule 144(a)(3) under the U.S. Securities Act;

NOTICE

- vii. it understands that to the extent a share certificate for the H Rights Shares sold within the United States is available, unless the Company determines otherwise in accordance with applicable law and rules, such share certificate will bear a legend to the following effect:

THE SECURITIES REPRESENTED BY THIS CERTIFICATE HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933 (THE “U.S. SECURITIES ACT”), OR WITH ANY SECURITIES REGULATORY AUTHORITY OF ANY STATE OR OTHER JURISDICTION OF THE UNITED STATES, AND MAY NOT BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED EXCEPT (1) IN AN OFFSHORE TRANSACTION IN ACCORDANCE WITH RULE 903 OR RULE 904 OF REGULATION S UNDER THE U.S. SECURITIES ACT, (2) IN A TRANSACTION EXEMPT FROM THE REGISTRATION REQUIREMENTS OF THE U.S. SECURITIES ACT AND, IF REQUESTED BY THE COMPANY, PROVIDE AN OPINION OF COUNSEL REASONABLY SATISFACTORY TO THE COMPANY WHICH STATES THAT THE TRANSFER IS EXEMPT FROM THE REGISTRATION REQUIREMENTS OF THE U.S. SECURITIES ACT OR (3) PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE U.S. SECURITIES ACT, IN EACH CASE, IN ACCORDANCE WITH ANY APPLICABLE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES. NO REPRESENTATION CAN BE MADE AS TO THE AVAILABILITY OF THE EXEMPTION PROVIDED BY RULE 144 UNDER THE U.S. SECURITIES ACT FOR REALES OF THESE SECURITIES. NOTWITHSTANDING ANYTHING TO THE CONTRARY IN THE FOREGOING, THESE SECURITIES MAY NOT BE DEPOSITED INTO ANY UNRESTRICTED DEPOSITARY RECEIPT FACILITY IN RESPECT OF THE COMPANY’S H SHARES, ESTABLISHED OR MAINTAINED BY A DEPOSITARY BANK FOR SO LONG AS THESE SECURITIES REMAIN “RESTRICTED SECURITIES” WITHIN THE MEANING OF RULE 144A(a)(3) UNDER THE U.S. SECURITIES ACT.

- viii. any offer, sale, pledge or other transfer made other than in compliance with the above stated restrictions shall not be recognised by the Company in respect of the Nil-paid H Rights and the H Rights Shares;
- ix. it will notify and will be deemed to have notified, and each subsequent holder is required to notify and will be deemed to have notified the resale restrictions, if then applicable; and
- x. if it is acquiring any Nil-paid H Rights and the H Rights Shares as a fiduciary or agent for one or more accounts, it has sole investment discretion with respect to each such account and has full power to make the foregoing acknowledgements, representations, warranties and agreements on behalf of each account.

The Company will rely upon the truth and accuracy of the purchaser or subscriber’s acknowledgements, representations, warranties and agreements set forth above. If any of the representations or warranties of the purchaser or subscriber deemed to have been made by virtue of purchase of Nil-paid H Rights and the H Rights Shares are no longer accurate, the purchaser or subscriber shall promptly notify the Company.

NOTICE

NOTICE TO INVESTORS IN THE PRC

If a Shareholder resident in the PRC and/or any other PRC resident (including both individuals and companies) wishes to invest in Nil-paid H Rights or fully-paid H Rights Shares, he/she/it shall be responsible for complying with relevant laws of the PRC. The Company will not be responsible for verifying the PRC legal qualification of such Shareholder and/or resident and thus, should the Company suffer any losses and damages due to non-compliance with the relevant laws of the PRC by any such Shareholder and/or resident, the Shareholder and/or resident shall be responsible to compensate the Company for the same. The Company shall not be obliged to issue the Nil-paid H Rights or fully-paid H Rights Shares to any such Shareholder and/or resident, if issuing the Nil-paid H Rights or fully-paid H Rights Shares to them does not comply with the relevant laws of the PRC.

For the avoidance of doubt, the PRC Southbound Trading Investors can 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 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 Rights Shares under the Rights Issue through Shanghai-Hong Kong Stock Connect or Shenzhen-Hong Kong Stock Connect. 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 and 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. In order to ensure the timeliness of the clearing and currency exchange of payment for H Share Rights Issue, the long stop date for the reporting of H Share Rights Issue set by China Clear is three (3) SSE/SZSE business days earlier than that set by HKSCC.

NOTICE TO INVESTORS IN THE UNITED KINGDOM

This prospectus and other Prospectus Document are being distributed only to, and is directed only at and must only be relied upon by, persons who are outside of the United Kingdom, or if in the United Kingdom to persons who are “qualified investors” within the meaning of article 2(e) of the retained EU law version of the Prospectus Regulation (EU) 2017/1129 (“**UK Prospectus Regulation**”) who are also persons who: (i) have professional experience in matters relating to investments falling within the definition of “investment professionals” in Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended (the “**Order**”); (ii) are high net worth entities falling within Article 49(2)(a) to (e) of the Order; or (iii) otherwise are persons to whom an invitation or inducement to engage in an investment activity (within the meaning of section 21 of the Financial Services and Markets Act 2000 (the “**FSMA**”)) in connection with the issue or sale of any H Rights Shares may otherwise lawfully be communicated or caused to be communicated (all such persons together being referred as “**Relevant Persons**”). The H Rights Shares are only available in the United Kingdom to Relevant Persons, and any invitation, offer or agreement to purchase or otherwise acquire the H Rights Shares will be engaged in only with, Relevant Persons. This prospectus and its contents are confidential and should not be distributed, published or reproduced (in whole or in part) or disclosed by recipients to any other person in the United Kingdom. Any person in the United Kingdom that is not a Relevant Person should not act or rely on this prospectus or any of its contents.

NOTICE

An offer to the public of any H Rights Shares which are the subject of the offering contemplated by this prospectus may not be made in the United Kingdom, except that an offer to the public in the United Kingdom of any H Rights Shares may be made at any time under the following exemptions under the UK Prospectus Regulation:

- to any legal entity which is a qualified investor as defined under Article 2 of the UK Prospectus Regulation;
- if the total consideration for the transferable securities being offered in the UK cannot exceed EUR8,000,000 (or equivalent) (in determining whether this exemption is available, it is necessary to aggregate offers open at any time within the previous 12 months that relied on this exemption);
- to fewer than 150 natural or legal persons (other than qualified investors as defined under Article 2 of the UK Prospectus Regulation); or
- any other circumstances falling within section 86 of the FSMA,

provided that no such offer of H Rights Shares shall require the Company and/or the Underwriters or any of its or their affiliates to publish a prospectus pursuant to section 85 of the FSMA or supplement a prospectus pursuant to Article 23 of the UK Prospectus Regulation.

This prospectus has been prepared on the basis that any offer of the H Rights Shares referred to herein in the United Kingdom will be made pursuant to an exemption under the UK Prospectus Regulation from the requirement to publish a prospectus for offers of securities referred to herein. Accordingly, any person making or intending to make an offer in the United Kingdom of H Rights Shares which are the subject of the H Share Rights Issue may only do so in circumstances in which no obligation arises for the Company or the Underwriters to publish a prospectus pursuant to section 85 of the FSMA, in each case, in relation to such offer. Neither the Company, nor the Underwriters, have authorised, nor do they authorise, the making of any offer of H Rights Shares in circumstances in which an obligation arises for the Company or the Underwriters to publish a prospectus for such offer.

For the purposes of this provision, the expression “an offer to the public” in relation to the H Share Rights Shares in the United Kingdom means the communication in any form and by any means of sufficient information on the terms of the offer and any H Rights Shares to be offered so as to enable an investor to decide to purchase or subscribe for any H Rights Shares, and the expression “UK Prospectus Regulation” means the Prospectus Regulation as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018.

Each person in the United Kingdom who acquires any H Rights Shares in the Rights Issue or to whom any offer is made will be deemed to have represented, acknowledged and agreed to and with the Company, the Underwriters and its and their affiliates that it meets the criteria outlined in this section.

NOTICE

NOTICE TO INVESTORS IN THE NETHERLANDS

This prospectus does not constitute a prospectus in accordance with the European Regulation on prospectuses (Regulation (EU) 2017/1129 of the European Parliament and of the Council of June 14, 2017) including any relevant delegated regulations (the “**EU Prospectus Regulation**”). This prospectus has not been, and will not be, submitted to a competent supervisory authority in any member state of the European Economic Area (“**EEA**”) for inspection, review and/or approval. This prospectus and the H Share Rights Issue have not been, and will not be, subject to notification, registration, approval or permission procedures within the EEA other than as permitted pursuant to exceptions available under Article 1(4) of the EU Prospectus Regulation. This prospectus and the H Share Rights Issue are addressed within the EEA solely to qualified investors within the meaning of the Prospectus Regulation (as defined in article 2 (e) of the Prospectus Regulation, being, inter alia, persons or entities that are listed in points (1) to (4) of Section 1 of Annex II to Directive 2014/65 EU of the European Parliament and of the Council of May 15, 2014 of markets in financial instruments).

Each person in the Netherlands who acquires any rights in the H Share Rights Issue or to whom any offer of H Shares is made, will be deemed to have represented, acknowledged and agreed to and with the Company, the Joint Global Coordinators and the Underwriters of the H Share Rights Issue that it is a qualified investor within the meaning of the Prospectus Regulation.

In the case of any H Shares being offered to a financial intermediary as that term is used in Article 5(1) of the Prospectus Regulation, each such financial intermediary will be deemed to have represented, acknowledged and agreed to and with the Company, the Joint Global Coordinators and the Underwriters of the H Share Rights Issue that the H Shares acquired by it in the offer, have not been acquired on a non-discretionary basis on behalf of, nor have they been acquired with a view to their offer or resale to, persons in circumstances which may give rise to an offer to the public other than their offer or resale in the Netherlands to qualified investors, in circumstances in which the prior consent of the Joint Global Coordinators and the Underwriters of the H Share Rights Issue has been obtained to each such proposed offer or resale.

The Company, the Joint Global Coordinators and the Underwriters of the H Share Rights Issue and their affiliates will rely upon the truth and accuracy of the foregoing representations, acknowledgements and agreements. For the purposes of this provision, an offer to the public in relation to any H Shares in the Netherlands, means the communication in any form and by any means of sufficient information on the terms of the H Share Rights Offer and any H Shares to be offered so as to enable an investor to decide to purchase, or subscribe for, any H Shares.

IMPORTANT INFORMATION FOR SHAREHOLDERS IN ANY MEMBER STATE OF THE EUROPEAN ECONOMIC AREA (“**EEA NOTICE**”)

This prospectus has been prepared on the basis that offers of H Rights Shares in any member state of the European Economic Area (“**EEA Member State**”), will be made pursuant to an exemption under Article 1(4) of Regulation (EU) 2017/1129 (the “**Prospectus Regulation**”). Accordingly, any Shareholder making or intending to make an offer in an EEA Member State of Rights Shares, may only do so in circumstances in which no obligation arises for the Company to publish a prospectus pursuant to Article 3(1) of the Prospectus Regulation in relation to such offer. The Company has not authorized the making of any offer of Rights Shares in circumstances in which an obligation arises for the publication of a prospectus for such offer.

NOTICE

Any Shareholder in an EEA Member State who takes up the H Rights Shares shall be deemed to represent and warrant that it is not taking up those H Rights Shares on behalf of other persons in the EEA Member State. This prospectus should not be distributed, published or reproduced, in whole or in part, nor may its contents be disclosed by recipients to any other person in the EEA.

In relation to each EEA Member State, no Rights Shares have been or will be offered pursuant to this prospectus to the public in that EEA Member State, except that offers of H Rights Shares to the public may be made in that EEA Member State: (i) to any Shareholder that is a qualified investor as defined in Article 2(e) of the Prospectus Regulation (a “**Qualified Investor**”); (ii) to fewer than 150 natural or legal persons (other than Qualified Investors) in that EEA Member State; or (iii) in any other circumstances falling within Article 1(4) of the Prospectus Regulation, provided that no such offer of Rights Shares shall require the publication of a prospectus pursuant to Article 3 of the Prospectus Regulation.

For purposes of the foregoing restrictions: (a) the expression an “offer to the public” in relation to the Rights Shares in any EEA Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the Rights Shares so as to enable an investor to decide to purchase or subscribe for the Rights Shares, and (b) the expression “Prospectus Regulation” means Regulation (EU) 2017/1129.

In each case, the Company reserves the absolute discretion in determining whether to allow such participation as well as the identity of the persons who may be allowed to do so.

This prospectus does not constitute a voluntary prospectus in accordance with Article 4 of the Prospectus Regulation.

IMPORTANT ADDITIONAL INFORMATION FOR H SHAREHOLDERS IN GERMANY

In addition to the EEA Notice, investors residing in Germany shall note: neither this prospectus nor any other offering material relating to the H Rights Shares constitutes a prospectus in accordance with the Prospectus Regulation (as defined in the EEA Notice) and has been, and will not be, filed with, submitted to, or approved by the German Financial Services Supervisory Authority (Bundesanstalt für Finanzdienstleistungsaufsicht – BaFin) according to the Prospectus Regulation, German Securities Prospectus Act (Wertpapierprospektgesetz, – WpPG), the German Investment Code (Kapitalanlagegesetzbuch – KAGB) or the German Capital Investment Act (Vermögensanlagegesetz – VermAnlG) or with any other governmental or regulatory authority in Germany.

The offering is not being made, and may not be made, to the public in Germany as EEA Member State, except pursuant to an exemption under Article 1(4) of the Prospectus Regulation as set out in the EEA Notice above. For Germany as EEA Member State, the Prospectus Regulation was supplemented by the German Securities Prospectus Act (Wertpapierprospektgesetz, – WpPG).

NOTICE

NOTICE TO INVESTORS IN SWEDEN

This prospectus has been prepared on the basis that offers of Rights Shares in Sweden, will be made pursuant to an exemption under Article 1(4) of Regulation (EU) 2017/1129. Accordingly, any Shareholder making or intending to make an offer in Sweden of Rights Shares, may only do so in circumstances in which no obligation arises for the Company to publish a prospectus pursuant to Article 3(1) of the Prospectus Regulation in relation to such offer. The Company has not authorized the making of any offer of Rights Shares in circumstances in which an obligation arises for the publication of a prospectus for such offer.

Any Shareholder in Sweden who takes up Rights Shares shall be deemed to represent and warrant that it is not taking up those Rights Shares on behalf of other persons in Sweden. This prospectus should not be distributed, published or reproduced, in whole or in part, nor may its contents be disclosed by recipients to any other person in the EEA.

In relation to Sweden, no Rights Shares have been or will be offered pursuant to this prospectus to the public in Sweden, except that offers of Rights Shares to the public may be made in Sweden: (i) to any Shareholder that is a qualified investor as defined in Article 2(e) of the Prospectus Regulation; (ii) to fewer than 150 natural or legal persons (other than Qualified Investors) in Sweden; or (iii) in any other circumstances falling within Article 1(4) of the Prospectus Regulation, provided that no such offer of Rights Shares shall require the publication of a prospectus pursuant to Article 3 of the Prospectus Regulation.

For purposes of the foregoing restrictions: (a) the expression an “offer to the public” in relation to the Rights Shares in Sweden means the communication in any form and by any means of sufficient information on the terms of the offer and the Rights Shares so as to enable an investor to decide to purchase or subscribe for the Rights Shares, and (b) the expression “Prospectus Regulation” means Regulation (EU) 2017/1129.

In each case, the Company reserves the absolute discretion in determining whether to allow such participation as well as the identity of the persons who may be allowed to do so.

NOTICE TO INVESTORS IN MALAYSIA

This prospectus has not been and will not be registered as a prospectus with the Securities Commission Malaysia (the “SC”) under the Capital Markets and Services Act 2007 (the “CMSA”). This prospectus will be deposited as an information memorandum with the SC within seven (7) days after it is first issued pursuant to section 229(4) or 230(4) of the CMSA.

This prospectus and any other Prospectus Document or material in connection with the making of an invitation to subscribe for or purchase the H Rights Shares shall not be deemed to be made available or issued to, offered for subscription or purchase, or be made the subject of an invitation to subscribe for or purchase, whether directly or indirectly, to any person in Malaysia, except to persons to whom an offer, invitation or issue as specified in Schedules 6 or 7 of the CMSA is made, or to a person or a class of persons prescribed under sections 229(1)(b) or 230(1)(b) of the CMSA, as may be applicable.

NOTICE

The approval or recognition of the SC has not been and will not be sought for making available, offering for subscription or purchase of, or issuing an invitation to subscribe for or purchase, the H Rights Shares as the Rights Issue is exempted under section 212(8) of the CMSA and Schedule 5, paragraph 13(a)(iii) of the CMSA. Accordingly, no offer for subscription or purchase, or invitation to subscribe for or purchase is made to persons other than the shareholders of the Company entitled to the H Rights Issue.

NOTICE TO INVESTORS IN SINGAPORE

This prospectus has not been and will not be registered as a prospectus with the Monetary Authority of Singapore, and the Nil Paid H Rights and the H Rights Shares will be offered pursuant to exemptions under the Securities and Futures Act 2001 of Singapore, as modified or amended time to time (the “SFA”). Accordingly, the Nil Paid H Rights and the H Rights Shares may not be offered or sold or made the subject of an invitation for subscription or purchase, nor may this prospectus or any other document or material in connection with the offer or sale or invitation for subscription or purchase of any Nil Paid H Rights or H Rights Shares be circulated or distributed, whether directly or indirectly, to any person in Singapore other than (a) to an existing holder of H Shares pursuant to Section 273(1)(cd) of the SFA, or (b) pursuant to, and in accordance with the conditions of an exemption under section 274 or section 275, or where applicable, section 276 of the SFA, and or (c) otherwise pursuant to, and in accordance with the conditions of, any other applicable exemption under the SFA. This prospectus has been given to you on the basis that you are an existing holder of H Shares. In the event that you are not an existing holder of H Shares, please return this prospectus immediately.

NOTICE TO INVESTORS IN DENMARK

The Prospectus Documents and the offering of the Rights Shares have not been filed with or approved by the Danish Financial Supervisory Authority or any other regulatory authority in the Kingdom of Denmark. Accordingly, the Rights Shares may not be offered, sold or delivered and the Prospectus Documents may not be distributed or delivered, directly or indirectly, in the Kingdom of Denmark by way of a public offering or otherwise unless in compliance with the Danish Capital Markets Act, Consolidated Act No. 41 of January 13, 2023 as amended from time to time, and the Prospectus Regulation.

Notwithstanding the foregoing, an offering of Rights Shares in the Kingdom of Denmark may be made without the publication of a prospectus which has been approved by the Danish Financial Supervisory Authority pursuant to applicable exemptions for the publishing of a prospectus pursuant to the Prospectus Regulation.

NOTICE TO INVESTORS IN NORWAY

This prospectus has been prepared on the basis that offers of H Rights Shares in Norway will be made pursuant to an exemption under Article 1(4) of the Prospectus Regulation. Accordingly, any Shareholder making or intending to make an offer in Norway of H Rights Shares, may only do so in circumstances in which no obligation arises for the Company to publish a prospectus pursuant to Article 3(1) of the Prospectus Regulation in relation to such offer. The Company has not authorized the making of any offer of H Rights Shares in circumstances in which an obligation arises for the publication of a prospectus for such offer.

NOTICE

Any Shareholder in Norway who takes up the H Rights Shares shall be deemed to represent and warrant that it is not taking up those H Rights Shares on behalf of other persons in Norway. This prospectus should not be distributed, published or reproduced, in whole or in part, nor may its contents be disclosed by recipients to any other person in Norway.

No H Rights Shares have been or will be offered pursuant to this prospectus to the public in Norway, except that offers of H Rights Shares to the public may be made in Norway: (i) to any Shareholder that is a qualified investor as defined in Article 2(e) of the Prospectus Regulation (a “**Qualified Investor**”); (ii) to fewer than 150 natural or legal persons (other than Qualified Investors) in Norway; or (iii) in any other circumstances falling within Article 1(4) of the Prospectus Regulation, provided that no such offer of Rights Shares shall require the publication of a prospectus pursuant to Article 3 of the Prospectus Regulation.

For purposes of the foregoing restrictions: (a) the expression an “offer to the public” in relation to the Rights Shares in Norway means the communication in any form and by any means of sufficient information on the terms of the offer and the Rights Shares so as to enable an investor to decide to purchase or subscribe for the Rights Shares, and (b) the expression “Prospectus Regulation” means Regulation (EU) 2017/1129.

In each case, the Company reserves the absolute discretion in determining whether to allow such participation as well as the identity of the persons who may be allowed to do so. This prospectus does not constitute a voluntary prospectus in accordance with Article 4 of the Prospectus Regulation.

NOTICE TO INVESTORS IN FRANCE

This prospectus has not been prepared and is not being distributed in the context of a public offering of financial securities in France within the meaning of article L. 411-1 of the French Monetary and Financial Code (Code Monétaire et Financier) and Title I of Book II of the *Règlement général* of the Autorité des Marchés Financiers (the “AMF”), and has therefore not been submitted to the AMF for prior approval and clearance procedure. The H Rights Shares are being issued outside of France and the transaction will not be advertised in France. Any person who is in possession of this prospectus understands that no action has been or will be taken which would allow an offering of the H Rights Shares to the public in France. Accordingly, the H Rights Shares have not been and may not be offered or sold, and will not be offered or sold, directly or indirectly, to the public in France, and neither this prospectus nor any other offering materials relating to the H Rights Shares may be distributed or caused to be distributed or made available to the public in France, or used in connection with any offer to the public in France. Any such individual offers, sales and distributions may be and have only been and shall only be made in France to: (i) qualified investors (*investisseurs qualifiés*) and/or (ii) a restricted circle of investors (*cercle restreint d’investisseurs*), which in each case may take part in the offering solely for their own account, all as defined in and in accordance with articles L. 411-2 and D. 411-1 to D. 411-4, D. 744-1, D. 754-1 and D. 764-1 of the French Monetary and Financial Code. In addition, the H Rights Shares acquired by, such French investors may not be distributed or transferred, directly or indirectly, to the public unless in accordance with Articles L. 411-1, L. 411-2, L. 412-1 and L. 621-8 to L. 621-8-3 of the French Monetary and Financial Code.

NOTICE

FORWARD-LOOKING STATEMENTS

All statements in this prospectus other than statements of historical fact are forward-looking statements. In some cases, forward-looking statements may be identified by the use of words such as “might”, “may”, “could”, “would”, “will”, “expect”, “intend”, “estimate”, “anticipate”, “believe”, “plan”, “seek”, “continue”, “illustration”, “projection” or similar expressions and the negative thereof. Forward-looking statements in this prospectus include, but not limited to, statements in respect of the Company’s business strategies, product offerings, market position, competition, financial prospects, performance, liquidity and capital resources, as well as statements regarding trends in the relevant industries and markets in which the Company operates, technological advances, financial and economic developments, legal and regulatory changes, and their interpretation and enforcement.

The forward-looking statements in this prospectus are based on management’s present expectations about future events. Management’s present expectations reflect numerous assumptions regarding the Company’s strategy, operations and industry development. By their nature, they are subject to known and unknown risks and uncertainties, which could cause actual results and future events to differ materially from those implied or expressed by forward-looking statements. Should one or more of these risks or uncertainties materialize, or should any assumptions underlying forward-looking statements prove to be incorrect, the Company’s actual results could differ materially from those expressed or implied by forward-looking statements. Additional risks not known to the Company or that the Company does not currently consider material could also cause the events and trends discussed in this prospectus not to occur, and the estimates, illustrations and projections of financial performance not to be realized.

Prospective investors are cautioned that forward-looking statements speak only as at the Latest Practicable Date. Except as required by applicable laws, the Company does not undertake and expressly disclaims, any duty to revise any forward-looking statement in this prospectus, be it as a result of new information, future events or otherwise.

IMPORTANT NOTICE: HOTLINE FOR H SHAREHOLDERS

If you have procedural questions in relation to the H Share Rights Issue, please call the H Shareholder hotline on (852) 2862 8555 during business hours from 9:00 a.m. to 6:00 p.m., Monday to Friday (other than public holidays). The hotline will only provide general information regarding the available choices under the H Share Rights Issue and the procedural requirements. Please note it does not provide any advice on the merits of the H Share Rights Issue nor give any financial, tax, investment, or legal advice. Please consult your professional adviser as you consider appropriate.

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DEFINITIONS

In this prospectus, 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)
“Announcement”	the announcement issued by the Company on May 23, 2023, in relation to the proposed H Share Rights Issue and Domestic Share Rights Issue
“Articles of Association”	the Articles of Association of the Company (as amended from time to time)
“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
“CCASS Investor Participant”	a person admitted to participate in CCASS as an investor participant who may be an individual or joint individuals or a corporation
“CCASS Participant”	a person admitted to participate in CCASS as a direct participant or a general clearing participant, or a custodian participant or a CCASS Investor Participant
“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)

DEFINITIONS

“Class Meetings”	the H Shares class meeting and the Domestic Shares class meeting 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
“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
“CSRC Announcement”	the CSRC Filing Requirements for Hong Kong Listed Issuers Making Rights Issue to Mainland Shareholders through Mainland-Hong Kong Stock Connect (CSRC Announcement [2016] No. 21)
“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

DEFINITIONS

“Domestic Shareholder(s)”	holder(s) of Domestic Shares
“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
“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
“Enterprise Income Tax Law”	the Enterprise Income Tax Law of the People’s Republic of China as amended, supplemented or otherwise modified from time to time
“Excess Application Form(s)”	application form(s) for excess H Rights Shares
“Excluded H Shareholder(s)”	has the meaning ascribed to it in “Letter from the Board – Excluded H Shareholders”
“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 Shareholder(s)”	holder(s) of the H Shares
“H Shares”	overseas listed foreign shares of RMB1.00 each in the share capital of the Company, which are listed on the Hong Kong Stock Exchange and traded in Hong Kong dollars
“H 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

DEFINITIONS

“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
“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
“HK\$” or “Hong Kong dollars”	Hong Kong dollar, the lawful currency of Hong Kong
“HKFRSs”	Hong Kong Financial Reporting Standards
“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
“Intermediary”	in relation to a Beneficial H Shareholder whose H Shares are deposited in CCASS and registered in the name of HKSCC Nominees, means the Beneficial H Shareholder’s broker, custodian, nominee or other relevant person who is a CCASS Participant or who has deposited the Beneficial H Shareholder’s H Shares with a CCASS Participant
“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 Practicable Date”	November 13, 2023, being the latest practicable date prior to the printing of this prospectus
“Latest Time for Termination”	5:00 p.m. on Wednesday, December 6, 2023

DEFINITIONS

“Macau”	the Macau Special Administrative Region of the PRC
“MOFCOM”	Ministry of Commerce of the PRC
“NDRC”	National Development and Reform Commission
“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 (but excluding, for the purposes of this prospectus, Hong Kong, Macau Special Administrative Region of the PRC and Taiwan)
“PRC Company Law”	the Company Law of 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”	this 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 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 (equivalent to approximately HK\$4.06) (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

DEFINITIONS

“SAFE”	State Administration of Foreign Exchange
“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
“Specified Territories”	the United States, China, the United Kingdom, Netherlands, Germany, Sweden, Malaysia, Singapore, Denmark, Norway, France, Qatar and Taiwan
“State Council”	the State Council of the PRC
“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
“Supervisor(s)”	the supervisor(s) of the Company
“Supervisory Committee”	the supervisory committee of the Company
“Taiwan”	Taiwan region of China
“Takeover Code”	the Codes on Takeovers and Mergers and Share Repurchases as amended and supplemented from time to time
“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

DEFINITIONS

“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
“Untaken H Rights Share(s)”	the H Rights Share(s) not taken up by Qualified H Shareholders by way of Provisional Allotment Letter(s) and Excess Application Form(s), and by transferees of Nil-paid H Rights
“U.S.” or “United States”	the United States of America, its territories, its possessions and all areas subject to its jurisdiction
“U.S. dollars”	United States dollars, the lawful currency of the United States
“U.S. Securities Act”	the U.S. Securities Act of 1933, as amended, and rules and regulations promulgated thereunder
“Zheshang Securities”	Zheshang Securities Co., Ltd. (浙商證券股份有限公司), a non wholly-owned subsidiary of the Company
“%”	per cent

Unless otherwise specified in this prospectus, the conversion of RMB to Hong Kong dollars in this prospectus (the exchange rate is HK\$1.00 to RMB0.91753) is for illustration only. No representation is made that any amounts in RMB could have been or could be converted at that rate or at any other rates.

EXPECTED TIMETABLE

Expected Timetable of the H Share Rights Issue

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 time and dates. 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 prospectus, are indicative only and may be subject to changes. 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 by the Company to the Shareholders accordingly.

EXPECTED TIMETABLE

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 the following warning signals are issued in Hong Kong at the following times:

- a tropical cyclone warning signal number 8 or above; or
 - “extreme conditions” or “black” rainstorm warning.
- (i) in force in Hong Kong at any local time before 12:00 noon and no longer in force after 12:00 noon on the Last 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
- (ii) in force in Hong Kong at any local time between 12:00 noon and 4:00 p.m. on the Last 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 Last Acceptance Date, the dates mentioned in this section may be affected. An announcement will be made by the Company in such event as soon as practicable.

SUMMARY OF THE RIGHTS ISSUE

The following information is derived from this prospectus, and should be read in conjunction with the full text of this prospectus.

H Share Rights Issue Statistics

Basis of the H Share Rights Issue:	3.8 H Rights Shares for every 10 existing H Shares held by the Qualified H Shareholders on the H Share Record Date
Number of H Shares in issue as at the Latest Practicable Date:	1,433,854,500 H Shares
Number of H Rights Shares proposed to be issued:	544,864,710 H Rights Shares
Rights Issue Price of H Rights Shares:	HK\$4.06 per H Rights Share

Domestic Share Rights Issue Statistics

Basis of the Domestic Share Rights Issue:	3.8 Domestic Rights Shares for every 10 existing Domestic Shares held by the Qualified Domestic Shareholders on the Domestic Share Record Date
Number of Domestic Shares in issue as at the Latest Practicable Date:	2,909,260,000 Domestic Shares
Number of Domestic Rights Shares to be issued	1,105,518,800 Domestic Rights Shares
Rights Issue Price of Domestic Rights Shares:	RMB3.73 per Domestic Rights Share (equivalent to approximately HK\$4.06)

RISK FACTORS

You should carefully consider the risks described below and other information contained in this prospectus before making an investment decision. The occurrence of any of the following events could harm the Company. If these events occur, the trading price of the H Shares and the Nil-paid H Rights Shares could decline, and you may lose all or part of your investment. Additional risks not currently known to the Company or that the Company now considers immaterial may also cause harm to the Company and affect your investment.

RISKS RELATING TO THE GROUP'S BUSINESSES

The Group's businesses, financial condition and results of operations are heavily dependent on the economic performance of Zhejiang Province.

The Group's businesses and assets are highly concentrated in Zhejiang Province. The majority of the Group's toll roads, as well as the majority of securities brokerage branches of its securities business, are located in Zhejiang Province. Accordingly, the Group's businesses, financial condition and results of operations are heavily dependent on the economic performance of Zhejiang Province, as well as other regions within the Yangtze River Delta. Zhejiang Province has undergone a prolonged period of rapid economic development and has been one of the fastest growing provinces in the PRC in the last decade in terms of economy with its GDP ranked No. 4 in both 2021 and 2022 among all Chinese provinces. The Yangtze River Delta contributed to a quarter of the China's nominal GDP and one-third of the total import and export volume of the PRC in 2022. Such development has greatly benefited the Group and facilitated its rapid growth during the corresponding period. However, it is uncertain whether the economy of Zhejiang Province or the Yangtze River Delta will continue to grow at the expected pace. As a result, any material and adverse change in general economic conditions in Zhejiang Province or the Yangtze River Delta may have a material and adverse effect on the Group's businesses, financial condition and results of operations.

The development of alternative roads or other transportation options may adversely affect the revenue and earnings of the Group's toll road business.

Benefiting from its development, the East China has a relatively dense road network. However, there is the possibility of alternative roads, the existence and availability of other means of transportation, such as railway and waterway, which may adversely affect the operation of expressways.

The increase in transport capacity of railways in recent years has impacted the overall expressway transportation industry. The expansion and improvement of nearby expressways, local roads and alternative roads, as well as the construction and operation of new roads, may affect the traffic growth of the Group's expressways and the toll revenue growth.

Although the Group has taken into account government planning when positioning its toll roads, any change in government planning may result in newly operated competing roads which diverge traffic volume, and existing competing roads or modes of transportation may significantly change their services, and consequently may have a material and adverse effect on the results of operations and financial condition of the Group's toll road business.

RISK FACTORS

The changes in neighboring road network and adjustment of tolling policy also had a mixed impact on the traffic volume of the relevant expressways.

The changes in neighboring road network of the roads operated by the Company and adjustment of pricing policies may have a positive or negative impact on the operation of relevant roads. For example, the Hangzhou-Taizhou High-speed Railway has been in operation on January 8, 2022, and the Hangzhou-Shaoxing-Taizhou Expressway has been in operation on February 10, 2022, which have a significant diversion effect on traffic flow of the Shangsang Expressway. The pilot section of the Linjian Expressway commenced operation on December 30, 2022, attracting a certain amount of additional traffic flow to the connecting Hanghui Expressway. In addition, since January 1, 2023, Hangzhou Lin'an District Government has implemented a policy to pay the tolls for Class-1 passenger vehicles of Zhejiang A license plate with ETC registration travelling on Hanghui Expressway between Yuhang toll station and Qingshanhu toll station as well as between Yuhang toll station and Lin'an toll station, which facilitates the passenger vehicles traffic volume growth of Hanghui Expressway.

The Group's toll rates are subject to the regulations and initiatives promulgated by the national and provincial governments.

All toll rates charged by the Group are determined by the relevant transportation department of the Zhejiang and Anhui provincial governments. As a result, the Group may be required by the relevant government authorities to reduce the toll rates charged or keep the toll rates at the present level despite increased construction and operation costs. If the toll rates of the toll roads operated by the Group were to be reduced or failed to reflect the Group's costs, it could adversely affect the Group's revenue and results of operations.

Regulations and initiatives implemented by the government may have impact on the expected toll rates. For example, as approved by the Zhejiang Provincial Government, the toll roads across the province continue to apply a 5% discount on toll rates for all vehicles with ETC devices, and the state-owned expressway sections within the province continue to apply a 15% discount toll rates for all qualified trucks with ETC in-vehicle device in the province (the “**ETC Toll-Discount Policies**”). In addition, the State Council promulgated a notice on July 24, 2012 with regard to the Toll-Free on Major Public Holidays for Small Passengers Vehicles Implementation Policy (《重大節假日免收小型客車通行費實施方案》) (“**Holiday Toll-Free Policy**”). Pursuant to the Holiday Toll-Free Policy, small passengers vehicles with seven or fewer seats would be entitled to use certain toll roads during major public holidays in the PRC free of charge. Both ETC Toll-Discount Policies and Holiday Toll-Free Policy have been implemented for several years, and the Group's toll revenue and results of operations so far have not been significantly affected. However, the PRC government might adopt new regulations and policies in the future which may have negative impact on the Group's toll revenue and results of operations.

RISK FACTORS

Changes to the national and local government policies on the transportation industry may adversely affect the Group's business, results of operations and financial condition.

The PRC is undergoing rapid economic development, and government regulations and policies are regularly promulgated to address such development. Changes in the government policies on the transportation industry, in particular, the policy on automobile purchase restriction, may adversely affect the Group's revenue and increase the Group's costs in operating and maintaining the toll roads. For example, the Hangzhou municipal government imposed, in phases, restrictive policies on automobile purchase, and the use of non-local small passengers vehicles during certain time-slots and substantially increased road parking charges, in order to restrain the rapid growth of car ownership and reduce the rate of vehicle use. It is expected that such policies might have negative impact on the future traffic growth of regional road networks to a certain extent. In addition, according to the relevant regulations on road and traffic safety management of Zhejiang Province, there is a need to improve public facilities such as lighting and supervision system of the relevant expressways of the Group. Such policies will increase the operating and maintenance costs of the Group and exert greater pressure on management and coordination. There can be no assurance that there will not be any unfavourable changes in the PRC government policies that affect the transportation industry, which could in turn adversely affect the Group's results of operations or financial condition.

Environmental and safety protection measures and policies may affect the level of income and profitability of the Group.

Construction and operation of expressways can cause damages to local vegetation, soil and water to varying degrees, producing waste gas, dust and noise pollution, damaging the ecological environment and causing safety hazards. Besides, the construction and operation of expressways need to comply with the requirements of safety protection measures under the laws and regulations of the PRC, and the Group needs to invest funds and resources in this regard. While the Group's main business is not in one of the highly polluting or hazardous industries, environmental protection or safety protection measures and policies may lead to an increase in the Group's operating costs and reduce traffic on the Group's toll roads, thus adversely affect the Group's level of income and profitability.

The Group's toll road operations may be subject to operational and financial risks.

The principal business of the Group is operation of toll roads, which generally involves a low level of operational risk as long as an effective system of internal controls over the collection of toll fees is properly established and appropriate periodic maintenance is performed. The toll road operations of the Group may nonetheless be materially adversely affected or interrupted by certain events, such as natural disasters, major traffic accidents, extreme weather and other unforeseen circumstances. If the Company fails to clear obstacles in a timely manner, and the toll road operations are interrupted in whole or in part, the traffic volume and consequently, the results of operations and financial condition of the Group may be materially adversely affected.

In addition, the expansion of the inter-network toll collection called for a higher standard on the stability of the toll fee collection system, accuracy and timeliness of data division and settlement system. Abnormality in such systems and management procedure may lead to inaccuracy in data division and delay in settlement, which may adversely affect the operation and reputation of the Group.

RISK FACTORS

The Group's operations and financial position may be impacted by significant unforeseen capital expenditure requirements. For example, significant capital expenditure may be required as a result of catastrophic events such as extreme weather, natural disasters, epidemics and major road accidents. To date, no material events of this nature have adversely affected the operation of any of the Group's roads. However, if the condition or operation of the Group's toll roads were seriously affected as a result of any such events, the revenue and earnings and financial position of the Group may be adversely affected.

The concession period for toll roads operated by the Group will expire in a certain period of time or may be terminated before or upon expiration.

The Group is principally engaged in the investment, development and operation of high-grade roads pursuant to concession agreements, and the periods of concession the expressways operated by the Group are in a range of 25 to 30 years. Pursuant to the Regulation on the Administration of Toll Roads(《收費公路管理條例》), upon expiry of the concession period, the toll collection shall be terminated. The competent transportation department of the people's government of any province, autonomous region, or municipality directly under the Central Government shall conduct review and check on any toll road six months before the termination of toll collection of the toll road. After toll collection is terminated in a toll road, the business operator of the toll road shall dismantle the toll facilities within 15 days from the date of termination of toll collection. In addition, the concession agreement or concession authorization may be terminated before expiration under certain circumstances.

The Ministry of Transport of the PRC issued the Regulation on the Administration of Toll Roads (《收費公路管理條例》) (Draft for Comment) in December 2018, pursuant to which the periods of concession of the for-profit roads usually shall not exceed 30 years. However, the periods of concession of for-profit roads with large investment and long investment return period could exceed 30 years. As illustrated in the draft amendment of Regulations for Expressways of Zhejiang Province (《浙江省公路條例》) and the Regulation on the Administration of Toll Roads (Draft for Comment), expressways with newly added lanes may obtain anew concessionary period, and the concessionary period of expressways after reconstruction and expansion can be re-evaluated and determined. The draft amendment to the regulation had solicited public comments by January 2019. However, as at the Latest Practicable Date, no amendment to the regulation has officially come into effect.

There can be no assurance that the concession agreements will not be terminated before or upon its expiration. If the concession agreements are terminated or revoked for whatever reasons, or should the relevant government authorities require the Group to surrender the concession rights, the Group is not able to continue the operation of the expressways. As a result of any such events, the Group's business, financial position and results of operations may be materially and adversely affected.

RISK FACTORS

The rising costs of labour, construction materials, building equipment or maintenance fees may adversely affect the Group's results of operations.

As the result of economic growth and the boom in the infrastructure and property development industries in the PRC, wages for construction workers and the costs of construction materials and building equipment have experienced substantial increases in recent years. The Group is exposed to the price volatility of construction materials and building equipment used in the toll roads operated and managed by the Group. The Group may also experience substantial increases in toll road maintenance fees if the toll roads operated and managed by the Group are heavily damaged by overloaded vehicles or natural disasters, or experience significant structural defects. No assurance can be given as to the future movements of the prices of the construction materials and building equipment required by the Group as well as the maintenance fees required to repair the Group's toll roads. Any detrimental movements in the future could have a material adverse effect upon the Group's financial condition and results of operations.

Zheshang Securities business may be adversely impacted by periodic changes of the securities market in the PRC.

Zheshang Securities' businesses are closely correlated with the performance of the securities market, which in turn is subject to multiple uncertain and cyclical factors, including macro-economy and market conditions, national economic development, market maturity, international economic situation and investors' sentiment. As the PRC's securities market has been established for a relatively short period of time with relatively large fluctuations, and still continues to develop and improve, which may have a direct impact on Zheshang Securities' results of operations and financial condition.

In addition, the international economic and financial situation is complicated, and external uncertainties are increasing. If the securities market fluctuates significantly, it could adversely affect, among others, investors' confidence and willingness to participate in corporate financing, resulting in decline in securities trading and corporate finance activities. As a result, the operational risks of its investment banking, wealth management, asset management, and other businesses will increase, and the Company's profitability may fluctuate significantly.

Zheshang Securities' businesses are highly regulated in the PRC.

As a participant in the financial services industry, the business operation of Zheshang Securities is subject to extensive regulations in the PRC. The regulations on Zheshang Securities limit its business activities by imposing capital requirements, limiting the types of products and services it may offer and restricting the types of securities it may invest in and imposing risk indicators.

RISK FACTORS

The PRC authorities conduct periodic inspections, examinations and inquiries in respect of Zheshang Securities' compliance with relevant regulatory requirements. For example, the CSRC assigns a regulatory rating to each securities firm based on its risk management capabilities, competitiveness and compliance with regulatory requirements. Zheshang Securities received from the CSRC a "Class A Grade A" regulatory rating in both 2021 and 2022. However, there can be no assurance that CSRC will not lower Zheshang Securities' regulatory rating in the future, which may cause Zheshang Securities to be subject to a higher reserve ratio for its securities investor protection fund or make it ineligible for conducting certain new businesses or obtaining business permits or approvals for its businesses. Any of these events may materially and adversely affect Zheshang Securities' business, financial condition and results of operations.

New laws or regulations or changes in the enforcement of existing laws or regulations applicable to Zheshang Securities' businesses or those of its clients could be imposed on a subset of financial institutions (based on size, activities, geography or other criteria), which may adversely affect Zheshang Securities' ability to compete effectively with other financial institutions that are not affected in the same way. In addition, deregulation could subject Zheshang Securities to increased competitive pressures, which could have a material adverse effect on it.

Zheshang Securities may fail to obtain, renew or retain qualifications, licenses and permits to conduct its business in the PRC, or may fail to comply with applicable laws and regulations, in which its businesses may be materially adversely affected.

Many aspects of Zheshang Securities' businesses also depend on obtaining and maintaining the necessary approvals, licenses, permits or qualifications from relevant PRC regulators, such as the CSRC. Zheshang Securities is required to comply with the relevant regulatory requirements when applying for approvals, licenses or permits for conducting certain new businesses or offering new products. As China's legal system and financial services industry continue to evolve, changes in the relevant laws and regulations or in their interpretation or enforcement may affect the type and scope of businesses Zheshang Securities is permitted to engage in. In addition, further regulatory approvals, licenses, permits or qualifications may be required in the future, and some of Zheshang Securities' current approvals, licenses, permits or qualifications are subject to periodic renewal. If any of Zheshang Securities' business activities fails to meet the regulatory requirements, or if Zheshang Securities fails to obtain or renew the required permits, licenses, approvals or qualifications, Zheshang Securities' business, financial condition and results of operations may be materially adversely affected.

If Zheshang Securities is unable to compete effectively in the highly competitive financial services industry and maintain its leading position in Zhejiang Province, its business and prospects may be adversely affected.

Zheshang Securities operates in the intensely competitive securities market in the PRC. Zheshang Securities competes on the basis of a number of factors, including price, products and services, innovation, execution capability, reputation, experience and knowledge of its staff, employee compensation and geographic scope.

RISK FACTORS

Zheshang Securities competes principally with other large securities firms in the PRC as well as commercial banks, investment banks, insurance companies and asset management companies in particular areas, such as margin financing, securities lending, investment banking and asset management businesses. In addition, it will face increased competition in its businesses if the PRC regulators amend the laws to allow other financial institutions to engage in businesses which were traditionally engaged by securities firms only.

Zheshang Securities has experienced intense price competition in some of its businesses in recent years. For example, increasingly intense industry competition has resulted in downward pressure on brokerage commissions. In addition, the rapid development of internet finance in the PRC may increase competition for Zheshang Securities' businesses and products, which may result in loss of clients or decrease in the assets its clients invest or trade through Zheshang Securities. Zheshang Securities believes that it will continue to experience competition in these and other areas in the future as some of its competitors seek to gain market share by cutting prices.

Zheshang Securities' risk management policies, procedures and internal control systems may not fully protect it against all risks it is exposed to.

Zheshang Securities has established risk management policies and internal control systems and procedures to manage its risk exposure. Certain areas within Zheshang Securities' risk management policies and internal control systems and procedures may require constant monitoring, maintenance and continual improvement by its senior management and staff. Although Zheshang Securities implements its risk management policies and internal control systems, they may not be able to fully prevent the occurrence of non-compliance incidents. Zheshang Securities' businesses and prospects may be materially and adversely affected if its efforts to maintain these policies, systems and procedures are ineffective or inadequate. Deficiencies in Zheshang Securities' risk management and internal control systems and procedures may adversely affect its ability to record, process, summarize and report financial and other data in an accurate and timely manner, as well as adversely impact its ability to identify any reporting errors and non-compliance with rules and regulations.

RISK FACTORS

A failure in Zheshang Securities' operational systems or infrastructure, or those of third parties, could impair its liquidity, disrupt the Group's business, damage its reputation and cause losses.

Zheshang Securities' businesses are highly dependent on its ability to process and monitor a large number of transactions on a daily basis, many of which are highly sophisticated. As Zheshang Securities' client base and its geographical network expand and client demand for service quality increases, the volume, speed, frequency and complexity of transactions may also increase. This is especially the case for electronic transactions and the requirements to report transactions on a real-time basis to clients, regulators and stock exchanges. As a result, developing and maintaining Zheshang Securities' operational systems and infrastructure become more challenging, and its financial, accounting, data processing or other operating systems and facilities may fail to operate properly or become disabled as a result of events that are wholly or partially beyond its control, such as human error, natural disasters, power failure, computer viruses, spam attacks, unauthorized access and data loss or leakage. The inability of Zheshang Securities' systems to accommodate an increasing volume of transactions could also constrain its ability to expand its businesses. Any error in processing such transactions may adversely affect the markets, Zheshang Securities' clients and counterparties or the firm. System enhancements and updates, as well as the requisite training, entail significant costs and create risks associated with implementing new systems and integrating them with existing ones. Zheshang Securities' operations also depend on the secure processing, storage and transmission of confidential and other information in the Group's computer systems and networks and it is vulnerable to unauthorized access, computer viruses or other malicious programs and other events that could cause a security breach. Any future occurrence of one or more of such events could jeopardize the confidentiality of information processed, stored in, and transmitted through Zheshang Securities' computer systems and networks, or otherwise disrupt its operations, which could result in reputational damage, litigation and financial losses.

Zheshang Securities may not be able to detect money laundering and other illegal or improper activities in its business operations on a timely basis or at all, which could subject Zheshang Securities to liabilities and penalties and adversely affect its business.

Zheshang Securities is required to comply with applicable anti-money laundering, anti-terrorism laws and other regulations in the PRC. The PRC Anti-money Laundering Law (《中華人民共和國反洗錢法》) requires Zheshang Securities, among other things, to adopt and enforce sound internal control policies and procedures and to report suspicious transactions to the relevant regulatory authorities. Although Zheshang Securities has adopted policies and procedures aimed at detecting and preventing the use of its networks for money-laundering activities by terrorists and terrorist related organizations and individuals generally, such policies and procedures may not completely eliminate instances where the Group's networks may be used by other parties to engage in money laundering and other illegal or improper activities due to, in part, the short history of these policies and procedures. To the extent Zheshang Securities may fail to fully comply with applicable laws and regulations, the relevant government agencies to which it reports have the power and authority to impose fines and other penalties on Zheshang Securities, which may adversely affect its businesses and results of operations.

RISK FACTORS

The Group may be involved in legal and other proceedings arising from its operations from time to time.

The Group may be involved from time to time in disputes with various parties involved in its businesses, such as contractors, sub-contractors, suppliers, construction companies, purchasers, partners, customers and others. These disputes may lead to legal and other proceedings, and may cause the Group to suffer significant costs and delays. In addition, the Group may have disagreements with regulatory bodies and governmental authorities in the course of its operations, which may subject it to administrative proceedings that may result in financial losses. If the Group is unsuccessful in obtaining remedies under any contractual arrangements for any such undisclosed losses or damages, the Group may be exposed to financial losses, which may have an adverse effect on its expected profitability and ability to realise synergies from such acquisitions.

The Group's success depends on the retention of its senior management team and other key personnel.

The Group depends on the services provided by its management and other qualified and experienced staff. As competition in the PRC for senior management and key personnel with experience in infrastructure, passenger transportation, securities and hotel industries is intense, and the pool of qualified candidates is very limited, the Group may not be able to retain the services of the Group's senior executives or key personnel, or attract and retain high-quality senior executives or key personnel in the future. If any key management team member leaves and the Group fails to find suitable substitutes, or if the Group cannot attract or retain qualified personnel, its business and future growth prospect may be negatively affected.

The operation of the Group is subject to liquidity risk.

Liquidity risk refers to the risk that the Group fails to obtain sufficient capital with reasonable cost and in a timely manner to pay its overdue debts, perform other payment obligations and satisfy capital requirements for normal business operations. The Group will be subject to risks normally associated with debt financing. Payments of principal and interest on borrowings may leave it with insufficient cash resources to operate its projects. The Group's level of debt and the limitations imposed on it by current or future loan agreements could have significant adverse consequences, including, but not limited to:

- insufficient cash flow to meet its required principal and interest payments;
- inability to borrow additional funds as needed or on commercially acceptable terms;
- inability to refinance its indebtedness upon maturity or the refinancing terms may be less favourable than the terms of the original indebtedness;
- defaults on obligations and the lenders or mortgagees may foreclose on its properties, and require a forced sale of the mortgaged property, or foreclose on its interests in the entities that own the properties and require a forced sale of those entities;

RISK FACTORS

- the effects of restrictive covenants in future loan agreements, which limit or may limit or otherwise adversely affect the Group's operations, such as its ability to incur additional indebtedness, acquire properties, make certain other investments or make capital expenditures, which may require it to set aside funds for maintenance or repayment of security deposits;
- violations of restrictive covenants under current facility agreements and in future loan documents, which would entitle the lenders to accelerate debt obligations; and
- default under any one of its loan agreements could result in a cross default under other indebtedness.

If any one or more of these events were to occur, the Group's financial condition, results of operations, cash flow, and ability to satisfy its debt service obligations could be materially and adversely affected.

Support from the Communications Group and Zhejiang government may decrease or cease.

The Company is controlled by the Communications Group, which holds approximately 67% of the total issued share capital of the Company as at the Latest Practicable Date. The Communications Group is in turn controlled by the State-owned Assets Supervision and Administration Commission of Zhejiang Province (the "Zhejiang SASAC"). As the only listed state-owned expressway company in Zhejiang Province, the Company is supported by government authorities at different levels and receives preferential tax treatment from relevant government departments. However, such beneficial policies may change, and the support the Group receives from the government may decrease or cease, which may impact the Group's long-term development. Furthermore, the controlling relationship between the Company and the Zhejiang SASAC does not necessarily correlate to, or provide any assurance as to, the Company's financial condition.

RISKS RELATING TO CONDUCTING BUSINESS IN THE PRC

Uncertainties with respect to PRC legal system could materially and adversely affect the Group.

As all of the Group's businesses are conducted, and all of its assets are located, in the PRC, the Group's operations are governed principally by the PRC laws and regulations. The PRC legal system is based on written statutes while prior court decisions can only be cited as reference.

Since 1979, the PRC government has begun to promulgate a comprehensive system of laws and regulations and has introduced many new laws and regulations to provide general guidance on economic and business practises in the PRC and to regulate foreign investment. Progress has been made in the promulgation of laws and regulations dealing with economic matters, such as corporate organisation and governance, foreign investment, commerce, taxation and trade. The interpretation and implementation of the laws and regulations also evolve from time to time. New laws, regulations, guidelines and interpretations that are promulgated in the future may affect the rights and obligations of the parties involved.

RISK FACTORS

Adverse changes in political, social and economic policies of the PRC government significantly affect the overall economic growth of the PRC, which could in turn affect the Group's business and prospects.

The PRC economy differs from the economies of most developed countries in many respects, including government involvement, level of development, economic growth rate, control of foreign exchange, and allocation of resources. While the PRC economy has experienced significant growth in the past 40 years, growth has been uneven across different regions and economic sectors and there is no assurance that such growth can be sustained. In recent years, the PRC government has implemented measures to facilitate economic development and guide the allocation of resources. If the business environment in China deteriorates, our business in China may also be adversely affected.

The Group's operations and financial results could also be significantly affected by changes in political, economic and social conditions or the relevant policies of the PRC government, such as changes in laws and regulations (or the interpretation thereof). For example, the PRC government may decide to change its current policies with respect to toll road operations and maintenance, toll rates, as well as securities and hotel businesses, which could have adverse impact on the Group's business and results of operations. The Group's operating results and financial condition may also be materially and adversely affected by other changes in taxation and changes in state policies affecting the industries in which the Group operates. In addition, the growth of the Group's business operations depends heavily on economic growth. If the PRC's economic growth slows down or if the PRC economy experiences a recession, the Group's business prospects may be materially and adversely affected.

The PRC government's control over foreign currency conversion may limit the Group's foreign exchange transactions.

Currently, the conversion and remittance of foreign currencies from RMB are subject to PRC foreign exchange regulations. It cannot be guaranteed that under a certain exchange rate, the Group will have sufficient foreign exchange to meet its foreign exchange requirements. Under the current PRC foreign exchange control system, foreign exchange transactions under the current account conducted by the Group do not require advance approval from SAFE, but the Group is required to present documentary evidence of such transactions and conduct such transactions at designated foreign exchange banks within the PRC that have the requisite licenses to carry out foreign exchange business. Foreign exchange transactions under the capital account conducted by the Group, however, must be approved in advance by SAFE or registered with SAFE upon approval of other competent authorities including NDRC and MOFCOM.

In addition, any insufficiency of foreign exchange may restrict the Group's ability to obtain sufficient foreign exchange to satisfy any other foreign exchange requirements. If the Group fails to obtain approval from SAFE to convert RMB into any foreign exchange for any of the above purposes, its capital expenditure plans, and even the business, financial repayment, operating results and financial condition of the Group, may be materially adversely affected.

RISK FACTORS

H Shareholders may be subject to PRC taxation on dividends paid by the Company and gains realized through their disposal of the H Shares.

Under applicable PRC tax laws, regulations, and statutory documents, non-resident individuals and enterprises are subject to different tax obligations with respect to dividends received from the Company or gains realized upon the sale or other disposition of the H Shares. Non-PRC resident individuals are generally subject to PRC individual income tax under the Individual Income Tax Law of the PRC at a rate of 20% on their dividends and gains sourced from the PRC unless specifically exempted by the finance authority of the State Council or reduced or eliminated by an applicable income tax treaty or arrangement. The Company is required to withhold and settle such tax on behalf of the non-resident individuals from dividend payments made to them. According to relevant applicable regulations, domestic non-foreign-invested enterprises issuing shares in Hong Kong may, when distributing dividends, withhold individual income tax at the rate of 10% in general, unless a different rate applies under an applicable tax treaty or arrangement or where the non-resident individuals reside in a jurisdiction that does not have a tax treaty or arrangement with the PRC. Hong Kong investors are not required to pay individual income tax in the PRC on gains realized from public trading of H shares purchased on the same exchange pursuant to the Fourth Protocol of the Arrangement between the Mainland and the Hong Kong Special Administrative Region for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion signed on April 1, 2015, effective on December 29, 2015. However, as of the Latest Practicable Date, there remains uncertainty in the interpretation and application of relevant current Chinese tax laws and regulations as to whether gains realized upon disposal of H Shares by non-resident individuals in other jurisdictions are subject to PRC individual income tax if such tax is not exempted pursuant to a tax treaty/arrangement with the PRC.

Non-resident enterprises that do not have establishments or places in the PRC, or have establishments or places in the PRC but their income is not effectively connected to such establishments or places are subject to PRC enterprise income tax at the rate of 10% on dividends received from PRC resident enterprises and gains realized upon disposal of equity interests in the PRC resident enterprises pursuant to the Enterprise Income Tax Law of the PRC and its implementation regulations, which may be further reduced or exempted under an applicable income tax treaty or arrangement between the PRC and the jurisdiction where the non-PRC resident enterprise resides. In accordance with the Circular on Issues Relating to Withholding of Enterprise Income Tax by PRC Resident Enterprises on Dividends Paid to Overseas Non-PRC Resident Enterprise Shareholders of H Shares (《關於中國居民企業向境外H股非居民企業股東派發股息代扣代繳企業所得稅有關問題的通知》) (Guo Shui Han [2008] No. 897) issued by State Taxation Administration on November 6, 2008, the withholding tax rate for dividends payable to non-PRC resident enterprise holders of H Shares will be 10%. Non-PRC resident enterprises that are entitled to be taxed at a reduced rate under an applicable income tax treaty or arrangement will be required to apply to the PRC tax authorities for a refund of any amount withheld in excess of the applicable treaty rate, and payment of such refund will be subject to the PRC tax authorities' approval.

PRC tax laws, regulations and statutory documents may also change. If there are any unfavorable changes to applicable tax laws or interpretations or application with respect to such laws, the value of your investment in the H Shares may be materially affected.

RISK FACTORS

Payment of dividends is subject to restrictions under the PRC laws.

Under the PRC laws and the Articles of Association of the Company, dividends may be paid only out of distributable profits. The profit distribution plan of the Company is subject to approval by a Shareholders' general meeting. In addition to the financial statements prepared in accordance with the PRC accounting standards and regulations, the Company will also prepare the financial statements of the Company in accordance with the Hong Kong Financial Reporting Standards. The Company's profit after tax available for distribution for a particular financial year shall be the lower of profit after tax as shown in the financial statements prepared under either of the two accounting standards mentioned above. The Company is prohibited from paying dividends for a given year out of its profit after tax to the Shareholders in proportion to their respective shareholdings before making up any accumulated losses of previous years and making appropriations to the statutory surplus reserve and general reserve as well as discretionary reserve as approved by the Shareholders' general meeting. As a result, the Company may not have distributable profits to make dividend distributions to the Shareholders of the Company, including in respect to periods where the Company has recorded an accounting profit. Any distributable profits not distributed in a given year may be retained and remain available for distribution in subsequent years.

RISKS RELATING TO THE RIGHTS ISSUE

Unless you take up all of the Nil-paid H Rights and subscribe for the H Rights Shares provisionally allotted to you, this offering will dilute your investment and proportionate ownership interest in the Company.

If you choose not to fully take up your Nil-paid H Rights, your proportionate ownership and voting interest in the Company will be diluted. Even if you elect to sell your Nil-paid H Rights prior to the expiration of the applicable trading period, or such Nil-paid H Rights are sold on your behalf, the consideration you receive may not be sufficient to compensate you fully for such dilution of your proportionate ownership and voting interest in the Company.

The market prices of H Shares may fluctuate and may fall below the Rights Issue Price prior to the expiration of the subscription period.

Once you take up your Nil-paid H Rights pursuant to the Rights Issue, you may not revoke such take up. The market prices of the H Shares may fall below the Rights Issue Price prior to the expiration of the subscription period as a result of, among other things, global or the PRC's economic or political conditions, the market's perception of the likelihood of completion of the Rights Issue, regulatory changes affecting the Company's operations and variations in the Company's financial results. Many of these factors are beyond the Company's control. If you take up your Nil-paid H Rights and the market price of the Company's H Shares trades below the Rights Issue Price on the date the H Rights Shares are issued to you in respect of such Nil-paid H Rights, you will have purchased the H Rights Shares at a price higher than the market price. Any decrease in market prices may continue after the completion of the Rights Issue and, as a result, you may not be able to sell such H Rights Shares at a price equal to or greater than the Rights Issue Price.

RISK FACTORS

An active trading market for the Nil-paid H Rights may not develop on the Hong Kong Stock Exchange or any over-the-counter trading market and, even if a market does develop, the trading price of the Nil-paid H Rights may fluctuate.

A trading period has been set for the Nil-paid H Rights from Thursday, November 23, 2023 to Thursday, November 30, 2023 (both days inclusive). There can be no assurance that an active trading market in the Nil-paid H Rights on the Hong Kong Stock Exchange will develop during the applicable trading period for Nil-paid H Rights or that any over-the-counter trading market in the Nil-paid H Rights will develop. Even if an active market develops, the trading price of the Nil-paid H Rights may be volatile and subject to the same factors affecting the price of the Company's H Shares.

The Rights Issue Price is not an indication of our underlying value.

The Rights Issue Price was determined by the Company with reference to the following factors, including (i) 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 the business development of the Company as well as the interests of the Shareholders; (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 RMB1 per Share. Save as disclosed above, there is no other applicable PRC requirements in relation to the Rights Issue Price. The Rights Issue Price for Domestic Rights Shares and H Rights Shares are consistent after adjustment of exchange rates. The Rights Issue Price is commonly determined with reference to and represents a discount to the recent closing prices of H shares according to the market practice, and therefore does not bear a direct relationship to past operations, cash flow, earnings, financial conditions or any other established criteria for value and you should not consider the Rights Issue Price to be any indication of our underlying value.

Fractional entitlements will be rounded down and successful matching of the sale and purchase of odd lots of H Shares is not guaranteed.

As disclosed in the sections headed "Letter from the Board – Fractional entitlement" and "– Odd lots arrangement" in this Prospectus, 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. In addition, the Company has appointed Zheshang International Financial Holdings Co., Limited, a matching agent as the broker to match the purchase and sale of odd lots of the H Shares at the ordinary odd lot trading quotes. However, 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.

RISK FACTORS

Dividends distributed in the past may not be indicative of the Company's dividend policy in the future.

Any future declaration of dividends will be proposed by the Board of the Company and the amount of dividends will depend on various factors, including the operating results, profitability, financial conditions, future business prospects of the Company and other factors that the Board of the Company may consider to be important. The Company cannot guarantee if and when it will pay dividends in the future.

As approved by the Shareholders on the general meeting held on July 24, 2023, subject to the implementation of the Rights Issue, the Company adopted the Shareholders' return plan for the next three years (2023-2025), pursuant to which the annual dividend for the next three years (2023-2025) shall be no less than 75% of the distributable profit realized in the year (as shown in the financial statements prepared under PRC GAAP and HKFRSs, whichever is lower). The implementation of such shareholders' return plan is conditional upon the completion of the Rights Issue, and thus it may or may not materialize.

The Company's corporate disclosure standards may differ from those in other jurisdictions.

The Company is subject to the disclosure requirements under the Hong Kong Listing Rules. These disclosure requirements differ in certain respects from those applicable to companies in certain other countries, including the United States. There may be less publicly available information about public companies listed in Hong Kong, including the Group, than is regularly made available by public companies in other countries, including the United States.

You may not be able to participate in future Rights Issues and may experience dilution of your shareholdings.

The Company may, from time to time, distribute rights to the Shareholders of the Company, including rights to acquire securities. To the extent permitted by the laws of the place of registered addresses of the Overseas Shareholders, the Company will endeavor to provide fair opportunities for Overseas Shareholders to participate in the H Share Rights Issue and subscribe for H Rights Shares. The Company will not distribute the securities to which these rights relate to holders of the H Shares in the U.S. unless such securities are either exempt from registration under the U.S. Securities Act or are registered under the U.S. Securities Act. Accordingly, holders of the Company's H Shares may be unable to participate in rights issues and may experience dilution of their holdings as a result. Non-U.S. holders of the Company's H Shares (except for those in Hong Kong) may also be unable to participate in future rights offerings, depending on the securities laws of the local jurisdictions, and as a result may also experience dilution. In addition, if the Company is unable to sell rights that are not exercised or not distributed or if the sale is not lawful or reasonably practicable, the Company will allow the rights to lapse, in which case holders of the Company's H Shares will receive no value for these rights.

RISK FACTORS

RISKS RELATING TO THE ACTIVITIES BY THE UNDERWRITERS

The Underwriters of the H Share Rights Issue and their affiliates may each individually undertake a variety of activities (as further described below) which do not form part of the underwriting in respect of the H Share Rights Issue. The Underwriters and their affiliates are diversified financial institutions with relationships in countries around the world. These entities engage in a wide range of commercial and investment banking business, brokerage, funds management, trading, hedging, investing and other activities for their own account and for the account of others. In the ordinary course of their various business activities, the Underwriters and their affiliates may purchase, sell or hold a broad array of investments and actively trade securities, derivatives, loans, commodities, currencies, credit default swaps and other financial instruments for their own account and for the accounts of their customers. Such investment and trading activities may involve or relate to assets, securities and/or instruments of the Company and/or persons and entities with relationships with the Company and may also include swaps and other financial instruments entered into for hedging purposes in connection with the Company's activities. In relation to the H Share Rights Issue, the activities of the Underwriters and their affiliates could include acting as agent for acquirers and sellers of the Nil-paid H Rights and/or H Rights Shares, or entering into transactions with those acquirers and sellers in a principal capacity and proprietary trading in the Nil-paid H Rights and/or H Rights Shares. These activities may require the Underwriters and their affiliates to enter into transactions involving the acquiring and selling of the H Shares, directly or indirectly, as soon as trading in Nil-paid H Rights commences, and to conduct hedging, acquiring and selling and entering into over-the-counter or listed derivative transactions or listed or unlisted securities transactions (including issuing securities such as derivative warrants listed on a stock exchange) whose underlying assets include H Shares. Such transactions may be carried out as bilateral agreements or trades with selected counterparties.

These activities may have a negative impact on the trading price of the H Shares. All such activities could occur in Hong Kong and elsewhere in the world and may result in the Underwriters or their affiliates holding long positions of H Rights Shares and/or H Shares, and/or short positions in the H Shares, in units of funds that may purchase the H Shares, or in derivatives related to any of the foregoing. In relation to issues by the Underwriters or their affiliates of any listed securities having H Shares as their underlying securities, whether on the Hong Kong Stock Exchange or on any other stock exchange, the rules of the stock exchange may require the issuer of those securities (or one of its affiliates or agents) to act as a market maker or liquidity provider in the security, and this will also result in hedging activity in H Shares in most cases. All such activities may occur both during and after the end of the trading period of the Nil-paid H Rights. Such activities may affect the market price or value of the H Shares, the liquidity or trading volume in the H Shares and the volatility of the price of the H Shares, and the extent to which on a daily basis cannot be estimated.

SUMMARY

1. Overview of the Company

The Company is a listed company principally focusing on investing in, developing, and operating high-grade roads, as well as engaging in securities related business in the financial services industry. The Company was incorporated on March 1, 1997 as an infrastructure company under the Zhejiang Provincial Government with the aim of investing in, developing and operating expressways and Class 1 roads in Zhejiang Province. The securities business is carried out by its subsidiary Zheshang Securities, which has been listed on the Shanghai Stock Exchange (Stock Code: 601878) since June 2017.

Major assets operated by the Group are located in Zhejiang Province, including eight expressways, namely the 248 km Shanghai-Hangzhou-Ningbo Expressway, the 141 km Shangsang Expressway, the 70 km Jinhua section of Ningbo-Jinhua Expressway, the 122 km Hanghui Expressway, the 82 km Huihang Expressway, the 46 km Zhoushan Bridge, the 222 km LongLiLiLong Expressways and the 50 km Zhajiasu Expressway and other high-level landmark projects. As at June 30, 2023, total assets of the Group amounted to RMB195,641.24 million.

Meanwhile, the Group is among the first in the industry to innovate financing channels and expand low-cost financing. It issued the first infrastructure REITs in China in 2019, the euro zero-coupon convertible bonds in 2021, and the US dollar bonds with an annualized interest rate of 1.638% in 2021. In 2021, it issued the first batch of infrastructure public offering REITs in the industry, and issued the largest private REITs in the industry in 2022. The Company has won more than 40 honors above the provincial and ministerial level, such as the “Key State-owned Enterprises Management Benchmark Establishment Action Benchmark Enterprise” by the State-owned Assets Supervision and Administration Commission of the State Council, and the Zhejiang Provincial Model Collective. It has been selected as the “Best Corporate Governance” by international financial magazines for several times. The Group has received A+, A and AAA credit ratings from international credit rating agencies Fitch, S&P Global and China Lianhe Credit Rating.

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With a solid foundation built on the Group's expressway business, the Company aims continue to expand the scale of its primary businesses, enhance its core competitiveness, and grow its financial and securities business so as to increase its profit contribution to the Group. In the future, the Company will seize sound investment opportunities to acquire new projects, and strive to develop itself into an international investment holdings company with a primary focus on investing in and operating transportation infrastructure.

Communications Group, the controlling Shareholder of the Company, was incorporated on December 29, 2001. It is a provincial-level transportation state wholly-owned company established by the Zhejiang Provincial Government, through the former Zhejiang High-grade Highway Investment Co., Ltd. absorbing other four companies which were directly under the Provincial Department of Transportation. In July 2016 and July 2018, Communications Group was merged and restructured with Zhejiang Railroad Investment Group Co., Ltd. and Zhejiang Commercial Group Co., Ltd., respectively. Upon such merger and restructuring, Communications Group became a comprehensive transport-related investment and financing platform and the main force of comprehensive transportation construction in Zhejiang Province. The Communications Group has been responsible for investing and financing, constructing, operating, and managing of transport-related fundamental facilities including expressways, railroads, key cross-region mass transit railways and integrated transport hubs, and also operating a diversity of business including ocean and coastal transport and real estates. The consolidated total assets of Communications Group as of December 31, 2022 reached RMB840.5 billion, ranking the 302nd in the 2022 Fortune Global 500.

2. Business Overview for the First Half of 2023

In the first half of 2023, the international political and economic situation remained complex, and the global economic slowdown continued. After the relaxation of the epidemic control policies, China's economy and society fully resumed normal operation, market demand gradually recovered, and production supply continued to increase. The overall economic operation saw a rebound, and China's GDP grew 5.5% year-on-year. In August 2023, the national consumer price index (CPI) and producer price index (PPI) both improved, and the manufacturing purchasing managers' index (PMI) picked up for the third consecutive month, as signs of economic recovery continued to grow. The Chinese government introduced a number of measures to address structural challenges and promote economic growth, including supporting the development of the real estate sector, raising residents' income and expectations, and stabilizing exports and the exchange rate.

During the first half of 2023, the service industry, fixed asset investment, and total retail sales of consumer goods in Zhejiang Province increased by 8.4%, 9.0% and 9.1% year-on-year respectively. The economic fundamentals were solid, with the total economic volume reaching RMB3.87 trillion, a year-on-year growth of 6.8%; the growth rate of various items was higher than the national average; and the industrial economy demonstrated strong resilience, with a growth rate of 4.7% in the first half of 2023, showing a steady upturn.

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During the first half of 2023, toll revenue of the Group's expressways showed a significant year-on-year increase due to the gradual subsiding impact of the epidemic and low base effect, while revenue from the securities business recorded stable growth benefiting from the rebound in the capital market. During the first half of 2023, total revenue of the Group was RMB8,000.66 million, representing an increase of 13.8% year-on-year, of which RMB4,755.46 million was generated by the eight major expressways operated by the Group, representing an increase of 17.5% year-on-year and 59.4% of the total revenue. Revenue generated by the securities business for the Group was RMB3,161.36 million, representing an increase of 8.5% year-on-year and 39.5% of the total revenue.

Since the H-share listing in 1997, the Group has been committing to share its growth and earnings with its shareholders, and has paid out cash dividend of over RMB25 billion in aggregate. Dividend payout during 2020-2022 was approximately RMB4.8 billion in total.

The main financial indicators of the Group for the first half of 2023 and the comparative figures for the same period of 2022 are set out as follows:

	For the six months ended		Change (%/ppt)
	June 30,		
	2023	2022	
	<i>RMB'000</i>	<i>RMB'000</i>	
Revenue	8,000,657	7,028,121	13.8%
Profit for the period	3,378,364	2,047,230	65.0%
Return on equity (%)	8.4%	5.8%	2.6 ppt

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The revenue of the Group's main business lines for the six months ended June 30, 2023 and the comparative figures for the same period of 2022 are presented as follows:

	For the six months ended		% Change
	June 30,		
	2023	2022	
	<i>RMB'000</i>	<i>RMB'000</i>	
Toll road operation revenue	4,755,464	4,047,666	17.5%
Securities business revenue	3,161,361	2,912,920	8.5%
Commission and fee income	1,976,906	1,738,076	13.7%
Interest income	1,184,455	1,174,844	0.8%
Other operation revenue	83,832	67,535	24.1%
Hotel and catering	60,001	36,908	62.6%
Public-Private Partnership	23,831	30,627	-22.2%
Total revenue	8,000,657	7,028,121	13.8%

Note: Upon the issuance of the CICC-Zhejiang Expressway-Shenjiahuhang asset-backed special program (“**Special Program**”), Zhejiang Shenjiahuhang Expressway Co., Ltd. was no longer included in the consolidated financial statements of the Group since December 2, 2022.

3. Development after the Reporting Period

On September 28, 2023, the Company entered into agreements with Communications Group, pursuant to which Communications Group conditionally agreed to sell and the Company conditionally agreed to acquire the entire equity interest in Zhejiang HuangQuNan Expressway Co., Ltd.* (浙江黄衢南高速有限公司) (the “**HuangQuNan Co**”) and the 15% equity interest in Zhejiang Wenzhou YongTaiWen Expressway Co., Ltd.* (浙江温州甬台温高速公路有限公司) (the “**YongTaiWen Co**”), respectively. YongTaiWen Co is principally engaged in the operation and management of toll rights of Wenzhou Section of the YongTaiWen Expressway with a total length of approximately 138.8 km, and HuangQuNan Co is principally engaged in the operation and management of the Zhejiang Section of HuangQuNan Expressway with a total length of approximately 161.0 km.

On October 31, 2023, the Company published its third quarterly results of the Group for the nine months ended September 30, 2023. For details, please refer to the announcement of the Company on the website of the Company and the Stock Exchange.

MAIN BUSINESS LINES

The main businesses of the Group are as follows:

- (a) the operation, maintenance and management of high-grade roads;
- (b) the provision of securities and future broking services, margin financing and securities lending services, securities underwriting and sponsorship services, asset management, advisory services and proprietary trading; and

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- (c) the hotel operation, construction service of a high-grade road, investment in other financial institutions and other ancillary services.

1. Expressway business

The roads operated by the Group are all expressways, connecting various key economic zones in the Yangtze River Delta. As the only listed expressway company in Zhejiang Province, the Group operates the main strategic road network in Zhejiang Province. The aggregate GDP of the Yangtze River Delta exceeded RMB14.4 trillion for the first half of 2023, accounting for about 24% of national total. Zhejiang Province is located in the lower reach of the Yangtze River, and is one of the most economically developed area in China, accounting for 27% of the total GDP of the Yangtze River Delta. The stable economic growth of Zhejiang Province has been driving traffic demands in the area, building a solid foundation for the development of the Group. As of June 30, 2023, the total mileage of expressways operated by the Group has reached 1,578 kilometers, and the mileage where the Group has stakes has reached 1,247 kilometers. The following table shows the situation of expressways controlled by the Group as of June 30, 2023:

Expressway	Percentage of Ownership	Length in Kilometers	Number of Lanes	Number of Toll Stations	Number of Service Areas	Commencement of Operation	Remaining Years of Operation
Shanghai-Hangzhou Expressway		102.6					
– Jiaxing Section	100%	88.1	8	7	2	1998	6
– Linping Section	51%	11.1	6	1	0	1995-1998	6
– Hangzhou Section	100%	3.4	4	1	0	1995	6
Hangzhou-Ningbo Expressway		145.3					
– Hangzhou to Hongken section	100%	15.7	4	1	0	1992	5
– Hongken to Duantang section	100%	123.4	8	11	2	1995	5
– Duantang to Dazhujia section	100%	6.2	4	1	0	1996	5
Shangsan Expressway	73.625%	141.4	4	11	3	2000	8
Ningbo-Jinhua Expressway		69.7					
– Jinhua Section	100%	69.7	4	7	1	2005	8
Hanghui Expressway		122.3					
– Changyu Section	51%	36.7	4	5	1	2004	7
– Changhang Section	51%	85.6	4	8	1	2006	9
Huihang Expressway	100%	81.6	4	4	2	2004	11
Zhoushan Bay Bridge	51%	46.3	4	8	1	2009	12
LongLi Expressway	100%	119.8	4	9	3	2006	9
LiLong Expressway		102.5					
– Liandu Section	100%	23.0	4	2	0	2007	10
– Other Sections	100%	79.5	4	5	1	2006	9
Zhajiasu Expressway	55%	50.3	4	4	1	2002	8

1.1 Business in the first half of 2023

Looking back at the first half of 2023, the Group focused on the objective of high-quality development and deepened market-oriented operation to continuously drive the robust development of core expressway business. The Group established an integrated model for road management works, facilitated the pilot reform of vehicle towing and rescue, and improved the construction of intelligent toll stations to constantly elevate the traffic efficiency and service level of road network; actively accelerated projects of governments' paying tolls, explored voluntary discount campaigns for drawing traffic, and strived to improve the attractiveness of "Expressway + Tourism" activities to continuously increase its efforts in market-orientation and differentiation.

During the first half of 2023, as China's economy gradually recovered, the overall traffic volume and toll revenue of the Group's expressways increased significantly year-on-year and the expressway business has witnessed a rebound. Compared with the first half of 2019 before the pandemic, revenue for the first half of 2023 of a number of key expressways, including Shanghai-Hangzhou-Ningbo (Hangzhou-Ningbo section) and Zhoushan Bay Bridge, has increased by over 30%. The performance varied among different sections of the Group's expressways due to various factors.

Following the relaxation of epidemic control policies and free admission to most tourist attractions in Zhejiang Province in the first quarter of 2023, there has been a significant increase in demand for tourism, business activities and visiting. The traffic volume of passenger vehicles of the Group's expressways has rapidly recovered, with a year-on-year increase of up to 58%, resulting in a significant increase in toll revenue for passenger vehicles. In particular, travel routes such as Huihang Expressway and Zhoushan Bay Bridge have experienced significant growth of traffic volume with a year-on-year increase of 49.4% and 72.6%, respectively.

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During the first half of 2023, the total toll revenue from the Group's expressways was RMB4,755.46 million, and the daily average traffic volume in full-trip equivalents, toll revenue and the corresponding year-on-year growth rates of each section are listed below:

The Group's Expressway Sections	Daily Average Traffic Volume <i>(in Full-Trip Equivalents)</i>	Year-on-year Growth	Toll Revenue <i>(RMB million)</i>	Year-on-year Growth
Shanghai-Hangzhou-Ningbo Expressway	86,816	46.58%	2,356.22	30.2%
– Shanghai-Hangzhou Section	87,103	87.74%		
– Hangzhou-Ningbo Section	86,608	25.73%		
Shangsan Expressway	32,658	23.49%	526.99	8.7%
Jinhua Section, Ningbo-Jinhua Expressway	33,099	24.43%	264.26	13.7%
Hanghui Expressway	28,977	28.02%	353.00	23.5%
Huihang Expressway	14,094	49.44%	101.70	42.3%
Zhoushan Bay Bridge	28,293	72.63%	550.60	61.9%
LongLiLiLong Expressways	15,748	17.50%	376.29	10.2%
Zhajiasu Expressway	40,301	48.17%	226.40	28.3%

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1.2 Current toll rates on the expressways under the Group

(1) Passenger vehicle classification and toll rates

Toll for passenger vehicles = Entrance fee + Mileage fee x Actual mileage traveled + Tunnel (bridge) superimposed toll

Class	Classification standard	Toll rates of expressways in Zhejiang Province for passenger vehicles		Toll rates of Huihang Expressway for passenger vehicles
		Mileage fee (RMB/vehicle/km)	Entrance fee (RMB/trip)	Mileage fee (RMB/vehicle/km)
Class 1	≤9 seats (with a length less than 6m)	0.40	5	0.45
Class 2	10-19 seats (with a length less than 6m) Passenger car trailer	0.40	5	0.8
Class 3	≤39 seats (with a length no less than 6m)	0.80	10	1.1
Class 4	≥40 seats (with a length no less than 6m)	1.20	15	1.3

Note:

For Shanghai-Hangzhou-Ningbo Expressway, the mileage fee for class 1 and class 2 passenger vehicles is RMB0.45/vehicle/km.

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(2) *Truck and special motor vehicle classification and toll rates*

Toll for trucks and special motor vehicles = Mileage fee x Actual mileage traveled + Tunnel (bridge) superimposed toll

Class	Classification standard	Toll rates of expressways in Zhejiang Province for trucks and special motor vehicles mileage fee (RMB/vehicle/km)	Toll rates of Huihang Expressway for trucks and special motor vehicles mileage fee (RMB/vehicle/km)
Class 1	2 axles (with a length less than 6m and maximum authorized total weight less than 4,500kg)	0.45	0.45
Class 2	2 axles (with a length no less than 6m or maximum authorized total weight no less than 4,500kg)	0.841	0.9
Class 3	3 axles	1.321	1.35
Class 4	4 axles	1.639	1.7
Class 5	5 axles	1.675	1.85
Class 6	6 axles or above (inclusive)	1.747	2.2

Notes:

1. Total number of axles includes floating axles.
2. For trucks with 6 axles above running on Huihang Expressway, toll rates of trucks with each additional axle shall be calculated at 1.1 times of the standard rate for Class 6 trucks; whereas toll rates of trucks with 10 axles or above shall be calculated at the standard rate for trucks with 10 axles.

1.3 Expansion and financing of highways

In addition to the operation of existing expressways, the Group has also been actively exploring the investment opportunities in reconstruction and expansion of expressways. Most of the Group's expressways have met the traffic flow requirement for reconstruction and expansion. A number of expressways operated by the Group, including Ningbo-Jinhua Expressway (Shaoxing Section and Jinhua Section) and Zhajiasu Expressway (Nanhu Interchange to Zhejiang-Jiangsu Boundary Section), are confirmed reconstruction and expansion projects under the 14th Five-Year Plan of Zhejiang Province. The Consultation Paper for the Comprehensive Transportation Network Planning (2021-2050) of Zhejiang Province also includes the second reconstruction and expansion of Shanghai-Hangzhou-Ningbo Expressway. In 2023, the Company entered into agreements with relevant parties in respect of the investment and implementation of the reconstruction and expansion projects of the Shaoxing Section and Jinhua Section of the Ningbo-Jinhua Expressway and the Nanhu Interchange to Zhejiang-Jiangsu Boundary Section of the Zhajiasu Expressway, with a total length of about 73.4 km, 69.74 km and 25.24 km, respectively. The Group has implemented the preliminary work of the above reconstruction and expansion projects to ensure that these projects would be carried out in an orderly manner.

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In terms of financing, the Group has successfully issued RMB6.317 billion private REITs in respect of Shenjiahuhang Expressway to further revitalize its asset inventories; and successfully issued the medium-term notes with a amount of RMB3 billion in a continued effort to utilize low-cost financing channels.

2. Securities Business

The Group, through its subsidiary Zheshang Securities, provides a wide spectrum of finance services approved by the CSRC, including securities brokerage, financial and securities investment consulting, securities underwriting and sponsor services, securities proprietary trading, margin financing, securities investment fund sales agency, intermediary services of futures companies and financial products sales agency.

Zheshang Securities was approved by the CSRC as a general securities company. Zheshang Securities is a member of the Securities Association of China (member code: 133106), the Shanghai Stock Exchange (member code: 0072) and the Shenzhen Stock Exchange (member code: 000648). Zheshang Securities was listed on the Shanghai Stock Exchange on June 26, 2017.

The market position of Zheshang Securities has improved significantly, and has been transforming and developing steadily. As for securities business, Zheshang Securities grasps the trend of market volatility, strengthens compliance risk management and effectively resolves the risk. As for transformation, Zheshang Securities relies on its financial strength to leverage on resources to develop and cultivate new business opportunities.

In the first half of 2023, the stabilization and recovery of the domestic economy and the full implementation of registration-based IPO system for share issuance facilitated the gradual rebound of the capital market. Zheshang Securities closely focused on the operating strategic goal of serving the real economy, actively grasped the market opportunities, deepened reform and development, and continuously improved its core competitiveness. The business achieved significant growth, which contributed to the stable and progressive operating results in the first half of 2023.

During the first half of 2023, Zheshang Securities recorded total revenue of RMB3,161.36 million for the Group with an increase of 8.5% year-on-year, of which, commission and fee income increased 13.7% year-on-year to RMB1,976.91 million, and interest income from the securities business was RMB1,184.45 million with an increase of 0.8% year-on-year. During the first half of 2023, securities investment gains of Zheshang Securities included in the condensed consolidated statement of profit or loss and other comprehensive income of the Group was RMB885.86 million with an increase of 139.0% year-on-year.

3. Hotel and Catering Business and Long-term Investments

3.1 Hotel and catering business

The Company engages in hotel and catering business through Zhejiang Grand Hotel Limited (a 100% owned subsidiary of the Company) and Zhejiang Linping Expressway Co., Ltd. (a 51% owned subsidiary of the Company).

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In the first half of 2023, with the full relaxation of domestic epidemic prevention and control policies, the service industry quickly rebounded. In particular, the contact-intensive service industry such as accommodation and catering, which was greatly affected by the epidemic in the early stage, rebounded significantly, and the operating results of the Group's two hotels grew significantly.

Grand New Century Hotel, owned by Zhejiang Linping Expressway Co., Ltd., recorded revenue of RMB40.82 million for the first half of 2023 with an increase of 44.0% year-on-year. Zhejiang Grand Hotel, owned by Zhejiang Grand Hotel Limited, recorded revenue of RMB19.18 million for the first half of 2023 with an increase of 124.2% year-on-year.

3.2. Long-term investments

The Group continues to look for opportunities to enhance the financial results of the Group and bring substantial returns to the Shareholders by investing in targets with potential to deliver value to the Shareholders. The Group is engaged in long-term investments through several subsidiaries and controlling subsidiaries.

In the expressway related fields, Zhejiang Shaoxing Shengxin Expressway Co., Ltd. (“Shengxin Co”, a 50% owned joint venture of the Company) owns the 73.4 km Shaoxing Section of the Ningbo-Jinhua Expressway. During the first half of 2023, the joint venture recorded a net profit of RMB65.75 million, representing an increase of 68.0% year-on-year. Zhejiang HangNing Expressway Co., Ltd. (a 30% owned associate of the Company) owns the 99km HangNing Expressway. During the first half of 2023, the associate company recorded a net profit of RMB206.06 million, representing an increase of 132.1% year-on-year.

In other investment fields, during the first half of 2023, Zhejiang Communications Investment Group Finance Co., Ltd. (a 20.08% owned associate of the Company) recorded a net profit of RMB429.30 million, representing an increase of 52.3% year-on-year; Yangtze United Financial Leasing Co., Ltd. (a 10.61% owned associate of the Company) recorded a net profit of RMB324.79 million, representing an increase of 19.8% year-on-year; Shanghai Rural Commercial Bank Co., Ltd. (a 4.92% owned associate of the Company) recorded a net profit attributable to the owners of RMB6,927.67 million, representing an increase of 18.5% year-on-year. Zhejiang Zheshang Transform and Upgrade Fund of Funds Partnership (Limited Partnership) (a 24.99% owned associate of the Company) recorded the share of profit of the associate attributable to the Company of RMB48.42 million during the first half of 2023, representing an increase of 383.4% year-on-year.

LETTER FROM THE BOARD



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

(Stock Code: 0576)

Chairman and Non-executive Director:

Mr. YUAN Yingjie

Executive Directors:

Mr. WU Wei

Mr. LI Wei

Non-executive Directors:

Mr. YANG Xudong

Mr. FAN Ye

Mr. HUANG Jianzhang

Independent Non-executive Directors:

Mr. PEI Ker-Wei

Ms. LEE Wai Tsang, Rosa

Mr. CHEN Bin

Registered Address and Business Address:

Room 501, No. 2

Mingzhu International Business Center

199 Wuxing Road

Shangcheng District

Hangzhou City

Zhejiang Province 310020

The PRC

November 21, 2023

To the Qualified H Shareholders and,

for information purposes only, the Excluded H Shareholders other than U.S. H Shareholders

**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**

INTRODUCTION

References are made to the announcement of the Company dated May 23, 2023, and the circular of the Company dated June 26, 2023, in relation to, among other things, the proposed Rights Issue and the poll results announcement dated July 24, 2023, in which the resolutions in relation to the Rights Issue were duly passed at the EGM and the Class Meetings, respectively.

LETTER FROM THE BOARD

A summary of the major terms of the H Share Rights Issue and the expected timetable of the H Share Rights Issue are set forth in this prospectus. The H-share register was closed from Tuesday, November 14, 2023 to Monday, November 20, 2023 (both days inclusive).

The last day of dealings in the H Shares on a cum-rights basis was Thursday, November 9, 2023 and the H Shares were dealt with on an ex-rights basis from Friday, November 10, 2023. To qualify for the H Share Rights Issue, an H Shareholder must be registered as a member of the Company on Monday, November 20, 2023 and must not be an Excluded H Shareholder.

The H Share Rights Issue will be fully underwritten by the Underwriters on the terms and conditions set out in the Underwriting Agreement.

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” below and 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 may not proceed. Shareholders’ and potential investors’ attention is drawn to the paragraph headed “Warning of the Risks of Dealing in the H Shares and Nil-paid H Rights” below. It should also be noted that the H Shares have been dealt in on an ex-rights basis from Friday, November 10, 2023 and that dealings in the H Rights Shares in nil-paid form will take place from Thursday, November 23, 2023 to Thursday, November 30, 2023 (both days inclusive). Such dealings will take place when the conditions of the H Share Rights Issue remain unfulfilled, and the Underwriting Agreement does not become unconditional or is subject to termination in accordance with the terms thereof. Any person dealing in the securities of the Company up to the date on which such condition is fulfilled or waived and up to the Latest Time for Termination and any person dealing in the Nil-paid H Rights from Thursday, November 23, 2023 to Thursday, November 30, 2023 (being the first and last day of dealings in the Nil-paid H Rights, respectively) will accordingly bear the risk that the H Share Rights Issue may not become unconditional and may not proceed. Any person dealing or contemplating any dealing in the securities of the Company, the Nil-paid H Rights and/or the H Rights Shares during this period who is in any doubt about his or her or its position is recommended to consult his or her or its own professional adviser.

The purpose of this prospectus is to provide you with, among other things, details of the H Share Rights Issue as well as certain financial and other information in respect of the Company.

H SHARE 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 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.

LETTER FROM THE BOARD

The Rights Issue Price of HK\$4.06 per H Rights Share was determined by the Company with reference to (i) the various valuation indicators of the H Shares in the secondary market such as stock prices and volatility, price-to-book ratio and price-to-earnings ratio of the Company in the secondary market and the exchange rate of Renminbi to Hong Kong dollar, taking into account factors such as the business development of the Company and 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 RMB1 per Share. Save as disclosed above, there is no other applicable PRC requirements in relation to the Rights Issue Price.

The H Share Rights Issue will be fully underwritten by the Underwriters on the terms and conditions set out in the Underwriting Agreement.

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.

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” below. Details of the H Share Rights Issue are as follows:

H Share Rights Issue statistics

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 Latest Practicable Date:	1,433,854,500 H Shares
Number of H Rights Shares proposed to be issued:	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

LETTER FROM THE BOARD

The Company issued the zero coupon convertible bonds of EUR230 million 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. The holders of the 2021 Convertible Bonds may, (i) from March 2, 2021 or later to the close of business on January 10, 2026 (the close of business at the place where the certificates of 2021 Convertible Bonds are deposited), or (ii) if the Company redeems the convertible bonds before the maturity date of 2021 Convertible Bonds, until and including 3:00 p.m. on any date at least 10 days before the redemption date, convert the 2021 Convertible Bonds into H Shares of the Company. As at the Latest Practicable Date, none of the 2021 Convertible Bonds had been converted into H Shares. Pursuant to the terms of the 2021 Convertible Bonds, the holders of the 2021 Convertible Bonds may not exercise the conversion right in relation to the 2021 Convertible Bonds during the Company's book closure period. Up to Monday, November 13, 2023, being the Business Day immediately before the commencement of the book closure of the Company, none of the outstanding 2021 Convertible Bonds were converted, and accordingly no new H Share was issued as a result of exercise of outstanding 2021 Convertible Bonds by the holders of the 2021 Convertible Bonds before the Rights Issue Record Date.

The Rights Issue will lead to adjustments to be made to the conversion price and/or the number of Shares to be issued upon exercise of the conversion rights under the 2021 Convertible Bonds.

Please refer to the announcement of the Company dated November 6, 2023 regarding the adjustments made to the conversion price and the number of H Shares to be issued upon exercise of the conversion rights pursuant to the terms of the 2021 Convertible Bonds.

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 the H Shares. Assuming the H Rights Shares are fully subscribed and that there is no other change in the number of issued H Shares of the Company since the Latest Practicable Date, the 544,864,710 H Rights Shares represent (i) 38.0% of the total number of existing issued H Shares of the Company as at the Latest Practicable Date; and (ii) 27.54% of the total number of issued H Shares of the Company as enlarged by the allotment and issuance of the H Rights Shares.

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.

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.

LETTER FROM THE BOARD

As at the Latest Practicable Date, to the best information and belief of the Company having made all reasonable enquiries, based on the registered address of the Shareholders or who are otherwise known by the Company to be residents of, places outside Hong Kong, the number of shareholders and the Shares held by the H Shareholders whose addresses are in Specified Territories and the percentage of issued shares it represented are set out as follows:

Jurisdiction	Number of overseas Shareholder(s)	Aggregate number of H Shares held by overseas Shareholder(s)	Approximate percentage of the total shareholdings¹
the United States	73	304,823,023	7.02%
China	4	259,479,773	5.97%
the United Kingdom	36	133,023,506	3.06%
Netherlands	7	58,840,448	1.35%
Germany	11	46,468,148	1.07%
Sweden	6	36,089,944	0.83%
Malaysia	1	34,696,000	0.80%
Singapore	5	27,545,404	0.63%
Denmark	5	15,998,385	0.37%
Norway	4	15,301,056	0.35%
France	3	3,246,500	0.07%
Qatar	1	2,000	0.00%
Taiwan	1	2,000	0.00%

1. As at the Latest Practicable Date, the Company issued 4,343,114,500 Shares in total, including 2,909,260,000 Domestic Shares and 1,433,854,500 H Shares.

Qualified H Shareholders

The Company is sending the Prospectus Documents comprising this 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 last day of dealings in the H Shares on a cum-rights basis for the H Share Rights Issue was Thursday, November 9, 2023. The H Shares have been 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 was 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.

LETTER FROM THE BOARD

PRC Southbound Trading Investors

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 section headed “Expected Timetable” in this prospectus 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.

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According to the legal advice of the PRC legal adviser of the Company, as the Prospectus Documents have not been and are not intended to be filed with or approved by the CSRC other than in accordance with the CSRC Announcement, the H Rights Shares (in both their nil-paid and fully-paid forms) shall not be offered and may not be offered or sold directly or indirectly in the PRC to any person or entity, unless such person or entity is a PRC Southbound Trading Investor (subject to certain limitations in relation to its rights to participate in the H Share Rights Issue as explained in this prospectus) or a Qualified H Shareholder in the PRC, or it has otherwise been exempted by or has obtained the necessary and appropriate approvals from the relevant PRC authorities in accordance with the applicable PRC laws and regulations.

As such, the Prospectus Documents may not be distributed in or forwarded to the PRC or used in connection with any offer for subscription or sale of the H Rights Shares (in nil-paid and fully-paid forms) in the PRC, except that the same may be despatched to China Clear in the PRC or the Qualified H Shareholder in the PRC or to the extent in compliance with applicable PRC laws and regulations, and the Prospectus Documents may not be made publicly available in the PRC.

Distribution of this prospectus and the other Prospectus Documents

This prospectus, accompanied by the other Prospectus Documents, will be despatched to the Qualified H Shareholders only. For the Excluded H Shareholders, the Company will, to the extent reasonably practicable and legally permitted, send this prospectus to them for their information purposes only, provided that this prospectus shall not be sent to the Excluded Shareholders known by the Company to be resident in the United States. The Company will not send any Provisional Allotment Letter or Excess Application Form to the Excluded H Shareholders.

This prospectus will not be sent to any H Shareholders or Beneficial H Shareholders in the Specified Territories, except for those H Shareholders or Beneficial H Shareholders who satisfy relevant requirements to the satisfaction of the Company.

Distribution of this prospectus and the other Prospectus Documents into jurisdictions other than Hong Kong may be restricted by laws. Persons (including, but not limited to, agents, custodians, nominees and trustees) who come into possession of the Prospectus Documents should inform themselves of and observe any such restriction. Any failure to comply with such restriction may constitute a violation of the securities laws of any such jurisdiction. Any H Shareholder or Beneficial H Shareholder who is in any doubt as to his/her/its position should consult an appropriate professional adviser without delay. In particular, subject to certain exceptions as determined by the Company, persons in possession of this prospectus should not distribute, forward or transmit into or from any Specified Territories, this prospectus, whether with or without the Provisional Allotment Letter or the Excess Application Form.

LETTER FROM THE BOARD

It is the full responsibility of any person (including, but not limited to, any agent, custodian, nominee and trustee) outside Hong Kong wishing to make an application for the H Rights Shares to satisfy himself/herself/itself as to the full observance of the laws and regulations of the relevant territory or jurisdiction, including the obtaining of any governmental or other consents and to pay any taxes, duties and other amounts required to be paid in such territory or jurisdiction in connection therewith. Any acceptance of the offer of the H Rights Shares by any person will be deemed to constitute a representation and warranty from such person to the Company that these local laws and requirements have been fully complied with. H Shareholders should consult their professional advisers if in doubt. For the avoidance of doubt, neither HKSCC nor HKSCC Nominees is subject to any of the representations and warranties above.

Excluded H Shareholders

Excluded H Shareholders are those H Shareholders with registered addresses in, or who are otherwise known by the Company to be residents of, places outside Hong Kong, and in respect of whom the Directors, based on enquiries made by the Directors, consider it necessary or expedient not to offer the H Rights Shares on account either of the legal restrictions under the laws of the relevant place in which the H Shareholder is located or the requirements of the relevant regulatory authorities or stock exchange in that place.

The Board has made enquiries regarding the legal restrictions under the applicable securities legislation of the Specified Territories and the requirements of the relevant regulatory authorities or stock exchanges with respect to the offer of the H Rights Shares to the H Shareholders in those territories. Having considered the circumstances, the Directors have formed the view that, other than subject to certain limited exception as described below, it is necessary or expedient to restrict the right of H Shareholders in the Specified Territories to take up their rights under the H Share Rights Issue due to the time and costs involved in the registration or filing of this prospectus and/or approval required by the relevant authorities in those territories and/or additional steps the Company and the H Shareholders need to take to comply with the local legal requirements and/or other requirements to be satisfied in order to comply with relevant local legal or regulatory requirements in those territories.

Accordingly, for the purposes of the H Share Rights Issue, the Excluded H Shareholders are:

- (i) H Shareholders whose name(s) appear in the H-share Register on the H Share Record Date and whose address(es) as shown in such register is/are in any Specified Territories or any other place outside Hong Kong, except for those H Shareholders with addresses in the United States, China, the United Kingdom, Netherlands, Germany, Sweden, Malaysia, Singapore, Denmark, Norway, and France who fulfil the relevant requirements to the satisfaction of the Company; and
- (ii) any H Shareholders or Beneficial H Shareholders at that time who are otherwise known by the Company to be resident in any Specified Territories or any other place outside Hong Kong, except for those H Shareholders or Beneficial H Shareholders with addresses in the United States, China, the United Kingdom, Netherlands, Germany, Sweden, Malaysia, Singapore, Denmark, Norway, and France who fulfill the relevant requirements to the satisfaction of the Company.

LETTER FROM THE BOARD

For a description of certain restrictions regarding the take-up of the Nil-paid H Rights for, and the offering and sale of, the H Rights Shares, please refer to the Notice section.

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

In respect of the Excluded H Shareholders, the Company will, to the extent reasonably practicable and legally permitted, send this prospectus to them for their information purposes only, provided that this prospectus shall not be sent to the Excluded Shareholders known by the Company to be resident in the United States. The Company will not send any Provisional Allotment Letter or Excess Application Form to the Excluded H Shareholders.

This prospectus will not be sent to any H Shareholders or Beneficial H Shareholders in the Specified Territories, except for those H Shareholders or Beneficial H Shareholders who satisfy relevant requirements to the satisfaction of the Company.

Notwithstanding any other provision in this prospectus or the Provisional Allotment Letter or the Excess Application Form, the Company reserves the right to permit any H Shareholder or Beneficial H Shareholder to participate in the H Share Rights Issue and take up his/her/its rights if the Company, in its absolute discretion, is satisfied that the offer under the H Share Rights Issue is exempt from or not subject to the legislation or regulations giving rise to the restrictions in question.

The Company also reserves the right to treat as invalid, and will not be bound to allot or issue any H Rights Shares in respect of, any acceptance or purported acceptance of the offer of Nil-paid H Rights or the H Rights Shares which:

- (i) appears to the Company or its agents to have been executed, effected or despatched in a manner which may involve a breach of the laws or regulations of any jurisdiction; or
- (ii) in the case of a Provisional Allotment Letter, provides for an address for delivery of the share certificates in, or, in the case of a credit of H Rights Shares in CCASS, a CCASS participant whose address is in, or is otherwise a resident of, any Specified Territories or any other jurisdiction in which it would be unlawful to deliver such share certificates or make such a credit or if the Company believes or its agents believe that the same may violate applicable legal or regulatory requirements.

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Receipt of this prospectus and/or a Provisional Allotment Letter and/or an Excess Application Form or the crediting of Nil-paid H Rights to a stock account in CCASS does not and will not constitute an offer in those jurisdictions in which it would be illegal to make an offer and, in those circumstances, this prospectus and/or a Provisional Allotment Letter and/or an Excess Application Form must be treated as sent for information purpose only and should not be copied or redistributed. Persons (including, but not limited to, agents, custodians, nominees and trustees) who receive a copy of this prospectus and/or a Provisional Allotment Letter and/or an Excess Application Form or whose stock account in CCASS is credited with Nil-paid H Rights should not, in connection with the H Share Rights Issue, distribute or send the same in, into or from, or transfer Nil-paid H Rights to any person in, into or from, any of the Specified Territories. If a Provisional Allotment Letter or an Excess Application Form or any credits of Nil-paid H Rights to a stock account in CCASS are received by any person in any Specified Territories, or by his/her/its agent, custodian, nominee or trustee, he/she/it should not seek to take up the rights referred to in the Provisional Allotment Letter or transfer the Provisional Allotment Letter (or apply for any excess H Rights Shares under the Excess Application Form) or transfer the Nil-paid H Rights in CCASS unless such person is able to demonstrate to the satisfaction of the Company, or the Company determines that such actions would not violate applicable legal or regulatory requirements. Any person (including, but not limited to, agents, custodians, nominees and trustees) who does forward this prospectus or a Provisional Allotment Letter or an Excess Application Form in, into or from any Specified Territories (whether under a contractual or legal obligation or otherwise) should draw the recipient's attention to the contents of this section.

Arrangements will be made for the Nil-paid H Rights of the Excluded H Shareholders to be provisionally allotted to the Company or a nominee appointed by the Company to act as the representative on behalf of the Excluded H Shareholders and, if a premium (net of expenses) can reasonably be obtained, to be sold by the Company or its appointed nominee on behalf of the Excluded H Shareholders in the market as soon as practicable after dealing in the Nil-paid H Rights commences. The net proceeds of such sale (after deduction of the expenses of sale) 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.

With respect to the Excluded H Shareholders who hold interests in H Shares through CCASS, their nominees (excluding HKSCC Nominees), custodians or other intermediaries may sell, on such Excluded H Shareholders' behalf, their entitlements to the Nil-paid H Rights in compliance with applicable securities laws and distribute the proceeds thereof as appropriate. Any H Rights Shares in respect of unsold entitlements of the Excluded H Shareholders and any unsold fractional entitlements to the H Rights Shares together with any H Rights Shares in respect of Nil-paid H Rights not taken up by the Qualified H Shareholders or otherwise not subscribed for by transferees of Nil-paid H Rights, will be made available for excess application on Excess Application Forms by Qualified H Shareholders.

LETTER FROM THE BOARD

Limited categories of persons in the Specified Territories who may be able to take up their Nil-paid H Rights to subscribe for the H Rights Shares under the H Share Rights Issue

Notwithstanding what is said in the paragraph headed “Excluded H Shareholders” above, the following limited categories of persons in the Specified Territories may be able to take up their rights under the H Share Rights Issue:

- (i) H Shareholders or Beneficial H Shareholders in the United States are generally Excluded Shareholders. However, a limited number of H Shareholders and Beneficial H Shareholders in the United States who the Company reasonably believes are QIBs may be able to take up their Nil Paid H Rights to subscribe for H Rights Shares being offered in the H Share Rights Issue in transactions exempt from registration requirements under the U.S. Securities Act, provided that they fulfil relevant requirements to the satisfaction of the Company;
- (ii) H Shareholders or Beneficial H Shareholders (other than PRC Southbound Trading Investor) in the PRC are generally Excluded H Shareholders. However, Qualified Domestic Institutional Investors (the “**QDIIs**”) and Beneficial H Shareholders who hold interests in H Shares through QDIIs may be able to take up their Nil-paid H Rights to subscribe for H Rights Shares being offered in the H Share Rights Issue, provided that they fulfil the requirements under the relevant PRC laws and regulations to the satisfaction of the Company; and
- (iii) H Shareholders or Beneficial H Shareholders in the United Kingdom are generally Excluded H Shareholders, however, a limited number of H Shareholders and Beneficial H Shareholders in the United Kingdom who the Company reasonably believes are “qualified investors” within the meaning of article 2(e) of the retained EU law version of the Prospectus Regulation (EU) 2017/1129 (“**UK Prospectus Regulation**”) who are also persons who: (i) have professional experience in matters relating to investments falling within the definition of “investment professionals” in Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended (the “**Order**”); (ii) are high net worth entities falling within Article 49(2)(a) to (e) of the Order; or (iii) otherwise are persons to whom an invitation or inducement to engage in an investment activity (within the meaning of section 21 of the Financial Services and Markets Act 2000 (the “**FSMA**”)) in connection with the issue or sale of any H Rights Shares may otherwise lawfully be communicated or caused to be communicated may be able to take up their Nil-paid H Rights to subscribe for H Rights Shares being offered in the H Share Rights Issue in transactions exempt from registration or prospectus disclosure requirements pursuant to the FSMA, the UK Prospectus Regulation and other applicable laws and regulations, provided that they fulfil the relevant requirements to the satisfaction of the Company.

In each case, the Company reserves the absolute discretion in determining whether to allow such participation as well as the identity of the persons who may be allowed to do so.

LETTER FROM THE BOARD

Procedure for acceptance or transfer

General

Any person (including, but not limited to, any agent, custodian, nominee and trustee) wishing to take up his/her/its rights under the H Share Rights Issue must satisfy himself/herself/itself as to full observance of the applicable laws of any relevant territories, including obtaining any requisite governmental or other consents, observing any other requisite formalities and paying any issue, transfer or other taxes due in such territories. The attention of H Shareholders with registered addresses in any of the Specified Territories or holding H Shares on behalf of persons with such addresses is drawn to the paragraphs headed “Excluded H Shareholders” and “Limited categories of persons in the Specified Territories who may be able to take up their Nil-paid H Rights to subscribe for the H Rights Shares under the H Share Rights Issue” above.

Each subscriber (including, but not limited to, any agent, nominee and trustee) of H Rights Shares being offered and sold outside the United States will be deemed (by accepting delivery of this prospectus) to have given each of the following representations and warranties to the Company and the Underwriters and to any person acting on their behalf, unless, in their sole discretion, the Company and the Underwriters waive such requirement expressly in writing:

- i. he/she/it was an H Shareholder at the H Share Record Date, or he/she/it lawfully acquired or may lawfully acquire the Nil-paid H Rights, directly or indirectly, from such a person;
- ii. he/she/it is not located in any other jurisdiction in which it is unlawful to purchase or take up the Nil-paid H Rights or subscribe for or accept H Rights Shares;
- iii. he/she/it is not resident or located in, or a citizen of, the United States;
- iv. he/she/it is not accepting an offer to purchase or take up the Nil-paid H Rights or subscribe for or accept H Rights Shares on a non-discretionary basis for a person who is resident or located in, or a citizen of, the United States at the time the instruction to accept was given;
- v. he/she/it is not doing so for the account of any person who is located in the United States, unless:
 - a. the instruction to purchase or take up the Nil-paid H Rights or to subscribe for or accept H Rights Shares was received from a person outside the United States; and
 - b. the person giving such instruction has confirmed that he/she/it (x) has the authority to give such instruction and (y) either (A) has investment discretion over such account or (B) is an investment manager or investment company that is acquiring the H Rights Shares in an “offshore transaction” within the meaning of Regulation S under the U.S. Securities Act;
- vi. he/she/it is acquiring the Nil-paid H Rights and/or the H Rights Shares in an “offshore transaction” as defined in Regulation S under the U.S. Securities Act;

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- vii. he/she/it has not been offered the H Rights Shares by means of any “directed selling efforts” as defined in Regulation S under the U.S. Securities Act;
- viii. he/she/it is not purchasing or taking up the Nil-paid H Rights or subscribing for or accepting the H Rights Shares with a view to the offer, sale, allotment, take up, exercise, resale, renouncement, pledge, transfer, delivery or distribution, directly or indirectly, of any such Nil-paid H Rights or H Rights Shares into the United States or any other jurisdiction referred to in paragraph (ii) above;
- ix. he/she/it understands that neither the Nil-paid H Rights nor the H Rights Shares have been or will be registered under the U.S. Securities Act or with any securities regulatory authority of any state, territory, or possession of the United States and the Nil-paid H Rights or H Rights Shares are being distributed and offered outside the United States in reliance on Regulation S under the U.S. Securities Act. Consequently, he/she/it understands the Nil-paid H Rights or H Rights Shares may not be offered, sold, pledged or otherwise transferred in or into the United States, except in reliance on an exemption from, or in transactions not subject to, the registration requirements of the U.S. Securities Act.

For the avoidance of doubt, neither HKSCC nor HKSCC Nominees is subject to any of the representations and warranties above.

Action to be taken by Qualified H Shareholders

Subscription for all H Rights Shares provisionally allotted

For each Qualified H Shareholder, a Provisional Allotment Letter is enclosed with this prospectus which entitles the Qualified H Shareholder(s) to whom it is addressed to subscribe for the number of the H Rights Shares shown thereon. If a Qualified H Shareholder wishes to take up his/her/its right to subscribe for any or all of the H Rights Shares provisionally allotted to him/her/it as specified in the Provisional Allotment Letter, he/she/it must lodge the Provisional Allotment Letter in accordance with the instructions printed thereon, together with a remittance for the full amount payable on acceptance 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 4:00 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 orders must be issued by, a licenced bank in Hong Kong and made payable to “ZHEJIANG EXPRESSWAY CO LTD” and crossed “**Account Payee Only**”.

It should be noted that, unless the Provisional Allotment Letter, together with the appropriate remittance, has been lodged 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 4:00 p.m. on the Last Acceptance Date, whether by the original allottee or any person in whose favour the rights have been validly transferred, that provisional allotment and all rights thereunder will be deemed to have been declined and will be cancelled. The Company may, at its sole discretion, treat a Provisional Allotment Letter as valid and binding on the person(s) by whom or on whose behalf it is lodged, even if it is not completed in accordance with the relevant instructions.

LETTER FROM THE BOARD

All cheques and 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 Provisional Allotment Letter in respect of which the cheque or cashier's order is dishonoured on first presentation is liable to be rejected and, in that event, the provisional allotment and all rights and entitlements thereunder will be deemed to have been declined and will be cancelled.

Qualified H Shareholders must pay the exact amount payable upon acceptance of the H Rights Shares by cheque or cashier order, underpaid subscription will be rejected. In the event of overpayment, a refund cheque will be made out to the relevant persons only if the overpaid amount is HK\$100 or above.

If the Underwriters terminate the Underwriting Agreement before the Latest Time for Termination in accordance with the terms thereof and the H Share Rights Issue does not proceed, the monies received in respect of the relevant provisional allotments will be returned to the relevant persons without interest and by means of cheques despatched by ordinary post at the risk of such persons on or about Wednesday, December 13, 2023.

Transfers and "splitting" of Nil-paid H Rights

The Nil-paid H Rights can be traded on the Hong Kong Stock Exchange. A Qualified H Shareholder can accept all of his/her/its provisional allotment of H Rights Shares, or sell all of his/her/its provisional allotment on the Hong Kong Stock Exchange, or accept only part of his/her/its provisional allotment and sell the remaining part on the Hong Kong Stock Exchange.

If a Qualified H Shareholder wishes to accept only part of his/her/its provisional allotment or transfer a part of his/her/its Nil-paid H Rights provisionally allotted to him/her/it under the Provisional Allotment Letter or transfer his/her/its Nil-paid H Rights to more than one person, the entire Provisional Allotment Letter must be surrendered and lodged for cancellation, together with a covering letter stating clearly the number of split Provisional Allotment Letters required and the number of Nil-paid H Rights to be comprised in each split Provisional Allotment Letter (which, in aggregate, should be equal to the number of H Rights Shares provisionally allotted to such holder as stated in Box B of the original Provisional Allotment Letter), by no later than 4:30 p.m. on Monday, November 27, 2023 to 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, who will cancel the original Provisional Allotment Letter and issue new Provisional Allotment Letters in the denominations required which will be available for collection at the H Share Registrar after 9:00 a.m. on the second business day after the day of surrendering the original Provisional Allotment Letter. This process is commonly known as "splitting" the Nil-paid H Rights.

Having "split" the Nil-paid H Rights, a Qualified H Shareholder who wishes to accept the provisional allotment of H Rights Shares represented by a new Provisional Allotment Letter should do so in accordance with the instructions given above in relation to the subscription for all the H Rights Shares provisionally allotted.

LETTER FROM THE BOARD

If a Qualified H Shareholder wishes to transfer all of his/her/its Nil-paid H Rights under a Provisional Allotment Letter (or a split Provisional Allotment Letter, as the case may be) to another person, he/she/it should complete and sign the “Form of Transfer and Nomination” (Form B) in the Provisional Allotment Letter and hand the Provisional Allotment Letter to the person(s) to or through whom he/she/it is transferring his/her/its Nil-paid H Rights. The transferee must then complete and sign the “Registration Application Form” (Form C) in the Provisional Allotment Letter and lodge the Provisional Allotment Letter intact, together with a remittance for the full amount payable on acceptance with the H Share Registrar to effect the transfer by no later than 4:00 p.m. on the Last Acceptance Date.

It should be noted that Hong Kong stamp duty is payable in connection with the transfer of your Nil-paid H Rights to the transferee(s) and the acceptance by the transferee(s) of such rights. The Company may, at its sole discretion, treat a Provisional Allotment Letter as valid and binding on the person(s) by whom or on whose behalf it is lodged, even if it is not completed in accordance with the relevant instructions.

The Company reserves the right to refuse to register any transfer in favour of any person in respect of which the Company believes such transfer may violate applicable legal or regulatory requirements.

Important notice and representations and warranties relating to the Qualified H Shareholders in any of the Specified Territories

As described above, H Shareholders with registered addresses in the Specified Territories are only permitted to take up their rights under the H Share Rights Issue if they fulfil relevant requirements to the satisfaction of the Company.

Any Qualified H Shareholder accepting and/or transferring a Provisional Allotment Letter or requesting registration of the H Rights Shares comprised therein represents and warrants to the Company that, except where proof has been provided to the satisfaction of the Company that such person’s use of the Provisional Allotment Letter will not result in the contravention of any applicable legal requirement in any jurisdiction: (i) such person is not accepting and/or transferring the Provisional Allotment Letter to, or requesting registration of the relevant Nil-paid H Rights or the H Rights Shares from, any of the Specified Territories; (ii) such person is not in any of the Specified Territories or in any territory in which it is otherwise unlawful to make or accept an offer to acquire the Nil-paid H Rights or the H Rights Shares or to use the Provisional Allotment Letter in any manner in which such person has used or will use it; (iii) such person is not acting on a non-discretionary basis for a person resident in any of the Specified Territories at the time the instruction to accept or transfer was given; and (iv) such person is not acquiring the Nil-paid H Rights or the H Rights Shares with a view to the offer, sale, allotment, take up, exercise, resale, renouncement, pledge, transfer, delivery or distribution, directly or indirectly, of any such Nil-paid H Rights or H Rights Shares into any of the Specified Territories. For the avoidance of doubt, neither HKSCC nor HKSCC Nominees is subject to any of the above representations and warranties.

LETTER FROM THE BOARD

The Company may treat as invalid any acceptance or purported acceptance of the allotment of H Rights Shares comprised in, or transfer or purported transfer of, a Provisional Allotment Letter if it: (a) appears to the Company to have been executed in, or despatched from, any of the Specified Territories and the acceptance may involve a breach of the laws of the relevant Specified Territory or the acceptance is otherwise in a manner which may involve a breach of the laws of any jurisdiction or if it or its agents believe the same may violate any applicable legal or regulatory requirement; (b) provides an address in any of the Specified Territories for delivery of definitive share certificates for H Rights Shares and such delivery would be unlawful or provides an address for delivery of definitive share certificates in any other jurisdiction outside Hong Kong in which it would be unlawful to deliver such certificates; or (c) purports to exclude the representation and/or warranty required by the paragraph immediately above.

Action to be taken by Beneficial H Shareholders holding interests in H Shares which are held by a registered H Shareholder (other than H Shares deposited in CCASS)

Subscription for H Rights Shares provisionally allotted and transfers and “splitting” of Nil-paid H Rights

If you are a Beneficial H Shareholder whose H Shares are registered in the name of a registered H Shareholder and you wish to subscribe for the H Rights Shares provisionally allotted to you, or sell all of your Nil-paid H Rights, or “split” your Nil-paid H Rights and accept part of your provisional allotment and sell the remaining part, you should contact the registered H Shareholder and provide the registered H Shareholder with instructions or make arrangements with the registered H Shareholder in relation to the acceptance, transfer and/or “splitting” of the rights to subscribe for the H Rights Shares which have been provisionally allotted in respect of the H Shares in which you are beneficially interested.

Such instructions and/or arrangements should be given or made in advance of the relevant dates stated in the section headed “Expected Timetable” in this prospectus and otherwise in accordance with the requirements of the registered H Shareholder in order to allow the registered H Shareholder sufficient time to ensure that your instructions are given effect.

Important notice and representations and warranties relating to the Beneficial H Shareholders in any of the Specified Territories whose H Shares are held by a registered H Shareholder (other than CCASS)

As described above, Beneficial H Shareholders resident in the Specified Territories are only permitted to take up their rights under the H Share Rights Issue if they fulfil relevant requirements to the satisfaction of the Company.

LETTER FROM THE BOARD

Any Beneficial H Shareholder accepting and/or transferring a Provisional Allotment Letter or requesting registration of the H Rights Shares comprised therein represents and warrants to the Company that, except where proof has been provided to the satisfaction of the Company that such person's use of the Provisional Allotment Letter will not result in the contravention of any applicable legal requirement in any jurisdiction: (i) such person is not accepting and/or transferring the Provisional Allotment Letter, or requesting registration of the relevant Nil-paid H Rights or the H Rights Shares from within any of the Specified Territories; (ii) such person is not in any of the Specified Territories or in any territory in which it is otherwise unlawful to make or accept an offer to acquire the Nil-paid H Rights or the H Rights Shares or to use the Provisional Allotment Letter in any manner in which such person has used or will use it; (iii) such person is not acting on a non-discretionary basis for a person resident in any of the Specified Territories at the time the instruction to accept or transfer was given; and (iv) such person is not acquiring the Nil-paid H Rights or the H Rights Shares with a view to the offer, sale, allotment, take up, exercise, resale, renouncement, pledge, transfer, delivery or distribution, directly or indirectly, of any such Nil-Paid H Rights or H Rights Shares into any of the Specified Territories.

The Company may treat as invalid any acceptance or purported acceptance of the allotment of H Rights Shares comprised in, or transfer or purported transfer of, a Provisional Allotment Letter if it: (a) appears to the Company to have been executed in, or despatched from, any of the Specified Territories and the acceptance may involve a breach of the laws of the relevant Specified Territory or the acceptance is otherwise in a manner which may involve a breach of the laws of any jurisdiction or if it or its agents believe the same may violate any applicable legal or regulatory requirement; (b) provides an address in any of the Specified Territories for delivery of definitive share certificates for H Rights Shares and such delivery would be unlawful or provides an address for delivery of definitive share certificates in any other jurisdiction outside Hong Kong in which it would be unlawful to deliver such certificates; or (c) purports to exclude the representation and/or warranty required by the paragraph immediately above.

Action to be taken by Beneficial H Shareholders holding interests in H Shares through CCASS

Subscription for H Rights Shares provisionally allotted and transfers and "splitting" of Nil-paid H Rights

If you are a Beneficial H Shareholder whose H Shares are deposited in CCASS and registered in the name of HKSCC Nominees, and you wish to subscribe for the H Rights Shares provisionally allotted to you, or sell all of your Nil-paid H Rights, or "split" your Nil-paid H Rights and accept part of your provisional allotment and sell the remaining part, you should (unless you are a CCASS Participant) contact your Intermediary and provide your Intermediary with instructions or make arrangements with your Intermediary in relation to the acceptance, transfer and/or "splitting" of your Nil-paid H Rights. Such instructions and/or arrangements should be given or made in advance of the relevant dates stated in the section headed "Expected Timetable" in this prospectus and otherwise in accordance with the requirements of your Intermediary in order to allow your Intermediary sufficient time to ensure that your instructions are given effect. The procedure for acceptance, transfer and/or "splitting" by CCASS Participants of the H Rights Shares provisionally allotted to CCASS stock accounts in respect of the H Shares registered in the name of HKSCC Nominees shall be in accordance with the General Rules of CCASS, the CCASS Operational Procedures and any other requirements of CCASS.

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Beneficial H Shareholders who are CCASS Investor Participants should contact CCASS and provide CCASS with instructions or make arrangements with CCASS in relation to the manner in which such Beneficial H Shareholders' interests in H Rights Shares should be dealt with. The procedure for acceptance, transfer and/or "splitting" of Rights Shares provisionally allotted to Beneficial H Shareholders who have been admitted to participate in CCASS as CCASS Investor Participants shall be in accordance with "Operating Guide for Investor Participants" in effect from time to time and any other requirements of CCASS.

Important notice and representations and warranties relating to the Beneficial H Shareholders in any of the Specified Territories holding interests in H Shares through CCASS

As described above, Beneficial H Shareholders resident in the Specified Territories are only permitted to take up their rights under the H Share Rights Issue if they fulfil relevant requirements to the satisfaction of the Company.

Any Beneficial H Shareholder holding interests in H Shares through CCASS and any CCASS participant who makes a valid acceptance and/or transfer in accordance with the procedures set out above represents and warrants to the Company that, except where proof has been provided to the satisfaction of the Company that such person's acceptance will not result in the contravention of any applicable legal requirement in any jurisdiction: (i) such person is not in any of the Specified Territories or in any territory in which it is otherwise unlawful to make or accept an offer to acquire the Nil-paid H Rights or the H Rights Shares; (ii) such person is not acting on a non-discretionary basis for a person located within any of the Specified Territories at the time the instruction to accept was given; and (iii) such person is not acquiring the Nil-paid H Rights or the H Rights Shares with a view to the offer, sale, allotment, take up, exercise, resale, renouncement, pledge, transfer, delivery or distribution, directly or indirectly, of any such Nil-paid H Rights or the H Rights Shares into any of the Specified Territories. For the avoidance of doubt, neither HKSCC nor HKSCC Nominees is subject to any of the above representations and warranties.

The Company may treat as invalid any instruction which appears to the Company to have been despatched from any of the Specified Territories and which may involve a breach of the laws of the relevant Specified Territory or any instruction which otherwise appears to the Company may involve a breach of the laws of any jurisdiction; or if the Company or its agents believes the same may violate any applicable legal or regulatory requirement; or which purports to exclude the representation and/or warranty required by the paragraph immediately above.

Effect of bad weather on the 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 "extreme conditions" or a "black" rainstorm warning is:

- i. in force in Hong Kong at any local time before 12:00 noon and no longer in force after 12:00 noon on the Last 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

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- ii. in force in Hong Kong at any local time between 12:00 noon and 4:00 p.m. on the Last 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 Last Acceptance Date, the dates mentioned in the section headed “Expected Timetable” in this prospectus may be affected. The Company will notify shareholders by way of announcements on any change to the expected timetable as soon as practicable.

If you have procedural questions in relation to the H Share Rights Issue, please call the H Shareholder hotline on (852) 2862 8555 during business hours from 9:00 a.m. to 6:00 p.m., Monday to Friday (other than public holidays). The hotline will only provide general information regarding the available choices under the H Share Rights Issue and the procedural requirements. Please note it does not provide any advice on the merits of the H Share Rights Issue nor give any financial, tax, investment, or legal advice. Please consult your professional adviser as you consider appropriate.

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);

LETTER FROM THE BOARD

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 June 30, 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 prices 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 RMB1 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.

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Save for the 2021 Convertible Bond, as at the Latest Practicable Date, the Company had no outstanding convertible securities, options or warrants in issue or other similar rights which would confer any right to subscribe for, convert or exchange into the Shares.

The aggregate number of Nil-paid H Rights proposed to be provisionally allotted pursuant to the terms of the H Shares Rights Issue represents approximately 38% of the Company's issued share capital of H Shares as at the Record Date and approximately 27.54% of the Company's issued share capital of H Shares as enlarged by the 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 the Company or 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 appointed 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 December 14, 2023 to 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.

LETTER FROM THE BOARD

Action to be taken by Qualified H Shareholders who wish to apply for excess H Rights Shares

Excess H Rights Shares application procedures

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 licenced bank in Hong Kong and made payable to "ZHEJIANG EXPRESSWAY CO LTD – EAF" 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.

LETTER FROM THE BOARD

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.

Important notice and representations and warranties relating to the Qualified H Shareholders in any of the Specified Territories

Those set out under the heading "Important notice and representations and warranties relating to the Qualified H Shareholders in any of the Specified Territories" above in the paragraph headed "Procedure for acceptance or transfer" also applies to applications for excess H Rights Shares, with appropriate changes to reflect that the context is an application for excess H Rights Shares.

Action to be taken by Beneficial H Shareholders holding interests in H Shares which are held by a registered H Shareholder (other than H Shares deposited in CCASS) who wish to apply for excess H Rights Shares

Excess H Rights Shares application procedures

If you are a Beneficial H Shareholder whose H Shares are registered in the name of a registered H Shareholder and you wish to apply for excess H Rights Shares, you should contact the registered H Shareholder and provide the registered H Shareholder with instructions or make arrangements with the registered H Shareholder in relation to such application. Such instructions and/or arrangements should be given or made in advance of the latest time for application and payment for excess H Rights Shares in the section headed "Expected Timetable" in this prospectus and otherwise in accordance with the requirements of the registered H Shareholder, in order to allow the registered H Shareholder sufficient time to ensure that your instructions are given effect.

LETTER FROM THE BOARD

Important notice and representations and warranties relating to the Beneficial H Shareholders in any of the Specified Territories whose H Shares are held by a registered H Shareholder (other than CCASS)

What is set out under the heading “Important notice and representations and warranties relating to the Beneficial H Shareholders in any of the Specified Territories whose H Shares are held by a registered H Shareholder (other than CCASS)” above in the paragraph headed “Procedure for acceptance or transfer” also applies to applications for excess H Rights Shares, with appropriate changes to reflect that the context is an application for excess H Rights Shares.

Action to be taken by Beneficial H Shareholders holding interests in H Shares through CCASS who wish to apply for excess H Rights Shares

Excess H Rights Shares application procedures

If you are a Beneficial H Shareholder whose H Shares are deposited in CCASS and registered in the name of HKSCC Nominees, and you wish to apply for excess H Rights Shares, you should (unless you are a CCASS Investor Participant) contact your Intermediary and provide your Intermediary with instructions or make arrangements with your Intermediary in relation to the application for excess H Rights Shares. Such instructions and/or arrangements should be given or made in advance of the latest time for application and payment for excess H Rights Shares in the section headed “Expected Timetable” in this prospectus and otherwise in accordance with the requirements of your Intermediary, in order to allow your Intermediary sufficient time to ensure that your instructions are given effect. The procedures for application for excess H Rights Shares by Beneficial H Shareholders who are CCASS Participants shall be in accordance with the General Rules of CCASS, the CCASS Operational Procedures and any other requirements of CCASS. Beneficial H Shareholders who are CCASS Investor Participants should contact CCASS to provide CCASS with instructions or make arrangements with CCASS in relation to any applications for excess H Rights Shares. The procedure for application for excess H Rights Shares by Beneficial H Shareholders who have been admitted to participate in CCASS as CCASS Investor Participants shall be in accordance with “Operating Guide for Investor Participants” in effect from time to time and any other requirements of CCASS.

Important notice and representations and warranties relating to the Beneficial H Shareholders in any of the Specified Territories holding interests in H Shares through CCASS

What is set out under the heading “Important notice and representations and warranties relating to the Beneficial H Shareholders in any of the Specified Territories holding interests in H Shares through CCASS” above in the paragraph headed “Procedure for acceptance or transfer” also applies to applications for excess H Rights Shares, with appropriate changes to reflect that the context is an application for excess H Rights Shares.

Conditions of the H Share Rights Issue

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

- (i) the approval of the Rights Issue by the Shareholders at the EGM;

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- (ii) the approval of the Rights Issue at the H Shares Class Meeting and the Domestic Shares Class Meeting, respectively;
- (iii) the Listing Committee of the Hong Kong Stock Exchange agreeing to grant the listing of, and permission to deal in, the H Rights Shares in their nil-paid and fully-paid forms on the Hong Kong Stock Exchange, either unconditionally or subject to such conditions which the Company accepts and the satisfaction of such conditions (if any) by no later than the date of the delivery of this 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 Registrar of Companies 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 Latest Practicable Date, 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.

IRREVOCABLE UNDERTAKINGS FROM SHAREHOLDERS

The Company has received an irrevocable undertaking from each of Communications Group (the Controlling Shareholder) and 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 Latest Practicable Date, (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 Latest Practicable Date, 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.

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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.

The H Share Rights Issue will proceed on a fully underwritten basis.

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.

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

H Share Rights Issue Underwriting Arrangement

The Underwriting Agreement

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;

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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 Latest Practicable Date.

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}

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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.

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 conversion price of HK\$7.30 on or before the Record Date. As of the Latest Practicable Date, none of the 2021 Convertible Bonds was converted into the H Shares of the Company.

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;
- (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);

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- (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;

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- (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;

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- (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

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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 circumstances 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

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- (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 conditions 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 depository in connection with the issue of depository 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

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- (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 have been 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).

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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 the Latest Practicable Date:	2,909,260,000 Domestic Shares
Number of Domestic Rights Shares proposed to be issued:	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 was separately agreed in writing between the Company and the Communications Group on September 25, 2023.

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.

Rights Issue Price for the Domestic Rights Shares

The Rights Issue Price of RMB3.73 per Domestic Rights Share is payable in full when a Qualified Domestic Shareholder accepts the relevant provisional allotment of Domestic Rights Shares.

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Expected timetable of Domestic Share Rights Issue

Domestic Share Record Date Monday, November 20, 2023

Commencement of the Domestic Share Rights Issue and the 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 this 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:

- (i) the approval of the Rights Issue by the Shareholders at the EGM;
- (ii) the approval of the Rights Issue at the Domestic Shareholders Class Meeting and the H Shareholders Class Meeting, respectively; and
- (iii) 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 Latest Practicable Date, all of the conditions above have been fulfilled.

On September 25, 2023, the Company and Communications Group entered into a subscription agreement, pursuant to which Communications Group agreed to take up to 1,105,518,800 Domestic Rights Shares under the Domestic Share Rights Issue at the Rights Issue Price subject to fulfillment of the conditions for Domestic Shares Rights Issue and H Shares Rights Issue.

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

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Irrevocable Undertakings by Shareholders

The Company has received an irrevocable undertaking from each of Communications Group (the Controlling Shareholder) and 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.

CHANGES IN THE SHAREHOLDING STRUCTURE 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 Latest Practicable Date 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 Latest Practicable Date 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	As at the Latest Practicable Date			Immediately following completion of the Rights Issue	
	Number of Shares	Approximate percentage of the total number of Shares	Number of Shares to be increased under the Rights Issue ^(note 1)	Number of Shares	Approximate percentage of the total number of Shares
Domestic Shares					
Communications Group	2,909,260,000 ^(note 2)	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 ^(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)	1,118,626,500	25.76%	425,078,070	1,543,704,570	25.76%
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%	1,650,383,510	5,993,498,010	100.00%

LETTER FROM THE BOARD

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 Latest Practicable Date, 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. The Company issued the zero coupon convertible bonds of EUR230 million on the Hong Kong Stock Exchange on January 21, 2021, which will be due in January 2026. As at the Latest Practicable Date, none of such 2021 Convertible Bonds was converted into the H Shares of the Company. For details of the 2021 Convertible Bonds, please refer to the section headed “Share Capital” of “Appendix III - Statutory and General Information”.
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.

LETTER FROM THE BOARD

2. 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	As at the Latest Practicable Date		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		
	Number of Shares as at the Latest Practicable Date	Approximate percentage of the total number of Shares	Number of Shares to be increased under the Rights Issue <i>(note 1)</i>	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 <i>(note 2)</i>	2,909,260,000	66.99%	1,105,518,800	4,014,778,800	66.99%
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 <i>(note 3)</i>	263,706,000	6.07%	100,208,280	363,914,280	6.07%
Universal Cosmos Limited <i>(note 4)</i>	51,522,000	1.19%	19,578,360	71,100,360	1.19%
H Shares held by the public <i>(note 5)</i>	1,118,626,500	25.76%	425,078,070	1,543,704,570	25.76%
<i>Subscribers procured by the Underwriters</i>	–	–	425,078,070	425,078,070	7.09%
<i>Other H Share held by the public</i>	1,118,626,500	25.76%	–	1,118,626,500	18.66%
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:

- 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.
- 2,909,260,000 Shares are directly held by the Communications Group. As at the Latest Practicable Date, the Communications Group held 66.99% of the issued share capital of the Company and was a core connected person of the Company.
- China Merchants Expressway is a substantial shareholder of a subsidiary of the Company and thus constitutes a core connected person of the Company.

LETTER FROM THE BOARD

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 Latest Practicable Date 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. The Company issued the zero coupon convertible bonds of EUR230 million on the Hong Kong Stock Exchange on January 21, 2021, which will be due in January 2026. As at the Latest Practicable Date, none of such 2021 Convertible Bonds was converted into the H Shares of the Company. For details of the 2021 Convertible Bonds, please refer to the section headed “Share Capital” of “Appendix III - Statutory and General Information”.
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 Latest Practicable Date, 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.

LETTER FROM THE BOARD

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 past 12 months from the Latest Practicable Date.

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 the 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 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 5.1% 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 close to or already exceeded the designed saturated traffic volumes, resulting in 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.

LETTER FROM THE BOARD

(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 Shaoxing Section of the Ningbo-Jinhua Expressway with a total length of about 73.4 km, (ii) the reconstruction and expansion project of the Jinhua Section of the Ningbo-Jinhua Expressway with a total length of about 69.74 km, and (iii) 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. The above reconstruction and expansion projects 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.

LETTER FROM THE BOARD

The specific use of the proceeds raised from the Rights Issue are as follows (the actual available proceeds (in RMB) for each use below is subject to the foreign exchange rate of HKD to RMB upon completion of the Rights Issue, and the final use of the proceeds is subject to the approval of the CSRC and other relevant regulatory authorities):

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

Approximately RMB5,200 million 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.

LETTER FROM THE BOARD

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 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. 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 Jiaying, is an important north-south route in the central region of the Yangtze River Delta. The expressway, as an important inter-provincial route between Zhejiang Province and Jiangsu Province, mainly connects northern Zhejiang and southern Jiangsu region.

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

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 promote the construction of regional economic integration of the Yangtze River Delta. The Company entered into an agreement with relevant parties in 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. 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.

LETTER FROM THE BOARD

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

Approximately RMB950 million 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.

ADDITIONAL INFORMATION

Your attention is also drawn to the additional information set out in the appendices to this prospectus and in the 2020, 2021 and 2022 annual reports and 2023 interim report of the Company.

Yours faithfully,
On behalf of the Board
Zhejiang Expressway Co., Ltd.
Yuan Yingjie
Chairman

FINANCIAL INFORMATION OF THE GROUP

Financial information of the Group for each of the three financial years ended December 31, 2020, 2021 and 2022 and for the six months ended June 30, 2023 are disclosed in the following documents which have been published on the websites of the Hong Kong Stock Exchange (<http://www.hkexnews.hk>) and the Company (www.zjec.com.cn) and can be accessed by the direct hyperlink below:

- the annual report of the Company for the year ended December 31, 2020 published on March 31, 2021 (pages 101 to 270):
<https://www1.hkexnews.hk/listedco/listconews/sehk/2021/0331/2021033100890.pdf>
- the annual report of the Company for the year ended December 31, 2021 published on March 31, 2022 (pages 97 to 282):
<https://www1.hkexnews.hk/listedco/listconews/sehk/2022/0331/2022033101917.pdf>
- the annual report of the Company for the year ended December 31, 2022 published on March 31, 2023 (pages 105 to 286):
<https://www1.hkexnews.hk/listedco/listconews/sehk/2023/0331/2023033103667.pdf>
- the interim report of the Company for the six months ended June 30, 2023 published on August 31, 2023 (pages 26 to 59):
<https://www1.hkexnews.hk/listedco/listconews/sehk/2023/0831/2023083100257.pdf>

INDEBTEDNESS STATEMENT

As at the close of business on September 30, 2023, being the latest practicable date for the purpose of this indebtedness statement prior to the printing of this Prospectus, the Group had aggregate outstanding indebtedness of approximately RMB54,167.28 million comprising the following:

- (i) secured and guaranteed bank borrowings of approximately RMB10,881.41 million, secured mainly by toll collection rights of the relevant expressways, trade receivables and customers' stock;
- (ii) unsecured and unguaranteed bank borrowings of approximately RMB1,608.75 million;
- (iii) unsecured and unguaranteed bonds and notes liabilities of approximately RMB39,303.01 million;
- (iv) secured and unguaranteed other borrowings of approximately RMB972.77 million;
- (v) unsecured and unguaranteed other borrowings of approximately RMB974.31 million; and
- (vi) unsecured and unguaranteed lease liabilities of approximately RMB427.03 million.

Save as aforesaid or otherwise mentioned herein, and apart from intra-group liabilities and normal trade payables in the ordinary course of the business, the Group did not have any other outstanding borrowings, mortgages, charges, debentures, loan capital and overdraft, debt securities or other similar indebtedness, finance leases or hire purchase commitment, liabilities under acceptances or acceptance credits or any guarantees or other material contingent liabilities at the close of business on September 30, 2023, being the latest practicable date for the purpose of this statement of indebtedness prior to printing of this Prospectus.

WORKING CAPITAL SUFFICIENCY

The Directors are of the opinion that, taking into account the financial resources available to the Group, the available facilities and the estimated net proceeds from the Domestic Share Rights Issue and H Share Rights Issue, the working capital available to the Group is sufficient for the Group's requirements for at least 12 months from the date of this prospectus in the absence of unforeseen circumstances.

FINANCIAL AND TRADING PROSPECTS OF THE GROUP

Looking ahead to the year of 2023, geopolitical situation, trade protectionism, inflation and other risk factors will continue to increase the uncertainty and unpredictability of global economic development. In the face of various pressures and challenges, the PRC government will accelerate efforts to foster a new development pattern, strengthen the role of macro policies in regulating economy, focus on expanding domestic demand and boosting confidence, and timely adjust and optimize real estate policies. With the effective implementation of various policies to stabilize economic growth, Chinese economy is expected to continuously recover in the year of 2023. The traffic volume and toll revenue of expressways of the Group will maintain a stable growth due to general improvement in economy.

The Group will uphold the principle of sustainable development, and consistently enhance its market-oriented operation. The Group will fully implement integrated road management works, improve contingency measures to ensure smooth operation, and focus on service guarantees for the Asian Games to continuously improve the traffic efficiency of road network. It will enrich the "Expressway+" projects and enhance marketing efforts and preferential services to constantly improve its capability to attract customers and bring in more revenue. The Group plans to complete the intelligent transformation of the entire section of the Shanghai-Hangzhou-Ningbo Expressway with high quality, creating a model for the construction of intelligent expressways. It will accelerate the transformation of scientific research achievements, increase key maintenance technological research, and enhance scientific and technological innovation capabilities. In addition, it will facilitate the construction of various digital scenarios in an orderly manner to fully leverage the value of big data and effectively support operation and management.

APPENDIX II UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE GROUP

A. STATEMENT OF UNAUDITED PROFORMA ADJUSTED CONSOLIDATED NET TANGIBLE ASSETS OF THE GROUP

The following is the statement of unaudited proforma adjusted consolidated net tangible assets of the Group attributable to the owners of the Company (the “**Unaudited Pro Forma Financial Information**”) which has been prepared by the Directors of the Company in accordance with Rule 4.29 of the Listing Rules to illustrate the effect of the Rights Issue on the unaudited consolidated net tangible assets of the Group attributable to the owners of the Company as if the Rights Issue had taken place on June 30, 2023.

The Unaudited Pro Forma Financial Information is prepared for illustrative purpose only and based on the judgements, estimates and assumptions of the Directors, and because of the hypothetical nature, it may not give a true picture of the consolidated net tangible assets of the Group attributable to the owners of the Company as at the date to which it is made up or at any future date.

The Unaudited Pro Forma Financial Information is prepared based on the unaudited consolidated net tangible assets of the Group attributable to owners of Company as at June 30, 2023 as extracted from the published interim report of the Company for the six months ended June 30, 2023 and is adjusted for the effect of the Rights Issue as if the Rights Issue had been completed on June 30, 2023.

Unaudited consolidated net tangible assets attributable to the owners of the Company as at June 30, 2023 <i>RMB'000</i> <i>(Note 1)</i>	Net proceeds from Rights Issue <i>RMB'000</i> <i>(Note 2)</i>	Unaudited pro forma adjusted consolidated net tangible assets attributable to the owners of the Company as at June 30, 2023 <i>RMB'000</i>	Unaudited consolidated net tangible assets attributable to the Company per Share before completion of Rights Issue <i>RMB</i> <i>(Note 3)</i>	Unaudited pro forma adjusted consolidated net tangible assets attributable to the owners of the Company per Share immediately after completion of Rights Issue <i>RMB</i> <i>(Note 4)</i>
Based on 544,864,710 H Rights Shares at subscription price of HK\$4.06 per H Rights Share and 1,105,518,800 Domestic Rights Shares at Subscription price of RMB3.73 per Domestic Rights Share				
12,812,547	6,120,000	18,932,547	2.95	3.16

APPENDIX II UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE GROUP

Notes:

1. The unaudited consolidated net tangible assets of the Group attributable to owners of the Company as at June 30, 2023 is based on the unaudited consolidated net assets of the Group attributable to owners of the Company as at June 30, 2023 of approximately RMB31,852,664,000 as extracted from the unaudited condensed consolidated statement of financial position of the Group as at June 30, 2023 as set out in the published interim report of the Company for the six months ended June 30, 2023 after deducting expressway operating rights of approximately RMB18,632,431,000, goodwill of approximately RMB86,867,000 and other intangible assets of RMB320,819,000 as extracted from the unaudited condensed consolidated statement of financial position of the Group as at June 30, 2023 as extracted from the published interim report of the Company for the six months ended June 30, 2023.
2. The net proceeds from the Rights Issue is estimated to be approximately RMB6,120,000,000 based on 544,864,710 H Rights Shares to be issued at Subscription Price of HK\$4.06 per H Rights Share and 1,105,518,800 Domestic Rights Shares at Subscription Price of RMB3.73 per Domestic Rights Share and after deducting all directly attributable transaction costs which is estimated to be approximately RMB30,200,000.
3. Based on the unaudited consolidated net tangible assets of the Group attributable to the owners of the Company as at June 30, 2023 of approximately RMB12,812,547,000, divided by 4,343,114,500 Shares in issue as at the June 30, 2023.
4. Based on the unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to the owners of the Company immediately after completion of the Rights Issue, which is arrived at after aggregating the unaudited consolidated net tangible assets of the Group attributable to the owners of the Company of approximately RMB12,812,547,000 as at June 30, 2023 and the estimated net proceeds of RMB6,120,000,000 from the Rights Issue divided by 5,993,498,010 Shares which comprise 4,343,114,500 Shares in issue as at June 30, 2023 and 1,650,383,510 Rights Shares.
5. No adjustment has been made to the unaudited pro forma adjusted consolidated net tangible assets to reflect any trading or other transactions of the Group entered into subsequent to June 30, 2023.

APPENDIX II UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE GROUP

B. INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON THE COMPILATION OF UNAUDITED PRO FORMA FINANCIAL INFORMATION

The following is the text of a report received from the independent reporting accountant, Confucius International CPA Limited, Certified Public Accountants, Hong Kong, in respect of the Group's unaudited pro forma financial information for the purpose of inclusion in this prospectus.



天健國際會計師事務所有限公司
Confucius International CPA Limited

Certified Public Accountants

香港灣仔莊士敦道181號大有大廈15樓1501-08室
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To the directors of Zhejiang Expressway Co., Ltd.

We have completed our assurance engagement to report on the compilation of unaudited proforma financial information of Zhejiang Expressway Co., Ltd. (the “**Company**”) and its subsidiaries (collectively referred to as the “**Group**”) by the directors of the Company for illustrative purposes only. The unaudited proforma financial information consists of the unaudited pro forma statement of adjusted consolidated net tangible assets of the Group attributable to the owners of the Company as at 30 June 2023 and related notes (the “**Unaudited Pro Forma Financial Information**”) as set out on pages II-1 to II-2 of Appendix II of the Company’s prospectus dated 21 November 2023 (the “**Prospectus**”) in connection with the proposed 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 held on the record date at HK\$4.06 per H rights share and 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 held on the record date at RMB3.73 per domestic rights share (the “**Rights Issue**”). The applicable criteria on the basis of which the directors of the Company have compiled the unaudited proforma financial information are described on pages II-1 to II-2 of Appendix II of the Prospectus.

The Unaudited Pro Forma Financial Information has been compiled by the directors of the Company to illustrate the impact of the Rights Issue on the Group’s financial position as at 30 June 2023 as if the Rights Issue had taken place on 30 June 2023. As part of this process, information about the Group’s financial position has been extracted by the directors of the Company from the Group’s unaudited condensed consolidated financial statements for the six months ended 30 June 2023, on which an interim report has been published.

Directors’ Responsibility for the Unaudited Pro Forma Financial Information

The Directors are responsible for compiling the Unaudited Pro Forma Financial Information in accordance with paragraph 4.29 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) and with reference to Accounting Guideline 7 “Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars” (“**AG7**”), issued by the Hong Kong Institute of Certified Public Accountants (the “**HKICPA**”).

APPENDIX II UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE GROUP

Our Independence and Quality Management

We have complied with the independence and other ethical requirements of the “Code of Ethics for Professional Accountants” issued by the HKICPA, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

Our firm applies Hong Kong Standard on Quality Management 1, “Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements” issued by the HKICPA, which requires the firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Reporting Accountant’s Responsibilities

Our responsibility is to express an opinion, as required by paragraph 4.29(7) of the Listing Rules, on the Unaudited Pro Forma Financial Information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the Unaudited Pro Forma Financial Information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

We conducted our engagement in accordance with Hong Kong Standard on Assurance Engagements 3420 “Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus” issued by the HKICPA. This standard requires that the reporting accountant plan and perform procedures to obtain reasonable assurance about whether the Directors have compiled the Unaudited Pro Forma Financial Information in accordance with paragraph 4.29 of the Listing Rules and with reference to AG 7 issued by the HKICPA.

For purposes of this engagement, we are not responsible for updating or reissuing any report or opinions on any historical financial information used in compiling the Unaudited Pro Forma Financial Information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the Unaudited Pro Forma Financial Information.

The purpose of the Unaudited Pro Forma Financial Information included in the Prospectus is solely to illustrate the impact of a significant event or transaction on unadjusted financial information of the entity as if the event had occurred or the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the event or transaction on 30 June 2023 would have been as presented.

A reasonable assurance engagement to report on whether the Unaudited Pro Forma Financial Information has been properly compiled on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the Directors in the compilation of the Unaudited Pro Forma Financial Information provides a reasonable basis for presenting the significant effects directly attributable to the event or transaction, and to obtain sufficient appropriate evidence about whether:

- the related unaudited pro forma adjustments give appropriate effect to those criteria; and

APPENDIX II UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE GROUP

- the Unaudited Pro Forma Financial Information reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on the reporting accountant's judgment, having regard to the reporting accountant's understanding of the nature of the Group, the event or transaction in respect of which the Unaudited Pro Forma Financial Information has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the Unaudited Pro Forma Financial Information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion:

- (a) the Unaudited Pro Forma Financial Information has been properly compiled by the directors of the Company on the basis stated;
- (b) such basis is consistent with the accounting policies of the Group; and
- (c) the adjustments are appropriate for the purposes of the Unaudited Pro Forma Financial Information as disclosed pursuant to paragraph 4.29(1) of the Listing Rules.

Confucius International CPA Limited

Certified Public Accountants

Chan Lap Chi

Practising Certificate Number: P04084

Hong Kong, 21 November 2023

RESPONSIBILITY STATEMENT

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

DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT**Particulars of the Directors, Supervisors and senior management of the Company**

Name	Address
Directors	
Chairman	
YUAN Yingjie	No. 3 Mingzhu International Business Center, 199 Wuxing Road, Hangzhou City, Zhejiang Province, the PRC
Executive Directors	
WU Wei	No. 2 Mingzhu International Business Center, 199 Wuxing Road, Shangcheng District, Hangzhou City, Zhejiang Province, the PRC
LI Wei	No. 2 Mingzhu International Business Center, 199 Wuxing Road, Shangcheng District, Hangzhou City, Zhejiang Province, the PRC
Non-executive Directors	
YANG Xudong	China Merchants Tower, 118 Jianguo Road, Chaoyang District, Beijing, the PRC
FAN Ye	No. 3 Mingzhu International Business Center, 199 Wuxing Road, Hangzhou City, Zhejiang Province, the PRC
HUANG Jianzhang	No. 3 Mingzhu International Business Center, 199 Wuxing Road, Hangzhou City, Zhejiang Province, the PRC

Name	Address
Independent Non-executive Directors	
PEI Ker-Wei	9457 E Windrose Drive, Scottsdale, AZ 85260, the United States of America
LEE Wai Tsang, Rosa	21/F, Silver Fortune Plaza, 1 Wellington Street, Central, Hong Kong
CHEN Bin	69 Nanfu Road, Shangcheng District, Hangzhou City, Zhejiang Province, the PRC
Supervisors	
LU Wenwei	No. 3 Mingzhu International Business Center, 199 Wuxing Road, Hangzhou City, Zhejiang Province, the PRC
HE Meiyun	Menghu Villa, Hangzhou City, Zhejiang Province, the PRC
WU Qingwang	Delixi Building, 28 Xueyuan Road, Xihu District, Hangzhou City, Zhejiang Province, the PRC
LU Xinghai	No. 2 Mingzhu International Business Center, 199 Wuxing Road, Shangcheng District, Hangzhou City, Zhejiang Province, the PRC
WANG Yubing	No. 2 Mingzhu International Business Center, 199 Wuxing Road, Shangcheng District, Hangzhou City, Zhejiang Province, the PRC
Senior Management	
HAN Jinghua	No. 2 Mingzhu International Business Center, 199 Wuxing Road, Shangcheng District, Hangzhou City, Zhejiang Province, the PRC
Tony H. ZHENG	No. 2 Mingzhu International Business Center, 199 Wuxing Road, Shangcheng District, Hangzhou City, Zhejiang Province, the PRC
ZHANG Xiuhua	No. 2 Mingzhu International Business Center, 199 Wuxing Road, Shangcheng District, Hangzhou City, Zhejiang Province, the PRC
WANG Bingjiong	No. 2 Mingzhu International Business Center, 199 Wuxing Road, Shangcheng District, Hangzhou City, Zhejiang Province, the PRC
WU Xiangyang	No. 2 Mingzhu International Business Center, 199 Wuxing Road, Shangcheng District, Hangzhou City, Zhejiang Province, the PRC
ZHAO Dongquan	No. 2 Mingzhu International Business Center, 199 Wuxing Road, Shangcheng District, Hangzhou City, Zhejiang Province, the PRC
RUAN Liya	No. 2 Mingzhu International Business Center, 199 Wuxing Road, Shangcheng District, Hangzhou City, Zhejiang Province, the PRC

BIOGRAPHIES OF THE DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT OF THE COMPANY**Directors*****Chairman and Non-executive Director***

Mr. YUAN Yingjie, born in 1976, is a senior engineer. He obtained a Bachelor's degree of Engineering in Highways and Urban Roads from Xi'an University of Expressway Traffics, and both Master's and Doctoral degrees of Engineering in Roads and Railways Engineering from Chang'an University. Since 2004, Mr. Yuan has worked in Zhejiang Highway Management Bureau and Zhejiang Department of Transportation. From 2014, he was deputy director of Construction Management Office of Zhejiang Department of Transportation. From 2017, he was deputy director of chief engineer office of Communications Group. From 2018, he was deputy general manager of the expressway construction department, deputy general manager and general manager of the expressway management department of Communications Group. From May 2021 to September 2023, he served as the general manager of the Company. He is currently a Non-executive Director, and the Chairman of the Company, and a Deputy General Manager and a Member of the Party Committee of Communications Group.

Executive Directors

Mr. WU Wei, born in 1969, is a professorial senior engineer with a Bachelor's Degree. Mr. Wu began work in July 1991. He served as Deputy General Manager and General Party Branch Secretary of Zhejiang Communications Construction Group Third Communications Construction Co., Ltd.* (浙江省交通工程建設集團第三交通工程有限公司); General Manager of Zhejiang Communications Construction Group Third Communications Construction Co., Ltd.; Deputy General Manager and Party Committee Member of Zhejiang Communications Construction Group Co., Ltd.* (浙江省交通工程建設集團有限公司); Director, General Manager and Party Committee Member of Zhejiang Communications Construction Group Co., Ltd.; Director, General Manager and Deputy Party Secretary of Zhejiang Communications Construction Group Co., Ltd.* (浙江交工集團股份有限公司, formerly known as 浙江省交通工程建設集團有限公司); Chairman and Party Secretary of Zhejiang Communications Resources Investment Co., Ltd.* (浙江交通資源投資有限公司); Chairman and Party Secretary of Zhejiang Communications Technology Co., Ltd.* (浙江交通科技股份有限公司) (stock code: 002061.SZ); Chairman and Party Secretary of Zhejiang Communications Construction Group Co., Ltd. Mr. Wu is currently the Executive Director, general manager and Party Secretary of the Company.

Mr. LI Wei, born in 1969, is a senior engineer. He graduated from Lanzhou Jiaotong University with a Bachelor's Degree in engineering. Mr. Li studied logistics management at Dresden University of Technology in Germany from 2004 to 2005. Mr. Li started his career in July 1991, and served as Deputy Director of Jinhua Management Office of Zhejiang JinLiWen Expressway Co., Ltd.* (浙江金麗溫高速公路有限公司金華管理處) and Office Director, Vice Chairman of Labor Union, Deputy General Manager and Party Committee Member of Zhejiang JinLiWen Expressway Co., Ltd.* (浙江金麗溫高速公路有限公司). He also worked as Deputy General Manager and Party Committee Member in Zhejiang ShenSuZheWan Expressway Co., Ltd.* (浙江申蘇浙皖高速公路有限公司), and Deputy General Manager for each of Zhejiang ShenJiaHuHang Expressway Co., Ltd.* (浙江申嘉湖杭高速公路有限公司), Zhejiang Expressway Logistics Co., Ltd.* (浙江高速物流有限公司), Zhejiang Ningbo YongTaiWen Expressway Co., Ltd.* (浙江寧波甬台溫高速公路有限公司), Zhejiang Taizhou YongTaiWen Expressway Co., Ltd.* (浙江台州甬台溫高速公路有限公司), Zhejiang Zhoushan Bay Bridge Co., Ltd.* (浙江舟山跨海大橋有限公司) and Zhejiang Zhoushan Northbound Expressway Co., Ltd.* (浙江舟山北向大通道有限公司). Mr. Li is currently the Executive Director, Deputy General Manager and a Party Committee Member of the Company.

Non-Executive Directors

Mr. YANG Xudong, born in 1973, is a senior engineer. He graduated from Highway School of Chang'an University with a Doctoral Degree in Road and Railway Engineering. Mr. Yang served as Deputy General Manager of China Merchants Expressway, Chairman of China Merchants & China Railway Holdings Co., Ltd., and General Manager of Guangxi Huatong Expressway Co., Ltd., Guangxi Guiwu Expressway Guiyang Section Investment Construction Co., Ltd., Guangxi Guixing Expressway Investment Construction Co., Ltd. and Guilin Harbour Construction Expressway Co., Ltd. He is currently the Director and General Manager of China Merchants Expressway. Mr. Yang also serves as Deputy Chairman of Guangxi Wuzhou Communications Co., Ltd., Director of Anhui Expressway Co., Ltd., Deputy Chairman of Shanxi Communications Industry Development Group Co., Ltd.

Mr. FAN Ye, born in 1982, is an economist. He graduated from Zhejiang University with a Doctoral Degree in Economy. Since 2010, Mr. Fan has served at the Investment Development Department of Zhejiang Economy Construction Investment Co., Ltd. Since 2013, he has served at the Railway Transportation Department of Zhejiang Economy Construction Investment Co., Ltd., and served as Assistant General Manager, General Manager of the New Industry Department of CSR Hangzhou Rail Transit Co., Ltd. Since 2014, Mr. Fan has served as Deputy General Manager of Zhejiang Economy Construction Investment Co., Ltd., and since 2018 he has been the Deputy General Manager of Zhejiang Jiaotou Real Estate Group Co., Ltd.* (浙江省交投地產集團有限公司). Since 2020, he has served as General Manager of the Industrial Investment Management Department (I) of Communications Group. Mr. Fan is currently the General Manager of the Strategic Development Department of Communications Group.

Mr. HUANG Jianzhang, born in 1980, is a senior economist. He graduated from Zhejiang University majoring in Business Management with a Master's Degree in Management. Mr. Huang began work in March 2005. He served as Deputy General Manager of Juhua Holdings Co., Ltd.; Manager of the Securities Department of Zhejiang Juhua Co., Ltd.; Assistant Director and Deputy Director of the Board Secretary's Office of Zhejiang Expressway Co., Ltd.; Deputy Manager (in charge of the work) and Manager of the Investment and Development Department of Zhejiang Expressway Co., Ltd. Mr. Huang is currently the Deputy General Manager of the Strategic Development Department of Communications Group.

Independent Non-Executive Directors

Mr. PEI Ker-Wei, born in 1957, is a Professor Emeritus in Accounting at the School of Accountancy at the W. P. Carey School of Business-Arizona State University. Mr. Pei received his Ph.D. Degree in Accounting from University of North Texas in 1986. Professor PEI served as the Chairman of the Globalization Committee of the American Accounting Association in 1997 and as the President of the Chinese Accounting Professors Association – North America from 1993 to 1994. Mr. Pei currently also serves as an Independent Director of Want Want China Holdings Limited (HK 00151), Zhong An Group Limited (HK 00672) and AIM Vaccine Co., Ltd. (HK 06660).

Ms. LEE Wai Tsang, Rosa, born in 1977, has over 19 years of experience in the financial sector. She holds a Master of Science in Finance from Boston College and an MBA from University of Chicago. Ms. Lee is a licensed person for asset management under the Securities and Futures Ordinance (“SFO”). Ms. Lee is a Director of Grand Investment (Bullion) Limited and Tianjin Yishang Friendship Holdings Company Ltd. Ms. Lee is a Chief Investment Officer of Grand Capital Holdings Co., Ltd. Ms. Lee was an Executive Director of Grand Investment International Ltd (stock code: 1160) from 2005 to 2018 and was appointed as its Chairman from 2013 to 2017. Ms. Lee also served as a Director of Grand Finance Group Company Ltd from 2005 to 2019.

Mr. CHEN Bin, born in 1967, graduated from University of South China in Computer Science. He also holds a second Bachelor’s Degree from Chongqing University in Management Engineering. Mr. Chen worked at Tianshi Network Company of TCL Group as Deputy General Manager from 1998 to 2005, at WebEx Group in the U.S. as General Manager of China Investment from 2005 to 2006, and at Cybernaut China Investment Fund as Senior Partner from 2006 to 2008. Mr. Chen has become Chairman and Founding Partner of Zhejiang Cybernaut Investment Management Co., Ltd. since 2008.

Supervisors

Mr. LU Wenwei, born in 1978, is a senior accountant. He graduated from the School of Economics and Management at Zhejiang University of Technology with a Master’s Degree in Management. He began work in January 2004. He served as Auditor and Project Manager of Zhejiang Pan-China Certified Public Accountants* (浙江天健會計師事務所); Head of the Financial Management Department of Communications Group; General Manager Assistant, Deputy General Manager and Party Committee Member of Zhejiang Communications Investment Group Finance Co., Ltd.* (浙江省交通投資集團財務有限責任公司); Deputy General Manager of the Financial Management Department of Communications Group; Deputy General Manager and Party Committee Member of Zhejiang Road Industry City Development Group Co., Ltd.* (浙江路產城發展集團有限公司). He is currently the Deputy General Manager (in charge of daily work) of the Financial Management Department of Communications Group.

Mr. LU Xinghai, born in 1967, is a senior economist. He graduated from the Psychology Department of Hangzhou University with a Doctoral Degree in the Management Psychology. Mr. Lu had served as the Manager of Human Resources Department of Hangzhou Zhongcui Food Co., Ltd. and Deputy Manager of Human Resources Department of the Company. Mr. Lu is currently the Director of Party Committee Affairs Department (News Center) and a Supervisor Representing Employee of the Company.

Mr. WANG Yubing, born in 1969, is a senior accountant. He graduated from Shanghai University of Finance and Economics with a Bachelor’s Degree. He started his career in 1991 and worked at the audit office of East China Investigation and Design Institute. He had served as Head of Finance Department of Hangzhou KFC Ltd, Principal Accountant of Finance Department of Zhejiang Liantong Leasing Co., Ltd. Then he served as Supervisor in the Financial Planning Department, Supervisor in the Internal Audit Department, Assistant Manager and Deputy Manager of the Audit and Legal Department in the Company. He is currently the Manager of Audit and Legal Department (Comprehensive Supervision Department) and a Supervisor Representing Employee of the Company.

Ms. HE Meiyun, born in 1964, is a senior economist. She graduated from Zhejiang University in 1986 with a Bachelor's Degree in Education and later received an Executive Master of Business Admiration (EMBA) in Cheung Kong Graduate School of Business. Ms. He had served as the Secretary of Youth League Committee at the Hangzhou Business School and as a Secretary to the Board, Deputy General Manager, General Manager and Vice Chairman at Baida Group Co., Ltd., a company listed on the Shanghai Stock Exchange. Ms. He also served as a General Manager of Ping An Securities Company Limited, Zhejiang Branch, Executive Deputy Director of the Professional Secretarial Committee to the board of directors of Zhejiang Provincial Listed Company Association, Deputy Secretary General of Hangzhou Joint Stock Promotion Association, an Independent Director of Lanzhou Minbai Co., Ltd., and an Independent Director of Xilinmen Co., Ltd. Ms. He currently serves as Vice Chairman of Zhejiang Shiqiang Group Co., Ltd., a Member of the Equity Investment and M&A Committee of Zhejiang Merchants Association, a Supervisor of Zhejiang M&A Federation, an Independent Director of Gujia Home Furnishing Co., Ltd. and an Independent Director of Gree Real Estate Co., Ltd.

Mr. WU Qingwang, born in 1965, is a PRC Lawyer. He graduated from Hangzhou University with a Bachelor's Degree in Law in 1989 and later received a Master's Degree and a Doctoral Degree in Civil and Commercial Law in Southwest University of Political Science and Law in 1995 and 2004, respectively. Mr. Wu had worked in Chun'an Justice Bureau since 1989 and in Zhejiang Securities Co., Ltd. from 1995 to 1996. Mr. Wu has been working in Zhejiang Xinyun Law Firm and is currently a Partner, specializing in civil and commercial litigation, arbitration and project negotiation. Mr. Wu is on the Panel of Arbitrators in China International Economic and Trade Arbitration Commission and Shanghai International Economic and Trade Arbitration Commission.

Senior Management

Mr. HAN Jinghua, born in 1979, graduated from the School of Economics and Management at Zhejiang University of Technology majoring in economics and management with a Master's Degree in Management, and obtained the title of economist. Mr. Han started his career in July 2006 and served as the secretary to the office of Zhejiang Wenzhou YongTaiWen Expressway Co., Ltd., and joined Communications Group in April 2010, successively served as the assistant to the head of the secretariat of the board of directors, the deputy head, the office deputy head, the head of the secretariat of the board of directors, etc. Mr. Han currently serves as the deputy secretary of the Party Committee, the secretary of the Discipline Committee and the Chairman of Labor Union of the Company.

Mr. Tony H. ZHENG, born in 1969, graduated from University of California at Berkeley with a Bachelor of Science Degree in Civil Engineering in 1995. Mr. Zheng joined the Company in June 1997, and had served as Deputy Director of the Secretarial Office to the Board, Assistant Company Secretary, Director of the Secretarial Office to the Board and Director of Hong Kong Representative Office of the Company. Mr. Zheng is currently the Deputy General Manager and Company Secretary of the Company. He also serves as a Director of Zhejiang Expressway International (Hong Kong) Co., Ltd.

Ms. ZHANG Xiuhua, born in 1969, is a senior economist. Ms. Zhang graduated from Chongqing Jiaotong University majoring in transportation management with a bachelor's degree in science, and obtained a master's degree in business administration from Zhejiang University in 2006. From July 1991 to February 1997, she worked in the Operation Division of the Zhejiang Provincial Expressway Executive Commission. She has worked in the Company since March 1997, and served as Assistant Manager, Deputy Manager, Manager of the Operation Department and Assistant to General Manager. Ms. Zhang is currently the Deputy General Manager and a Party Committee Member of the Company.

Mr. WANG Bingjiong, born in 1967, graduated from the Party School of the Communist Party of China majoring in business administration. He has a title of Engineer. Mr. Wang has worked since 1989. He had served as Deputy General Manager at the Expressway Administration Department of Communications Group. Mr. Wang is currently the Deputy General Manager and a Party Committee Member of the Company.

Mr. WU Xiangyang, born in 1972, is a professor-level senior engineer, having a Master's Degree in engineering from Chang'an University and a Bachelor's Degree in engineering from Harbin University of Civil Engineering and Architecture. Mr. Wu started his career in 1996, and served as Assistant Manager of the Project Maintenance Department and Assistant General Manager of the Traffic Operation Management Department of Communications Group, Deputy Chief Commissioner of Hangzhou Regional Construction Commission, Hangzhou-Shaoxing Sectional Construction Commission for West Parallel Expressway of Hangzhou Ring Road, Lin'an-Jiande Sectional Construction Commission of Lin'an-Jinhua Expressway and Construction Commission of Zhejiang Jiande-Jinhua Expressway. He also worked as Deputy General Manager and a Member of the Party Committee in Hangzhou City Expressway Co., Ltd., and Deputy General Manager in Zhejiang LinJin Expressway Co., Ltd. and Zhejiang HangXuan Expressway Co., Ltd. Mr. Wu is currently the Deputy General Manager and Party Committee Member of the Company.

Mr. ZHAO Dongquan, born in 1972, is a senior engineer, having a Bachelor's Degree in Civil Engineering from Zhejiang University of Technology. Mr. Zhao started his career in August 1993, and served as Director of the Engineering Department of Xiaoshan Headquarter of Hangzhou-Jinhua-Quzhou Expressway, Deputy Director of the Hangzhou-Shaoxing Administrative Office at Hangjinq Branch of Communications Group, Deputy Chief Commissioner of Hangzhou-Shaoxing Sectional of Hangzhou-Jinhua-Quzhou Expressway Widening Project Commission, Director of the Supervision and Executive Center at Hangjinq Branch, Deputy General Manager of the Traffic Operation Management Department and Deputy General Manager of Management Department of Communications Group. Mr. Zhao is currently the Deputy General Manager and Party Committee Member of the Company.

Ms. RUAN Liya, born in 1983, is a senior economist. She graduated from Zhejiang University with a Master's Degree in Science. Ms. Ruan started her career in 2007, and served as Investment Director of Zhejiang Jinji Real Estate Co., Ltd. She also worked in Communications Group as Director and Assistant Manager of Investment Development Department, as well as Assistant General Manager and Deputy General Manager of Strategic Development and Legal Affairs Department. Ms. Ruan is currently the Chief Financial Officer and Party Committee Member of the Company.

DIRECTORS' AND SUPERVISORS' EMPLOYMENT WITH SUBSTANTIAL SHAREHOLDERS

As at the Latest Practicable Date, the following Directors and Supervisor were in the employment of those companies which had interests or short positions in the Shares or underlying Shares of the Company which are required to be notified to the Company pursuant to Divisions 2 and 3 of Part XV of the SFO:

Name of Director/ Supervisor	Name of Shareholder	Position held in the Shareholder
Mr. YUAN Yingjie	Communications Group	Deputy General Manager and a Member of the Party Committee
Mr. FAN Ye	Communications Group	General Manager of the Strategic Development Department
Mr. HUANG Jianzhang	Communications Group	Deputy General Manager of the Strategic Development Department
Mr. LU Wenwei	Communications Group	Deputy General Manager of the Financial Management Department
Mr. YANG Xudong	China Merchants Expressway	Director and General Manager

PARTIES INVOLVED IN THE RIGHTS ISSUE AND CORPORATE INFORMATION

**Joint Global Coordinators, Joint
Bookrunners and Underwriters
(H Share Rights Issue) (in alphabetical
order)**

BNP Paribas Securities (Asia) Limited
60/F-63/F Two International Finance Centre
8 Finance Street
Central
Hong Kong

CLSA Limited
18/F One Pacific Place
88 Queensway
Hong Kong

DBS Asia Capital Limited
73/F The Center
99 Queen's Road Central
Central
Hong Kong

Underwriters (H Share Rights Issue)
*(in alphabetical order)***China International Capital Corporation
Hong Kong Securities Limited**
29/F One International Finance Centre
1 Harbour View Street
Central
Hong Kong**Zheshang International Financial Holdings
Co., Limited**
Units 1703-1706, 17/F
Infinitus Plaza, 199 Des Voeux Road Central
Sheung Wan
Hong Kong**Legal Advisers to the Company
(H Share Rights Issue)***As to Hong Kong and U.S. laws*
Clifford Chance
27/F Jardine House
1 Connaught Place
Hong Kong*As to PRC law*
Jia Yuan Law Offices
F408 Ocean Plaza
158 Fuxing Men Nei Street
Xicheng District
Beijing, the PRC**Legal Advisers to the Underwriters***As to Hong Kong and U.S. laws*
Davis Polk & Wardwell
10/F, The Hong Kong Club Building
3A Chater Road
Central
Hong Kong*As to PRC law*
Commerce & Finance Law Offices
12-14th Floor, China World Office 2
No. 1 Jianguomenwai Avenue
Beijing, the PRC**Auditor and Reporting Accountant
(H Share Rights Issue)****Confucius International CPA Limited**
*Certified Public Accountants
Registered Public Interest Entity Auditor*
Room 1501-8, 15/F Tai Yau Building
181 Johnston Road
Wan Chai
Hong Kong

H Share Registrar**Hong Kong Registrars Limited**

Shops 1712-1716, 17th Floor
Hopewell Centre
183 Queen's Road East
Wan Chai
Hong Kong

Registered Office of the Company

Room 501, No. 2
Mingzhu International Business Center
199 Wuxing Road,
Shangcheng District
Hangzhou City
Zhejiang Province 310020
The PRC

**Principal Place of Business of the
Company in Hong Kong**

Room 1710B, Office Tower
Convention Plaza
1 Harbour Road, Wan Chai
Hong Kong

Company Secretary of the Company

Mr. Tony H. ZHENG
No. 2
Mingzhu International Business Center
199 Wuxing Road
Shangcheng District
Hangzhou City
Zhejiang Province 310020
The PRC

**Authorised Representatives of the
Company**

Mr. YUAN Yingjie
No. 3
Mingzhu International Business Center
199 Wuxing Road
Hangzhou City
Zhejiang Province 310020
The PRC

Mr. WU Wei
No. 2
Mingzhu International Business Center
199 Wuxing Road,
Shangcheng District
Hangzhou City
Zhejiang Province 310020
The PRC

Principal Banks of the Company

**Industrial and Commercial Bank of China,
Hangzhou Jiefang Road Sub-branch**
No. 223 Jiefang Road, Shangcheng District
Hangzhou City, Zhejiang Province
the PRC

**Shanghai Pudong Development Bank,
Hangzhou Branch**
No. 129 Yan'an Road
Shangcheng District
Hangzhou City, Zhejiang Province
the PRC

SHARE CAPITAL

The total issued share capital of the Company as at the Latest Practicable Date is RMB4,343,114,500.

The following table sets out the Company's shareholding structure as at the Latest Practicable Date and upon completion of the Rights Issue:

Class of Shares	Number of issued Shares as at the Latest Practicable Date	Approximate percentage of the total number of issued Shares	Number of Shares to be issued under the Rights Issue	Number of issued Shares immediately following completion of the Rights Issue	Approximate percentage of the total number of issued Shares immediately following completion of the Rights Issue
H Shares	1,433,854,500	33.01%	544,864,710 ^(Note 1)	1,978,719,210 ^(Note 1)	33.01%
Domestic Shares	2,909,260,000	66.99%	1,105,518,800	4,014,778,800	66.99%
Total	4,343,114,500	100%	1,650,383,510	5,993,498,010	100%

Note:

- Assuming the H Share Rights Issue becomes unconditional and all the H Rights Shares are fully subscribed for.

All H Shares and Domestic Shares presently in issue rank pari passu in all respects as regards voting, dividends, distribution and return of capital.

The H Rights Shares to be allotted and issued pursuant to the H Share Rights Issue will, when issued and fully paid, rank pari passu in all respects with the H Shares then in issue as regards voting, dividends, distributions and return of capital.

The H Shares and the 2021 Convertible Bonds in issue are listed on the Hong Kong Stock Exchange. Save as disclosed, no part of the issued Shares or any other securities of the Company is listed or dealt in on any stock exchange and no application is being made or is currently proposed or sought for the Shares or any other securities of the Company to be listed or dealt in on any other stock exchange.

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 an 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. The holders of the 2021 Convertible Bonds may, (i) from March 2, 2021 or later to the close of business on January 10, 2026 (the close of business at the place where the certificates of 2021 Convertible Bonds are deposited), or (ii) if the Company redeems the convertible bonds before the maturity date of 2021 Convertible Bonds, until and including 3:00 p.m. on any date at least 10 days before the redemption date, convert the 2021 Convertible Bonds into H Shares of the Company. Pursuant to the terms of the 2021 Convertible Bonds, the holders of the 2021 Convertible Bonds may not exercise the conversion right in relation to the 2021 Convertible Bonds during the Company's book closure period. Up to Monday, November 13, 2023, being the Business Day immediately before the commencement of the book closure of the Company, none of the outstanding 2021 Convertible Bonds were converted, and accordingly no new H Share was issued as a result of exercise of outstanding 2021 Convertible Bonds by the holders of the 2021 Convertible Bonds before the Rights Issue Record Date.

Please refer to the announcement of the Company dated November 6, 2023 regarding the adjustments made to the conversion price and the number of H Shares to be issued upon exercise of the conversion rights pursuant to the terms of the 2021 Convertible Bonds.

The Company issued bonds on July 8, 2021 with a principal amount of US\$470,000,000 and an annual interest rate of 1.638%, which will be due in 2026. Interests will be payable semi-annually in arrear on January 14 and July 14 each year.

Zheshang Securities issued the convertible bonds of RMB7.0 billion on June 14, 2022, which will be due in June 2028. Based on the initial conversion price of RMB10.49 pursuant to the terms of the issuance, up to 667,302,192 shares of Zheshang Securities may be issued upon exercise in full of the conversion rights attached to such convertible bonds. Based on the latest adjusted conversion price of RMB10.19, up to 686,947,988 shares of Zheshang Securities may be issued upon exercise in full of the conversion rights attaching to such convertible bonds.

Save as disclosed above, at the Latest Practicable Date, none of the members of the Group had any other outstanding options or convertible securities.

INTERESTS AND SHORT POSITIONS OF DIRECTORS, SUPERVISORS AND THE CHIEF EXECUTIVE OF THE COMPANY IN SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY

As at the Latest Practicable Date, none of the Directors, Supervisors or the chief executive of the Company had interests or short positions in the Shares, underlying Shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO), which were (i) required to be notified to the Company and the Hong Kong Stock Exchange, pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); or (ii) required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein; or (iii) required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Hong Kong Listing Rules, to be notified to the Company and the Hong Kong Stock Exchange.

INTERESTS AND SHORT POSITIONS OF SUBSTANTIAL SHAREHOLDERS

So far as the Directors are aware, as at the Latest Practicable Date, the persons other than the Directors, Supervisors and the chief executive of the Company who had interests or short positions in the Shares and underlying Shares which are discloseable under Divisions 2 and 3 of Part XV of the SFO are as follows:

Substantial Shareholders	Capacity	Class of Shares	Number of Shares held in the Company (Note 1)	Percentage of the issued class Shares of the Company	Percentage of the total issued Shares of the Company
Communication Group	Beneficial owner	Domestic Shares	2,909,260,000	100%	66.99%
China Merchants Expressway (Note 4)	Beneficial owner	H Shares	258,132,000(L)	18.00%	5.94%
JPMorgan Chase & Co. (Note 4)	Person having a security interest in shares	H Shares	102,401,728(L) 16,549,143(S) 28,155,715(P)	7.14% 1.15% 1.96%	2.36% 0.38% 0.65%
BlackRock, Inc (Note 4)	Interest of controlled corporation	H Shares	109,352,485(L) 876,000(S)	7.63% 0.06%	2.52% 0.02%
BNP Paribas SA	Interest of controlled corporation	H Shares	322,240,080(L) 13,096,051(S)	16.29% 0.66% (Note 2)	5.38% 0.22% (Note 3)
Bank of America Corporation (Note 4)	Interest of controlled corporation	H Shares	89,519,913(L) 86,753,264(S)	6.24(L) 6.05(S)	2.06% 2.00%
Citigroup Inc. (Note 4)	Interest of controlled Corporation	H Shares	80,337,669(L) 21,301,414(S)	5.60% 1.48%	1.85% 0.49%
	Approved lending agent		59,177,055(P)	4.12%	1.36%

Notes:

- (L), (S) and (P) are short for long position, short position and lending pool, respectively.
- Each percentage has been calculated based on 1,978,719,210, being the number of H Shares in issue as at the Latest Practicable Date and to be issued upon completion of the H Share Rights Issue.

3. Each percentage has been calculated based on 5,993,498,010, being the number of Shares in issue immediately following completion of the Rights Issue.
4. The above information of the relevant shareholders was based on the public information available on the website of the Hong Kong Stock Exchange for disclosure of interest.

So far as the Directors are aware as at the Latest Practicable Date, the following persons (other than the Directors, Supervisors and the chief executive) were directly or indirectly, be interested in 10% or more of the issued voting shares of any other members of the Group:

Member of the Group	Name of shareholder with 10% or more equity interests (other than the Company)	Approximate percentage of shareholding of the shareholder
Zhejiang Shangsang Expressway Co., Ltd. (浙江上三高速公路有限公司)	China Merchants Expressway	18.38%
Zhejiang Zhoushan Bay Bridge Co., Ltd. (浙江舟山跨海大橋有限公司)	Ningbo Zhoushan Port Co., Ltd. (寧波舟山港集團有限公司)	24.00%
	Zhoushan Communication Investment Group Co., Ltd. (舟山交通投資集團有限公司)	13.00%
Jiaxing Zhajiasu Expressway Co., Ltd. (嘉興市乍嘉蘇高速公路有限責任公司)	China Merchants Expressway	45.00%
Zhejiang Linping Expressway Co., Ltd. (浙江臨平高速公路有限責任公司)	Hangzhou Linping Communications Group Co., Ltd. (杭州臨平交通集團有限公司)	25.81%
	Hangzhou Linping Qiantang Assets Management Co., Ltd. (杭州臨平錢塘資產管理有限公司)	10.90%
Deqing Xian De'an Expressway Construction Co., Ltd. (德清縣德安公路建設有限責任公司)	Zhejiang Jiaogong Hongtu Transportation Construction Co., Ltd. (浙江交工宏途交通建設有限公司)	19.90%

Save as disclosed above, as at the Latest Practicable Date, the Directors or chief executive of the Company were not aware of any other person who had an interest or short position in the Shares or underlying Shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO, or who had a direct or indirect interest in 10% or more of the total issued share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group.

DIRECTORS' AND SUPERVISORS' SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors or Supervisors had any existing or proposed service contract with any member of the Group (excluding contracts expiring or determinable by the employer within one year without payment of compensation (other than statutory compensation)).

DIRECTORS' AND SUPERVISORS' INTERESTS IN ASSETS AND/OR CONTRACTS

As at the Latest Practicable Date, none of the Directors or Supervisors had any direct or indirect interest in any assets which have been, since December 31, 2022, being the date to which the latest published audited consolidated accounts of the Group were made up, acquired or disposed of by or leased, or were proposed to be acquired or disposed of by or leased to any member of the Group.

As at the Latest Practicable Date, none of the Directors or Supervisors was materially interested in any contract or arrangement subsisting as at the Latest Practicable Date and which was significant in relation to the business of the Group.

NO MATERIAL ADVERSE CHANGE

As at the Latest Practicable Date, the Directors were not aware of any material adverse change in the financial or trading positions of the Group since December 31, 2022, being the date to which the latest published audited consolidated accounts of the Group were made up.

CONSENT AND QUALIFICATION OF EXPERT

At the Latest Practicable Date, Confucius International CPA Limited has given and has not withdrawn its written consent to the issue of this prospectus with the inclusion of its letter and references to its name in the form and context in which it appears.

The following are the qualifications of Confucius International CPA Limited, has given its opinions or advice which are contained in this prospectus:

Name	Qualification	Nature of report/advice	Date of report/advice
Confucius International CPA Limited	Certified Public Accountants under Professional Accountants Ordinance (Chapter 50 of the Laws of Hong Kong)	Report on the unaudited pro forma financial information of the Group	November 21, 2023
	Registered Public Interest Entity Auditor under Accounting and Financial Reporting Council Ordinance (Chapter 588 of the Laws of Hong Kong)		

EXPERT'S INTERESTS

As at the Latest Practicable Date, Confucius International CPA Limited did not have any shareholding in any member of the Group, or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group.

As of the Latest Practicable Date, Confucius International CPA Limited did not have any direct or indirect interest in any assets which have been, since December 31, 2022, being the date to which the latest published audited consolidated accounts of the Group were made up, acquired or disposed of by or leased to, or were proposed to be acquired or disposed of by or leased to any member of the Group.

DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES

The Prospectus Documents and the written consent of Confucius International CPA Limited as referred to under the paragraph headed "Consent and Qualification of Expert" in this appendix have been registered by the Registrar of Companies in Hong Kong as required by section 342C of the Hong Kong Companies (Winding Up and Miscellaneous Provisions) Ordinance.

MATERIAL LITIGATION

As at the Latest Practicable Date, no member of the Group was involved in any material litigation or arbitration and, so far as the Directors are aware, there was no litigation or claim of material importance pending or threatened by or against any member of the Group.

MATERIAL CONTRACTS

Set out below is the information on the material contracts, not being contract entered into in the ordinary course of business of the Group, which was entered into by the Company within the two years immediately preceding the date of this prospectus and up to the Latest Practicable Date:

- (a) the Underwriting Agreement entered into between the Company and the Underwriters on November 6, 2023, and
- (b) the subscription agreement entered into between the Communications Group and the Company in relation to the subscription of the Domestic Share Rights Issue on September 25, 2023.

RESTRICTION AFFECTING REMITTANCE OF PROFIT AND CAPITAL

A significant part of the Group's turnover and operating expenses are denominated in RMB, which is currently not a freely convertible currency. The PRC government imposes controls on the convertibility of RMB into foreign currencies and, in certain cases, the remittance of currency out of Mainland China. Under the PRC existing foreign exchange regulations, the foreign exchange disbursements under current accounts (including payment of dividends, trade and service-related foreign exchange) can be paid with self-owned foreign exchange or foreign exchange bought from designated financial institutions for foreign exchange operations without prior approval from the PRC foreign exchange administrative department by complying with certain procedural requirements. However, for the foreign exchange disbursements under capital account (such as the repayment of foreign debts and foreign investments), which are required to be registered with or approved by the competent bank or governmental authority according to applicable PRC laws and regulations, such registration or approval shall be obtained before paying the foreign exchange disbursements with self-owned foreign exchange or foreign exchange bought from designated financial institutions for foreign exchange operations.

Save as disclosed above, the Directors are not aware of any other restriction affecting the remittance of profits or repatriation of capital of the Group into Hong Kong from outside Hong Kong.

GENERAL

- (a) The expenses in connection with the Rights Issue (including the Domestic Share Rights Issue and the H Share Rights Issue), including but not limited to underwriting commission, printing, registration, translation, legal and accounting charges, are estimated to amount to approximately RMB30.2 million and will be payable by the Company.
- (b) In any event of any inconsistency, the English language text of this document shall prevail over the Chinese language text.

DOCUMENTS ON DISPLAY

Copies of the following documents will be published on the websites of the Hong Kong Stock Exchange (<http://www.hkexnews.hk>) and the Company (<https://www.zjec.com.cn/>) for a period of 14 days from the date of this prospectus:

- (a) the report on the unaudited pro forma financial information, the text of which is set out in Appendix II to this prospectus;
- (b) the written consent referred to in the paragraph headed “Consent and Qualification of Expert” in this appendix; and
- (c) the material contracts referred to in the paragraph headed “Material Contracts” in this appendix.