
THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

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

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

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(A joint stock limited company incorporated in the People's Republic of China with limited liability)
(Stock code: 0576)

**(1) REVISION OF ANNUAL CAPS FOR CONTINUING
CONNECTED TRANSACTIONS
IN RELATION TO THE NEW FINANCIAL SERVICES AGREEMENT WITH
ZHEJIANG COMMUNICATIONS INVESTMENT GROUP FINANCE CO., LTD.
(2) PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION
(3) PROPOSED GENERAL MANDATE TO ISSUE SHARES
AND
(4) NOTICE OF 2024 ANNUAL GENERAL MEETING**

**Independent Financial Adviser to
the Independent Board Committee and the Independent Shareholders of
Zhejiang Expressway Co., Ltd.**



A letter from the Board is set out on pages 1 to 15 of this Circular.

A letter from the Independent Board Committee is set out on page 16 of this Circular.

A letter from the Independent Financial Adviser containing its recommendations to the Independent Board Committee and the Independent Shareholders is set out on pages IFA-1 to IFA-14 of this Circular.

The AGM will be held at 5/F, No. 2 Mingzhu International Business Center, 199 Wuxing Road, Hangzhou City, Zhejiang Province, the People's Republic of China on April 25, 2025 at 10:00 a.m.. The notice convening the AGM is set out on pages AGM-1 to AGM-5 of this Circular.

Whether or not you intend to attend the AGM in person, you are requested to complete and return the accompanying proxy form in accordance with the instructions printed thereon. In the case of H Shareholders, the proxy form should be lodged with the Company's H Shares Registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, not less than 24 hours before the time for holding the AGM (or any adjournment thereof). Completion and delivery of the proxy form will not preclude you from attending and voting in person at the meeting(s) or any adjournment thereof should you so wish.

March 27, 2025

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DEFINITIONS

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

“AGM”	the 2024 annual general meeting of the Shareholders to be convened for the purposes of, among other things, the approval by the Independent Shareholders of the Revised Annual Caps and the approval by the Shareholders of the proposed amendments to the Articles of Association, the notice of which is set out on pages AGM-1 to AGM-5 of this Circular
“Announcement”	the announcement of the Company dated February 19, 2025 in relation to the New Financial Services Agreement and the Supplemental Agreement
“annual cap(s)”	has the meaning ascribed to it under Rule 14A.53 of the Listing Rules
“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 Listing Rules
“Board”	the board of Directors
“Circular”	this circular to the Shareholders
“Clearing Services”	the clearing services provided or proposed to be provided by Zhejiang Communications Finance to the Company pursuant to the Previous Financial Services Agreement and the New Financial Services Agreement
“Communications Group”	Zhejiang Communications Investment Group Co., Ltd. (浙江省交通投資集團有限公司), a state-controlled enterprise established in the PRC on December 29, 2001, and the controlling shareholder of the Company
“Company”	Zhejiang Expressway Co., Ltd. (浙江滬杭甬高速公路股份有限公司), a joint stock limited company incorporated in the PRC with limited liability on March 1, 1997, whose H Shares are listed on the main board of the Stock Exchange (stock code: 0576)
“connected person(s)”	has the meaning ascribed to it under the Listing Rules

DEFINITIONS

“continuing connected transaction(s)”	has the meaning ascribed to it under the Listing Rules
“controlling shareholder”	has the meaning ascribed to it under the Listing Rules
“Deposit Services”	the cash deposit services provided or proposed to be provided by Zhejiang Communications Finance to the Company pursuant to the Previous Financial Services Agreement, the New Financial Services Agreement and the Supplemental Agreement
“Directors”	the directors of the Company
“Domestic Share(s)”	the ordinary share(s) in the share capital of the Company with a nominal value of RMB1 per Share, which are not listed on the Main Board of the Stock Exchange
“Group”	the Company and its subsidiaries
“H Share(s)”	overseas listed foreign share(s) in the share capital of the Company with a nominal value of RMB1 per Share, which are listed on the Main Board of the Stock Exchange
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Board Committee”	an independent committee of the Board comprising all independent non-executive Directors, namely, Mr. PEI Ker-Wei, Ms. LEE Wai Tsang, Rosa and Mr. YU Mingyuan
“Independent Financial Adviser” or “Lego”	Lego Corporate Finance Limited, a corporation licensed to carry out Type 6 (advising on corporate finance) regulated activity under the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong), being the independent financial adviser appointed by the Company to advise the Independent Board Committee and the Independent Shareholders in relation to the Supplemental Agreement and the Revised Annual Caps
“Independent Shareholders”	Shareholders who are independent within the meaning of the relevant provisions of the Listing Rules, and, in relation to the approval of the Revised Annual Caps at the AGM, means the Shareholders other than Communications Group and its associate
“independent third party”	a party independent of and not connected with the Company, any of its subsidiaries or any of their respective Directors or substantial shareholders
“Latest Practicable Date”	March 24, 2025, being the latest practicable date for ascertaining certain information contained in this Circular

DEFINITIONS

“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange, as amended from time to time
“Loan Services”	the loan services provided or proposed to be provided by Zhejiang Communications Finance to the Company pursuant to the Previous Financial Services Agreement, the New Financial Services Agreement and the Supplemental Agreement
“New Financial Services Agreement”	the financial services agreement dated February 19, 2025 entered into between the Company and Zhejiang Communications Finance, pursuant to which Zhejiang Communications Finance agreed to provide the Group with the Deposit Services, the Loan Services, the Clearing Services and the Other Financial Services, subject to the terms and conditions provided therein, as a renewal of the Previous Financial Services Agreement
“NFRA”	National Financial Regulatory Administration (國家金融監督管理局)
“Other Financial Services”	the financial services (other than the Deposit Services, the Loan Services and the Clearing Services) provided or proposed to be provided by Zhejiang Communications Finance to the Company pursuant to the Previous Financial Services Agreement and the New Financial Services Agreement
“PBOC”	the People’s Bank of China
“percentage ratio”	has the meaning ascribed to it under Rule 14.04(9) of the Listing Rules
“PRC”	the People’s Republic of China (for the purpose of this Circular, excludes Hong Kong, Macau Special Administrative Region of the People’s Republic of China and Taiwan)
“Previous Financial Services Agreement”	the financial services agreement dated March 25, 2022 entered into between the Company and Zhejiang Communications Finance (as supplemented by the supplemental agreement dated July 1, 2022), pursuant to which Zhejiang Communications Finance agreed to provide the Group with the Deposit Services, the Loan Services, the Clearing Services and the Other Financial Services, subject to the terms and conditions provided therein

DEFINITIONS

“Revised Annual Caps”	revised annual caps of the maximum daily aggregate outstanding balance of deposit for the Deposit Services under the New Financial Services Agreement at RMB5 billion for the years ending December 31, 2025, 2026 and 2027 and the period from January 1, 2028 to March 29, 2028 pursuant to the Supplemental Agreement
“Revised Credit Line”	revised outstanding balance of loans for the Loan Services under the New Financial Services Agreement at not less than RMB10 billion for the years ending December 31, 2025, 2026 and 2027 and the period from January 1, 2028 to March 29, 2028 pursuant to the Supplemental Agreement
“RMB”	Renminbi, the lawful currency of the PRC
“SFO”	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended from time to time
“Share(s)”	the share(s) of the Company, including Domestic Shares and H Shares, unless specified otherwise
“Shareholder(s)”	holder(s) of the share(s) of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary(ies)”	has the meaning ascribed to it under the Listing Rules
“Supervisor(s)”	the supervisor(s) of the Company
“Supplemental Agreement”	a supplemental agreement to the New Financial Services Agreement to be entered into between the Company and Zhejiang Communications Finance for the purpose of the Revised Annual Caps and the Revised Credit Line
“Zhejiang Communications Finance”	Zhejiang Communications Investment Group Finance Co., Ltd.* (浙江省交通投資集團財務有限責任公司), a limited liability company incorporated in the PRC, which is owned as to 79.92% and 20.08% by Communications Group and the Company, respectively
“%”	per cent.

LETTER FROM THE BOARD



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

(A joint stock limited company incorporated in the People's Republic of China with limited liability)
(Stock code: 0576)

Chairman of the Company:

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. YU Mingyuan

Registered Address and Principal Place of Business:

Room 501, No. 2

Mingzhu International Business Center

199 Wuxing Road, Shangcheng District

Hangzhou City

Zhejiang Province 310020

the PRC

March 27, 2025

To the Shareholders

Dear Sir or Madam,

**(1) REVISION OF ANNUAL CAPS FOR
CONTINUING CONNECTED TRANSACTIONS
IN RELATION TO THE NEW FINANCIAL SERVICES AGREEMENT WITH
ZHEJIANG COMMUNICATIONS INVESTMENT GROUP FINANCE CO., LTD.
(2) PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION
(3) PROPOSED GENERAL MANDATE TO ISSUE SHARES
AND
(4) NOTICE OF 2024 ANNUAL GENERAL MEETING**

LETTER FROM THE BOARD

1. BACKGROUND

Reference is made to the Announcement of the Company dated February 19, 2025 relating to (i) the New Financial Services Agreement for the purpose of renewal of the Previous Financial Services Agreement; and (ii) the proposed Supplemental Agreement to be entered into between the Company and Zhejiang Communications Finance.

Pursuant to the New Financial Services Agreement, the services to be provided by Zhejiang Communications Finance to the Group include the Deposit Services, the Loan Services, the Clearing Services and the Other Financial Services, details of which are set out as follows:

(i) Deposit Services

In respect of the provision of the Deposit Services under the New Financial Services Agreement, Zhejiang Communications Finance may provide current deposit, time deposit, call deposit or agreement deposit services to the Group. The maximum daily aggregate outstanding balance of deposits will not exceed RMB1.5 billion (including any interest accrued thereon). The Group is entitled to choose different types of deposit services.

(ii) Loan Services

In respect of the provision of the Loan Services under the New Financial Services Agreement, Zhejiang Communications Finance will grant integrated credit facilities of no less than RMB3 billion to the Group.

(iii) Clearing Services

In respect of the provision of the Clearing Services under the New Financial Services Agreement, Zhejiang Communications Finance will provide clearing services to the Group in connection with the making and receiving of payments and related ancillary services.

LETTER FROM THE BOARD

(iv) Other Financial Services

In respect of the provision of the Other Financial Services under the New Financial Services Agreement, the services to be provided by Zhejiang Communications Finance include, but not limited to financial consulting service, spot exchange settlement and sales services, cross-border two-way RMB capital pool services, letters of credit and related consulting services, entrusted loans, acceptance and discount of bills and guarantees and etc. provided that the services to be provided will be within the permitted business scope of Zhejiang Communications Finance as approved by NFRA.

Please refer to the Announcement for details of principal terms of the New Financial Services Agreement. All transactions contemplated under the New Financial Services Agreement are exempted and not subject to the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

It is currently expected by the Company that the historical annual caps of the maximum daily aggregate outstanding balance of deposit for the Deposit Services under the Previous Financial Services Agreement will be insufficient to satisfy the Group's future needs. As such, the Company proposed to enter into the Supplemental Agreement upon obtaining the Independent Shareholders' approval, among other things, with the intention to increase the annual caps for the years ending December 31, 2025, 2026 and 2027 and the period from January 1, 2028 to March 29, 2028 for the Deposit Services under the New Financial Services Agreement.

This Circular will provide, among other things, further information about the Supplemental Agreement, the Revised Annual Caps, letters from the Independent Board Committee and the Independent Financial Adviser, notice of AGM, information as required under the Listing Rules and other information in relation to the resolutions to be proposed at the AGM to enable you to make an informed decision on whether to vote for or against those resolutions at the AGM.

LETTER FROM THE BOARD

2. CONTINUING CONNECTED TRANSACTIONS IN RELATION TO THE SUPPLEMENTAL AGREEMENT

The principal terms of the Supplemental Agreement are set out below:

Parties	:	(1) The Company; and (2) Zhejiang Communications Finance
Amendments to the original terms of the New Financial Services Agreement	:	(i) The maximum daily aggregate outstanding balance of the Deposit Services will be revised to RMB5 billion; and (ii) The amount of credit line for the Loan Services granted by Zhejiang Communications Finance will be revised to not less than RMB10 billion

Save for the Revised Annual Caps and the Revised Credit Line, all terms and conditions under the New Financial Services Agreement remain substantially unchanged. The Company will not enter into the Supplemental Agreement before obtaining the approval from the Independent Shareholders in respect of the Revised Annual Caps and the Supplemental Agreement at the AGM.

3. PROPOSED REVISED ANNUAL CAPS

(i) historical annual caps

The historical annual caps and the actual amounts of the maximum daily aggregate outstanding balance of deposit for the Deposit Services under the Previous Financial Services Agreement are as follows:

	Year ended December 31, 2022 <i>(RMB'000)</i> (audited)	Year ended December 31, 2023 <i>(RMB'000)</i> (audited)	Year ended December 31, 2024 <i>(RMB'000)</i> (audited)	Two months ended February 28, 2025 <i>(RMB'000)</i> (unaudited)
Historical annual caps for maximum daily aggregate outstanding balance of deposit	3,000,000	3,000,000	3,000,000	3,000,000
Maximum daily aggregate outstanding balance of deposit	2,974,883	2,977,865	2,991,086	2,973,003

LETTER FROM THE BOARD

(ii) Revised Annual Caps

It is currently expected that the annual caps of the maximum daily aggregate outstanding balance of deposit for the Deposit Services under the New Financial Services Agreement, will be insufficient to satisfy the Group's future needs. As such, the Company proposes to increase the annual caps for the maximum daily aggregate outstanding balance of deposits (including any interest accrued thereon) as follows:

	Year ending December 31, 2025 <i>(RMB'000)</i>	Year ending December 31, 2026 <i>(RMB'000)</i>	Year ending December 31, 2027 <i>(RMB'000)</i>	Period from January 1, 2025 to March 29, 2028 <i>(RMB'000)</i>
Revised Annual Caps for maximum daily aggregate outstanding balance of deposit	5,000,000	5,000,000	5,000,000	5,000,000

(iii) basis for determining the Revised Annual Caps

In determining the above proposed Revised Annual Caps, the Directors have taken into account of the following:

- (a) the Company has diligently monitored and maintained the balance of deposits with Zhejiang Communications Finance to ensure compliance with the historical annual caps for the Deposit Services under the Previous Financial Services Agreement. However, the total deposits of the Company, including cash and equivalents, surged by 70.2% from the end of 2022 to 2024. This growth was driven by expanding accumulated cash deposit from increasing operational revenue, including toll income from organic traffic volume growth across the Group's expressways and contributions from the acquisition of HuangQuNan Expressway, as well as proceeds from equity and debt financing activities such as rights issue and quasi-REITs financings. Consequently, capped at the previous annual caps for the Deposit Services under the Previous Financial Services Agreement, while the proportion of deposits placed with Zhejiang Communications Finance decreased from 24.6% in 2022 to 14.3% in 2024, the growth in total deposits necessitates a higher cap to reflect the enlarged deposit base; and

LETTER FROM THE BOARD

- (b) in proposing the Revised Annual Caps of RMB5 billion, the Company balanced its growing demand for the Deposit Services with prudent financial management. The Revised Annual Caps were determined with reference to (i) the growth in total deposits from 2022 to June 2024; (ii) the historical benchmark of 24.6% (the proportion of deposits with Zhejiang Communications Finance at the inception of the Previous Financial Services Agreement). The 66.67% increase from the prior RMB3 billion historical annual caps under the Previous Financial Services Agreement aligns with the Company's current deposit levels as of the Latest Practicable Date and business development in the upcoming years.

To determine the interest rates to be paid by Zhejiang Communications Finance for the Group's deposits with Zhejiang Communications Finance, Zhejiang Communications Finance has considered the following factors, including amongst others: (i) the prevailing deposit interest rates promulgated by the PBOC for the same period and the same type which are considered as the benchmark rates for commercial banks in the PRC to make reference to when determining their deposit interest rates to offer their customers; and (ii) same type of the deposit interest rates published by other major commercial banks in the PRC for the same period. Based on the above factors, the deposit interest rates to be offered by Zhejiang Communications Finance will not be lower than the deposit interest rates offered by the major commercial banks in the PRC for comparable deposits of comparable periods pursuant to the New Financial Services Agreement. Apart from the above, no other adjustment factors will affect the interest rates to be paid by Zhejiang Communications Finance for the Group's deposits with Zhejiang Communications Finance.

(iv) internal control measures

In order to ensure that the annual caps for the Deposit Services under the New Financial Services Agreement will not be exceeded, both the Company and Zhejiang Communications Finance have adopted a few measures to monitor the daily balance of the deposits made by the Group with Zhejiang Communications Finance, including:

- (a) the management of the Group will review the daily report generated from the real-time system provided by Zhejiang Communicates Finance for the consideration of the overall funding position of the Group;
- (b) Zhejiang Communications Finance will provide the Company its (i) audited annual financial statements and unaudited interim financial statements once they are available; and (ii) financial information and regulatory indicators on quarterly basis in order to allow the Company to monitor and assess the financial position of Zhejiang Communications Finance;

LETTER FROM THE BOARD

- (c) Zhejiang Communications Finance will monitor the maximum daily balance of the deposits placed by the Group (including interest accrued thereon) on a daily basis to ensure that the aggregate daily balance of the deposits does not exceed the approved deposit cap;
- (d) the Group may at any time request for the deposited fund to be withdrawn from Zhejiang Communications Finance, partially or fully, at the Group's discretion, to ensure the liquidity and safety of the deposited fund;
- (e) Zhejiang Communications Finance will provide the Company and its subsidiaries a daily report on their deposited funds; and
- (f) the Company, as a shareholder of Zhejiang Communications Finance, has nominated a director to Zhejiang Communications Finance, in order to monitor, inspect, and control the risk management measures of Zhejiang Communications Finance from time to time.

As at the date of the AGM, it is expected that the transaction amount of the continuing connected transactions under the New Financial Services Agreement will not exceed the annual caps of RMB1.5 billion under the New Financial Services Agreement.

The Company and Zhejiang Communications Finance, upon the approval of the Revised Annual Caps by the Independent Shareholders, will continue to adopt the above measures to ensure that the Revised Annual Caps will not be exceeded.

The Company has also adopted a few internal control measures to monitor the pricing and terms of the transactions contemplated under the New Financial Services Agreement, including:

- (a) the finance management department of the Company has been assigned to be responsible for the frontline governance and monitoring for financial services management. Before the Company or any of its subsidiaries enters into any individual agreement for financial services with Zhejiang Communications Finance or other commercial banks or financial institutions in the PRC, the finance management department of the Company would consider factors, including but not limited to (i) the Group's expected cash flow; and (ii) the pricing terms offered by the Zhejiang Communications Finance and other commercial banks of the Group;
- (b) the finance management department of the Company will obtain not less than two quotations from other independent financial institutions which are leading licensed banks in the PRC for the same type of financial services with the same duration; and

LETTER FROM THE BOARD

(c) the Company will compare and select the financial services provider that offers the most favorable terms to the Group, after which the finance management department of the Company will submit a financial services application to the senior management for review and the executive Director, who is in charge of the Group's finance management department, will grant the final approval.

(v) **deposit security assessment**

Pursuant to the articles of association of Zhejiang Communications Finance, its holding company, the Communications Group, will inject capital as required when Zhejiang Communications Finance is in financial difficulties, which provides sufficient liquidity guarantee for the deposit security of the Deposit Services provided by Zhejiang Communications Finance. The Communications Group undertakes to the Company that during the term of the New Financial Services Agreement, it will (i) maintain its actual control over Zhejiang Communications Finance and ensure the compliant operations of Zhejiang Communications Finance; (ii) make every effort and take all reasonable measures to ensure the fulfillment of obligations by Zhejiang Communications Finance under the New Financial Services Agreement; and (iii) in the event of an emergency where Zhejiang Communications Finance encounters payment difficulties, Communications Group commits to increase its corresponding capital in Zhejiang Communications Finance based on the actual needs to resolve the payment issues. As the leading platform for transportation related investment and financing in Zhejiang Province of the PRC, the Communications Group undertakes the functions of investment, financing, construction, operation and management of the expressways, railways within Zhejiang Province and important transportation infrastructure projects such as the construction of cross-regional rail transit and comprehensive transportation hubs. Communications Group is in healthy financial condition and continues to receive strong financial support from the local government and the traffic flow and toll income of major expressways of the Communications Group have been growing steadily which generates stable cash inflow. The long-term credit rating of the Communications Group is AAA with a stable outlook.

LETTER FROM THE BOARD

Zhejiang Communications Finance is under the supervision of NFRA on its compliance and risk management. Zhejiang Communications Finance spares no efforts to establish comprehensive risk prevention and control system, improve the internal control procedures, strengthen professional compliance management and accountability. The overall risk control of Zhejiang Communications Finance is good and has exceeded expectations in certain regulatory parameters, details of which are provided as below:

Parameter	Year ended December 31, 2022	Year ended December 31, 2023	Year ended December 31, 2024	Regulatory Standard
Capital adequacy ratio	14.57	18.62	21.86	>10.5
Balance of non-performing assets	0.00	0.00	0.00	<4
Balance of non-performing loans	0.00	0.00	0.00	<5
Guarantee ratio	48.28	21.26	15.22	<100
Investment ratio	58.62	54.26	55.86	<70
Ratio of borrowings from banks and other financial institutions	0.00	2.68	0.00	<100
Liquidity ratio	54.12	56.68	57.47	>25

LETTER FROM THE BOARD

In addition, Zhejiang Communications Finance utilises the settlement systems of major state-owned banks to conduct centralized management of funds. It has adopted multi-layer firewall architecture and intrusion detection technology to ensure the safe operation of the fund management system. In term of the risk management of its lending business, Zhejiang Communications Finance implements a management system where the review, authorization and approval of loan application are duly separately. A standardised system for credit rating, due diligence review and post-lending management has been well established to minimize the risk of non-performance.

4. REASONS FOR AND BENEFITS FOR REVISION OF THE ANNUAL CAPS

Compared to distributing deposits with several financial institutions, the Company has a strong position to bargain for a more competitive interest rate if the deposits were placed with one or two selected financial institutions with an expectation of better return. In addition, the deposit interest rates offered by Zhejiang Communications Finance should be in line with or higher than the deposit interest rates offered by major commercial banks in the PRC for comparable deposits of comparable periods pursuant to the New Financial Services Agreement.

In addition, deposit with centralized funds is also beneficial for the Company to obtain a better loan interest rate. The average loan interest rate offered by Zhejiang Communications Finance was lower than the market loan interest rates offered by the major commercial banks in the PRC for comparable deposits of comparable periods. Furthermore, Zhejiang Communications Finance has undertaken to the Group that it will make the best efforts and take all reasonable measures to ensure the deposits placed by the Group will be prioritized for use in the Group's credit facilities, thereby safeguarding the security of these funds and that the deposits made under the New Financial Services Agreement will be prioritized to serve as borrowings to the Group. Zhejiang Communications Finance will keep the Company informed of the management of the Group's funds.

As mentioned in the paragraph headed "4. Proposed Revised Annual Caps", the maximum daily aggregate balances of deposit of the Company accounted for approximately 99.2%, 99.3%, 99.7% and 99.1% of the previous annual caps of RMB3 billion for the Deposit Services under the Previous Financial Services Agreement for the years ended December 31, 2022, 2023 and 2024 two months ended February 28, 2025, respectively. It is expected that the historical annual caps under the Previous Financial Services Agreement will be insufficient to satisfy the Group's future needs. Accordingly, the Directors therefore propose to revise the annual caps to RMB5 billion for the maximum daily aggregate outstanding balance of deposits (including any interest accrued thereon) for the Deposit Services for the years ending December 31, 2025, 2026 and 2027 and the period from January 1, 2028 to March 29, 2028.

LETTER FROM THE BOARD

Taking into account of the above, the Directors (excluding the members of the Independent Board Committee, whose views are set out in the letter from the Independent Board Committee on page 16 of this Circular) consider that the continuing connected transactions contemplated under the New Financial Services Agreement are fair and reasonable and on normal commercial terms in the ordinary course of business of the Company, and are in the interests of the Company and the Shareholders as a whole, and that the Revised Annual Caps are fair and reasonable.

As Mr. Yuan Yingjie, Mr. Fan Ye and Mr. Huang Jianzhang are currently also employed by the Communications Group, they have abstained from voting at the meeting of the Board at which the Revised Annual Caps were considered and approved.

5. INFORMATION ON ZHEJIANG COMMUNICATIONS FINANCE

Zhejiang Communications Finance is a limited liability company incorporated in the PRC on November 9, 2012 and approved by NFRA as a non-banking financial institution on October 17, 2012 with a current registered capital of RMB6.5 billion. As at the Latest Practicable Date, Zhejiang Communications Finance is owned as to 79.92% and 20.08% by Communications Group and the Company, respectively.

Zhejiang Communications Finance is principally engaged in the business of providing financial services to Communications Group and its subsidiaries, including but not limited to advising Communications Group and its subsidiaries in relation to financing, letters of credit and other agency services; providing guarantees, accepting and discounting commercial notes, arranging for loans, and receiving deposits from Communications Group and its subsidiaries. During the three years ended December 31, 2024, Zhejiang Communications Finance continued its good financial performance.

6. INFORMATION ON THE COMPANY

The Company is a joint stock limited company established under the laws of the PRC with limited liability on March 1, 1997, the H Shares of which are listed on the Main Board of the Stock Exchange. It is principally engaged in investing in, developing and operating high-grade roads in the PRC. The Group also carries on certain other businesses such as securities brokerage, investment banking, asset management, margin financing and securities lending through Zheshang Securities Co., Ltd.

LETTER FROM THE BOARD

7. LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios in respect of the Revised Annual Caps exceed 5% and are less than 25%, the transactions contemplated under the Revised Annual Caps of the Supplemental Agreement constitute a discloseable transaction for the Company and is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

In addition, as at the Latest Practicable Date, Communications Group holds approximately 67% of the issued share capital of the Company. By virtue of this shareholding interest, Communications Group is a substantial shareholder (as defined under the Listing Rules) of the Company. Zhejiang Communications Finance is owned as to 79.92% and 20.08% by Communications Group and the Company, respectively. Therefore, Zhejiang Communications Finance is a connected person of the Company. The transactions contemplated under the Revised Annual Caps of the Supplemental Agreement constitute non-exempt continuing connected transactions subject to the reporting, announcement, annual review and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

Pursuant to Rule 14A.54 of the Listing Rules, the Company should re-comply with the applicable requirements under Chapter 14A of the Listing Rules before the existing annual caps for the Deposit Services under the New Financial Services Agreement are exceeded.

The Group will be closely monitoring the deposit amounts under the Deposit Services to ensure that the existing annual caps under the New Financial Services Agreement are not exceeded before obtaining the approval from the Independent Shareholders in respect of the Revised Annual Caps at the AGM.

Subject to obtaining approval by Independent Shareholders at the AGM, the Revised Annual Caps will come into effect. A separate announcement will be made by the Company when the Revised Annual Caps come into effect in accordance with the Listing Rules.

LETTER FROM THE BOARD

8. PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION

In relation to the convertible bonds with the principal amount of Euro230 million zero coupon due 2026 issued by the Company (the “**Convertible Bonds**”), the Shareholders have already passed a special resolution on December 23, 2019 to approve the issuance of the Convertible Bonds and authorize the Board, inter alia, to make corresponding amendments to the Articles of Association.

Reference is made to the announcement of the Company dated January 22, 2025. Pursuant to the above special resolution, the Board resolved on January 22, 2025 to amend the relevant provisions of the Articles of Association to reflect the updated registered capital and issued H Shares resulting from the partial conversion of the principal amount of the Convertible Bonds. Notwithstanding the above, the local authorities responsible for change of industrial and commercial registration have requested that the Company shall obtain separate approval from the Shareholders specifically for the amendments to the Articles of Association in order to complete subsequent change of industrial and commercial registration procedures.

The amendments to the Articles of Association is set out in Appendix II to this Circular. The amendments to the Articles of Association will be subject to the approval by the Shareholders at the AGM by way of a special resolution.

The legal advisers to the Company as to Hong Kong laws and laws of the PRC have respectively confirmed that the amendments to the Articles of Association to comply with the requirements of the Listing Rules and the applicable laws of PRC. The Company has confirmed that there is nothing unusual about the amendments for a company incorporated in the PRC and listed on the Stock Exchange.

9. PROPOSED GENERAL MANDATE TO ISSUE SHARES

In order to increase the flexibility and efficiency in operation, and to give discretion to the Board in the event that it becomes desirable, the Company proposes to obtain the Shareholders’ approval for the grant of the general mandate to separately or concurrently allot, issue and/or deal with additional Shares up to the limit of 20% of the total number of Shares in issue (excluding treasury shares) on the date of the passing of the relevant resolution at the AGM. Any exercise of the power by the Directors under the general mandate shall comply with the relevant requirements of the Listing Rules, the Articles of Association and the applicable laws and regulations of the PRC.

LETTER FROM THE BOARD

The general mandate will be effective from the date of passing the relevant resolution until whichever is the earliest of:

- (a) the conclusion of the next annual general meeting of the Company;
- (b) the expiration of the period within which the next annual general meeting of the Company is required by the Articles of Association or other applicable laws to be held; or
- (c) the revocation or variation of the authority given to the Board under this resolution by special resolution of the Company in general meeting.

To timely and effectively promote relevant works, the Board will be authorized to grant the general mandate to the Chairman and General Manager to individually or jointly issue the additional Shares at their absolute discretion.

10. DECLARATION OF DIVIDEND

The Directors have resolved to recommend a dividend of RMB38.5 cents per share in respect of the year ended December 31, 2024. Upon obtaining the approval of Shareholders at the AGM, the dividend is expected to be paid to the Shareholders no later than June 24, 2025 (inclusive).

11. THE AGM

The AGM will be held at 5/F, No. 2 Mingzhu International Business Center, 199 Wuxing Road, Hangzhou City, Zhejiang Province, the PRC on April 25, 2025 at 10:00 a.m.. The notice convening the AGM is set out on pages AGM-1 to AGM-5.

LETTER FROM THE BOARD

Whether or not you intend to attend the AGM in person, you are requested to complete and return the accompanying form of proxy in accordance with the instructions printed thereon. In case of H Shares, the proxy form shall be lodged with the Company's H Shares Registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, not less than 24 hours before the time for holding the AGM (or any adjournment thereof). Completion and delivery of the form of proxy(s) will not preclude you from attending and voting in person at the AGM or any adjournment thereof should you so wish.

Pursuant to the Rule 2.15 of the Listing Rules, any shareholder with a material interest in the relevant transaction is required to abstain from voting on the resolution approving such transaction. Accordingly, as at the Latest Practicable Date, Communications Group, being a controlling shareholder of the Company holding 4,014,778,800 Domestic Shares, representing 66.98% of the total number of issued Shares, together with its associate holding 97,081,195 H Shares, representing 1.62% of the total number of issued Shares, are required to abstain from voting on resolution no. 8 at the AGM. Save as disclosed above, no other Shareholders are required to abstain from voting on the resolutions at the AGM.

12. OTHER INFORMATION

Your attention is also drawn to the letter from the Independent Board Committee, the letter from the Independent Financial Adviser and the additional information set out in the appendices to this Circular and the notice of the AGM.

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

The English translation of the Chinese names in this letter is included for identification purpose only and should not be regarded as the official English names of such Chinese names.



(A joint stock limited company incorporated in the People's Republic of China with limited liability)
(Stock code: 0576)

March 27, 2025

To the Independent Shareholders

Dear Sir or Madam,

**REVISION OF ANNUAL CAPS FOR CONTINUING
CONNECTED TRANSACTIONS
IN RELATION TO THE NEW FINANCIAL SERVICES AGREEMENT WITH
ZHEJIANG COMMUNICATIONS INVESTMENT GROUP FINANCE CO., LTD.**

We refer to the circular of the Company dated March 27, 2025 to the Shareholders (the “**Circular**”), of which this letter forms part. Terms defined in the Circular shall have the same meanings when used in this letter, unless the context otherwise requires.

We have been appointed by the Board as members of the Independent Board Committee to advise you as to the fairness and reasonableness of the Revised Annual Caps and whether the Revised Annual Caps are in the interests of the Company and the Shareholders as a whole. Lego Corporate Finance Limited (the “**Independent Financial Adviser**”) has been appointed as the Independent Financial Adviser to advise you and us in this regard. Details of the recommendations from the Independent Financial Adviser are set out in its letter of advice on pages IFA-1 to IFA-14 of the Circular.

Your attention is also drawn to the letter from the Board set out on pages 1 to 15 of the Circular and the additional information set out in the appendices to the Circular.

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

Having considered the Revised Annual Caps, and taken into account the advice from the Independent Financial Adviser and in particular the principal factors and reasons considered by the Independent Financial Adviser in respect of the Supplemental Agreement and the Revised Annual Caps as set out in its letter of advice, we are of the view that the Supplemental Agreement and the Revised Annual Caps are on normal commercial terms and is fair and reasonable and is in the ordinary and usual course of business of the Company and in the interests of the Company and the Shareholders as a whole. Accordingly, we recommend the Independent Shareholders to vote in favor of the relevant resolution set out in the notice of the AGM.

Yours faithfully,

Independent Board Committee

Mr. Pei Ker-Wei

Independent non-executive

Director

Ms. Lee Wai Tsang, Rosa

Independent non-executive

Director

Mr. Yu Mingyuan

Independent non-executive

Director

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

The following is the full text of the letter of advice from Lego Corporate Finance Limited, the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders, which have been prepared for the purpose of inclusion in this circular, setting out its advice to the Independent Board Committee and the Independent Shareholders in respect of the Supplemental Agreement and the Revised Annual Caps.



27 March 2025

To the Independent Board Committee and the Independent Shareholders

Dear Sirs or Madams,

CONTINUING CONNECTED TRANSACTIONS IN RELATION TO THE SUPPLEMENTAL AGREEMENT WITH ZHEJIANG COMMUNICATIONS FINANCE

INTRODUCTION

We refer to our appointment as the independent financial adviser to advise the Independent Board Committees and the Independent Shareholders in relation to the Supplemental Agreement and the Revised Annual Caps, details of which are contained in the letter from the Board (the “**Letter from the Board**”) in the circular of the Company dated 27 March 2025 (the “**Circular**”), to which this letter forms part. Unless the context otherwise requires, terms used in this letter shall have the same meanings as those defined in the Circular.

As at the Latest Practicable Date, Communications Group is the controlling shareholder of the Company, and Zhejiang Communications Finance is owned as to 79.92% and 20.08% by Communications Group and the Company, respectively. Therefore, Zhejiang Communications Finance is a connected person of the Company. As a result, the Deposit Services contemplated under the New Financial Services Agreement constitute continuing connected transactions for the Company under Chapter 14A of the Listing Rules.

The Company proposed to enter into the Supplemental Agreement to the New Financial Services Agreement with Zhejiang Communications Finance upon obtaining the Independent Shareholders’ approval to increase the annual caps for the maximum daily aggregate outstanding balance of deposits for the Deposit Services to RMB5.0 billion (including any interest accrued thereon) for the years ending 31 December 2025, 2026 and 2027 and the period from 1 January 2028 to 29 March 2028.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

As one or more of the relevant applicable percentage ratios (other than the profits ratio) in respect of the Revised Annual Caps for the Deposit Services are more than 5%, such transactions are subject to the reporting, announcement, annual review and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

The Company will not enter into the Supplemental Agreement before obtaining the approval from the Independent Shareholders in respect of the Supplemental Agreement and the Revised Annual Caps at the AGM. The Group will be closely monitoring the deposit amounts under the Deposit Services to ensure that the annual caps under the New Financial Services Agreement are not exceeded.

Subject to obtaining approval by the Independent Shareholders at the AGM, the Revised Annual Caps will come into effect. A separate announcement will be made by the Company when the Revised Annual Caps come into effect in accordance with the Listing Rules.

OUR INDEPENDENCE

As at the Latest Practicable Date, Lego Corporate Finance Limited did not have any relationships or interests with the directors, chief executives and substantial shareholders of the Group or Zhejiang Communications Finance or any of their associates that could reasonably be regarded as relevant to the independence of Lego Corporate Finance Limited. In the last two years prior to the Latest Practicable Date, we have acted as the independent financial adviser to the Company in relation to (i) the continuing connected transactions with respect to the building construction agreement and civil engineering agreement, details of which are set out in the announcement of the Company dated 9 August 2024; and (ii) continuing connected transactions with respect to the construction agreement, details of which are set out in the announcement of the Company dated 5 November 2024. Apart from normal professional fees payable to us in connection with this appointment and the transactions listed above, no arrangement exists whereby we have received or will receive any fees or benefits from the Group or any director, chief executive or substantial shareholders of the Group, Zhejiang Communications Finance or any of their subsidiaries, or respective associates. Accordingly, we consider that we are eligible to give independent advice in respect of the Supplemental Agreement and the transactions contemplated thereunder.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

BASIS OF OUR OPINION

In formulating our opinion, we have relied on (i) the information and facts contained or referred to in the Circular; (ii) the information supplied by the Group and its advisers; (iii) the opinions expressed by and the representations of the Directors and the management of the Group (the “**Management**”); and (iv) our review of the relevant public information. We have assumed that all the information provided and representations and opinions expressed to us or contained or referred to in the Circular were true, accurate and complete in all respects as at the date thereof and may be relied upon. We have also assumed that all statements contained and representations made or referred to in the Circular are true at the time they were made and continue to be true as at the date of the Circular and all such statements of belief, opinions and intention of the Directors and the Management and those as set out or referred to in the Circular were reasonably made after due and careful enquiry. We have no reason to doubt the truth, accuracy and completeness of the information and representations provided to us by the Directors and/or the Management. We have also sought and received confirmation from the Directors that no material facts have been withheld or omitted from the information provided and referred to in the Circular and that all information or representations provided to us by the Directors and the Management are true, accurate, complete and not misleading in all respects at the time they were made and continued to be so until the Latest Practicable Date.

We consider that we have reviewed the relevant information currently available to reach an informed view and to justify our reliance on the accuracy of the information contained in the Circular so as to provide a reasonable basis for our recommendation. We have not, however, carried out any independent verification of the information provided, representations made or opinion expressed by the Directors and the Management, nor have we conducted any form of in-depth investigation into the business, affairs, operations, financial position or future prospects of the Group, Zhejiang Communications Finance or any of their respective subsidiaries or associates.

PRINCIPAL FACTORS AND REASONS CONSIDERED

In arriving at our recommendation, we have considered the following principal factors and reasons:

1. Information on the parties involved in the New Financial Services Agreement and the Supplemental Agreement

1.1. Information of the Group

The Company is a joint stock limited company established under the laws of the PRC with limited liability on March 1, 1997, the H Shares of which are listed on the Main Board of the Stock Exchange. It is principally engaged in investing in, developing and operating high-grade roads in the PRC. The Group also carries on certain other businesses such as securities brokerage, investment banking, asset management, margin financing and securities lending through Zheshang Securities Co., Ltd.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Set out below is a summary of the financial results of the Group for the year ended 31 December 2023 and 2024 (the “FY2023” and “FY2024”, respectively) as extracted from the annual results announcement of the Company for FY2024 (the “2024 Annual Results”)

	FY2023	FY2024
	<i>RMB'000</i>	<i>RMB'000</i>
	(audited)	(audited)
Revenue	16,965,024	18,064,824
Gross profit	7,199,339	7,252,464
Profit for the year	6,622,330	7,156,478
Total asset	207,733,802	217,182,367
Total liability	147,328,689	143,484,003
Net asset value	60,405,113	73,698,364

According to the 2024 Annual Results, revenue of the Group increased by approximately RMB1.1 billion from approximately RMB17.0 billion for FY2023 to approximately RMB18.1 billion for FY2024, which was mainly attributable to the increased revenue in toll road operation of the Group benefiting from the continuous recovery of China’s economy. Gross profit of the Group increased by approximately RMB53.1 million from approximately RMB7.2 billion for FY2023 to approximately RMB7.3 billion for FY2024, which was primarily due to the combined effect of the increased revenue as aforementioned and the increased operating costs for FY2024. Net profit of the Group for FY2024 recorded an increase of approximately RMB0.5 billion from approximately RMB6.6 billion for FY2023 to approximately RMB7.2 billion for FY2024, which was mainly attributable to the reduced financing costs.

The Group recorded net asset value of approximately RMB73.7 billion as at 31 December 2024.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

1.2. Information of Zhejiang Communications Finance

Zhejiang Communications Finance is a limited liability company incorporated in the PRC on 9 November 2012 and approved by NFRA as a non-banking financial institution on 17 October 2012 with a current registered capital of RMB6.5 billion. As at the Latest Practicable Date, Zhejiang Communications Finance is owned as to 79.92% and 20.08% by Communications Group and the Company, respectively.

Zhejiang Communications Finance is principally engaged in the business of providing financial services to Communications Group and its subsidiaries, including but not limited to advising Communications Group and its subsidiaries in relation to financing, letters of credit and other agency services; providing guarantees, accepting and discounting commercial notes, arranging for loans, and receiving deposits from Communications Group and its subsidiaries.

2. Reasons for and benefits of the Deposit Services

Enhance the flexibility of the treasury function of the Group

Pursuant to the New Financial Services Agreement, the financial services (including the Deposit Services) will be provided by Zhejiang Communications Finance on a non-exclusive basis and the Group is entitled to determine whether to accept the financial services provided by Zhejiang Communications Finance or decide to accept the financial services provided by other financial institutions. The Group is not obliged to accept any financial services provided by Zhejiang Communications Finance under the New Financial Services Agreement. The members of the Group will obtain not less than two quotations from other independent financial institutions which are leading licensed banks in the PRC for the same type of financial services with the same duration and select the deposit service provider which offers the most favorable terms to the member of the Group.

Improved interest income and bargaining power with other financial institutions

According to the Letter from the Board, compared to distributing deposits with several financial institutions, the Company has a strong position to bargain for a more competitive interest rate if the deposits were placed with one or two selected financial institutions with an expectation of better return. We were given to understand by the Management that, as at the Latest Practicable Date, the deposit interest rates offered by Zhejiang Communications Finance to the Group are generally higher than those offered by other major commercial banks for the same type of deposits and the same periods in the PRC.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

It is further stated that the interest rates to be paid by Zhejiang Communications Finance in respect of the Deposit Services will be determined based on the prevailing deposit interest rate promulgated by the PBOC for the same period and should not be lower than the deposit interest rates offered by the major commercial banks in the PRC for comparable deposits of comparable periods. Such that, the Deposit Services to be provided to the Group shall be on terms no less favourable than those offered by other independent financial institutions, even in the event that there may be better terms offered to the Group, the Group could allocate its financial resources on its own in order to maximise the return of the Group, and therefore enhance the overall financial efficiency of the Group as a whole.

Lower business risk for the Group

According to the Letter from the Board, Zhejiang Communications Finance has been providing, among others, the Deposit Services to the Group since 2013. In order to ensure the safety of the fund, Zhejiang Communications Finance has undertaken to the Group that it will make the best efforts and take all reasonable measures to ensure the deposits placed by the Group will be prioritised for use in the Group's credit facilities and that the deposits made under the New Financial Services Agreement will be prioritised to serve as borrowings for the Group. In addition, pursuant to the articles of association of Zhejiang Communications Finance, its holding company, the Communications Group, will inject capital as required when Zhejiang Communications Finance is in financial difficulties, which provides sufficient liquidity guarantee for the deposit security of the Deposit Services provided by Zhejiang Communications Finance. For details of the deposit security of the Deposit Services, please refer to the subsection headed "3. Proposed Revised Annual Caps – (v) deposit security assessment" of the Letter from the Board.

Zhejiang Communications Finance is owned as to 20.08% by the Company, as Zhejiang Communications Finance is an associate of the Company and the share of the profit of Zhejiang Communications Finance is recorded in the profit and loss statement of the Company. The management of the Company believes that obtaining financial services, in particular, the Deposit Services, with Zhejiang Communications Finance will ultimately benefit the Company as compared to obtaining similar services from other independent financial institutions in the PRC. Therefore, the management of the Company considers that placing deposits with Zhejiang Communications Finance is beneficial to the Company, and the Revised Annual Caps would allow the Company to enhance such deposit benefits.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

We were given to understand by the Management that, in accordance with the Measures for the Administration of Finance Companies of Enterprise Groups* (企業集團財務公司管理辦法) promulgated by the China Banking and Insurance Regulatory Commission, Zhejiang Communications Finance provides financial services only to members of Communications Group and it is not allowed to provide financial services to entities outside Communications Group. Such measures reduce the business risks of the Group that Zhejiang Communications Finance may otherwise be exposed to if its customer bases can be extended to other entities not members of the Communications Group. Moreover, the Company being the substantial shareholder of Zhejiang Communications Finance can regularly review the financial information of Zhejiang Communications Finance so as to ensure an in-depth understanding into the operation risk and business risk of Zhejiang Communications Finance. Therefore, we concur the Directors' view that, from the risk control perspective of the Company, business risk for placing deposits with Zhejiang Communications Finance is considered comparatively lower than that of independent financial institutions.

Based on the foregoing, the Directors are of the view and we concur that the entering into of the New Financial Services Agreement and the Supplemental Agreement in relation to the Deposit Services is in the ordinary and usual course of business of the Company, and it is in the interest to the Company and the Shareholders as a whole.

3. Principal terms of the New Financial Services Agreement and the Supplemental Agreement – Deposit Services

The principal terms in relation to the Deposit Services under the New Financial Services Agreement are summarised as below:

Date	:	19 February 2025
Parties	:	(1) The Company; and (2) Zhejiang Communications Finance
Term	:	For the three years from 30 March 2025 to 29 March 2028
Condition precedent	:	The effective of the New Financial Services Agreement is conditional upon the parties thereto having completed the respective required approval procedure (including but not limited to those required under the Listing Rules, if required) and the due signature of the New Financial Services Agreement.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

- Principal services to be provided : The financial services (including the Deposit Services) will be provided under the New Financial Services Agreement on a non-exclusive basis and the Group is entitled to determine whether to accept the financial services provided by Zhejiang Communications Finance or decide to accept the financial services provided by other financial institutions. The Group is not obliged to accept any financial services provided by Zhejiang Communications Finance under the New Financial Services Agreement.
- Scope of Deposit Services : Zhejiang Communications Finance may provide current deposit, time deposit, call deposit or agreement deposit services to the Group. The maximum daily aggregate outstanding balance of deposits will not exceed RMB1.5 billion (including any interest accrued thereon). The Group is entitled to choose different types of deposit services.
- Basis of consideration : The interest rate to be paid by Zhejiang Communications Finance for the Group's deposits with Zhejiang Communications Finance will be determined based on the prevailing deposit interest rate promulgated by the PBOC for the same period and should not be lower than the deposit interest rates offered by the major commercial banks in the PRC for comparable deposits of comparable periods.

Save for the extended term and the maximum daily aggregate outstanding balance, it is noted that the New Financial Services Agreement in relation to the Deposit Services is in substantially the same terms as those stipulated under the Previous Financial Services Agreement. Please refer to the Letter from the Board for details of the New Financial Services Agreement.

For the avoidance of doubt, the Company will not enter into the Supplemental Agreement before obtaining the approval from the Independent Shareholders in respect of the Revised Annual Caps and the Supplemental Agreement at the AGM. The principal terms in relation to the Deposit Services proposed under the Supplemental Agreement are summarised as below:

- Parties : (1) The Company; and
(2) Zhejiang Communications Finance
- Amendments to the original terms of the New Financial Services Agreement : The maximum daily aggregate balance of the Deposit Services will be revised to RMB5.0 billion

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

In order to ensure the interest rates of Deposit Services offered by Zhejiang Communications Finance are no less favourable than those offered by independent financial institutions, pursuant to the Previous Financial Services Agreement and the New Financial Services Agreement, the interest rates to be paid by Zhejiang Communications Finance for the Group's deposits with Zhejiang Communications Finance should not be lower than the deposit interest rates offered by the major commercial banks in the PRC for comparable deposits of comparable periods.

For our due diligence purpose in assessing fairness on the basis in determining the interest rates for the Deposit Services, we have randomly selected a total of six sample quotations (i.e. two sample quotations for each of the past three years) (the "**Sample Quotations**") obtained by the Group before making deposit placements with respect to the interest rates on different Deposit Services (including current deposit, time deposit, call deposit, and agreement deposit services), offered by Zhejiang Communications Finance and major commercial banks in the PRC. We were given to understand from the Management that the Group had conducted around 20 rounds of quotation for the deposit services during the past three years and we are of the view that the Sample Quotations are sufficient to provide a meaningful reference on the general market practice on interest rates for the same type of deposit service for the same period, and are considered fair and representative. We noted from the Sample Quotations that interest rates on Deposit Services offered by Zhejiang Communications Finance to the Group were the same or higher than those offered by other independent commercial banks.

In order to ensure that the annual caps for the Deposit Services under the New Financial Services Agreement will not be exceeded, we are advised by the Management that both the Company and Zhejiang Communications Finance have adopted internal control measures to monitor the daily balance of the deposits made by the Group with Zhejiang Communications Finance, including:

- (a) the management of the Group will review the daily report generated from the real-time system provided by Zhejiang Communicates Finance for the consideration of the overall funding position of the Group;
- (b) Zhejiang Communications Finance will provide the Company with its (i) audited annual financial statements and unaudited interim financial statements once they are available; and (ii) financial information and regulatory indicators on quarterly basis in order to allow the Company to monitor and assess the financial position of Zhejiang Communications Finance;
- (c) Zhejiang Communications Finance will monitor the maximum daily balance of the deposits placed by the Group (including interest accrued thereon) on a daily basis to ensure that the aggregate daily balance of the deposits does not exceed the approved deposit cap;
- (d) the Group may at any time request for the deposited fund to be withdrawn from Zhejiang Communications Finance, partially or fully, at the Group's discretion, to ensure the liquidity and safety of the deposited fund;

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

- (e) Zhejiang Communications Finance will provide the Company and its subsidiaries a daily report on their deposited funds; and
- (f) the Company, as a shareholder of Zhejiang Communications Finance, has nominated a director to Zhejiang Communications Finance, in order to monitor, inspect, and control the risk management measures of Zhejiang Communications Finance from time to time.

The Company has also adopted internal control measures to monitor the pricing and terms of the transactions contemplated under the New Financial Services Agreement, including:

- (a) the finance management department of the Company has been assigned to be responsible for the frontline governance and monitoring for financial services management. Before the Company or any of its subsidiaries enters into any individual agreement for financial services with Zhejiang Communications Finance or other commercial banks or financial institutions in the PRC, the finance management department of the Company would consider factors, including but not limited to (i) the Group's expected cash flow; and (ii) the pricing terms offered by the Zhejiang Communications Finance and other commercial banks of the Group;
- (b) the finance management department of the Company will obtain not less than two quotations from other independent financial institutions which are leading licensed banks in the PRC for the same type of financial services with the same duration; and
- (c) the Company will compare and select the financial services provider that offers the most favourable terms to the Group, after which the finance management department of the Company will submit a financial services application to the senior management for review and the executive Director, who is in charge of the Group's finance management department, will grant the final approval.

In this connection, we have obtained and reviewed the relevant internal control policies which stipulate the procedures to be complied with in conducting connected transactions. We considered that there are adequate internal control measures in place to monitor and ensure that the interest rates payable for the Deposit Services shall not be lower than the interest rates offered by the major commercial banks in the PRC for comparable deposits of comparable periods.

We have further reviewed the two most recent annual reports of the Company and noted that, for the years ended 31 December 2022 and 2023, (i) the independent non-executive Directors had reviewed the continuing connected transactions of the Company, including the Deposits Services contemplated under the Previous Financial Services Agreement, and confirmed, among other things, such transactions were conducted on normal commercial terms; and (ii) the independent auditors of the Company had also reported on such transactions. Accordingly, we understand the Group has a positive track record in respect of compliance with the Listing Rules.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

4. Review of the historical annual caps and actual transaction amount

The historical annual caps with respect to the Deposit Services under the Previous Financial Services Agreement and respective actual transaction amount are set out as below:

	For the year ended 31 December			For the two months ended 28 February
	2022	2023	2024	2025
	<i>RMB' billion</i>	<i>RMB' billion</i>	<i>RMB' billion</i>	<i>RMB' billion</i>
	(audited)	(audited)	(audited)	(unaudited)
	(approximately)	(approximately)	(approximately)	(approximately)
Maximum daily aggregate outstanding balance of the Deposit Services	2.97	2.98	2.99	2.97
Annual caps under the Previous Financial Services Agreement (as supplemented)	3.00	3.00	3.00	3.00
Utilisation rate (%)	99.16	99.26	99.70	99.10

As illustrated in the table above, the actual transaction amount with respect to the Deposit Services under the Previous Financial Services Agreement has almost reached full utilisation for the three years ended 31 December 2024 and for the two months ended 28 February 2025. Hence, we concur the Directors' view that the historical annual cap would not be sufficient if the Group demands additional Deposit Services from Zhejiang Communications Finance, additional annual cap is therefore justifiable in order to ensure the flexibility and effectiveness of the treasury function of the Group.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

5. Proposed Revised Annual Caps

Pursuant to the Supplemental Agreement, the Revised Annual Caps for the maximum daily aggregate outstanding balance of the Deposit Services for the three years ending 31 December 2027 and for the period from 1 January to 29 March 2028 are set out in the table below:

	For the year ending 31 December			For the period from 1 January to 29 March
	2025	2026	2027	2028
	<i>RMB' billion</i>	<i>RMB' billion</i>	<i>RMB' billion</i>	<i>RMB' billion</i>
Maximum daily aggregate outstanding balance of the Deposit Services	5.00 ^(note)	5.00	5.00	5.00

Note: The Revised Annual Caps for the year ending 31 December 2025 shall cover the period commencing from the effective date of the Supplemental Agreement to 31 December 2025.

In order to assess the fairness and reasonableness of the proposed Revised Annual Caps with respect to the Deposit Services under the New Financial Services Agreement, we have discussed with the Management on the bases and assumptions underlying the determination of the proposed Revised Annual Caps as below:

- The actual transaction amount with respect to the Deposit Services under the Previous Financial Services Agreement has almost reached full utilisation for each of the three years ended 31 December 2024 and the two months ended 28 February 2025, the existing annual cap is not sufficient if Group plans to deposit more at Zhejiang Communications Finance with more favourable interest rates than that offered by independent financial institutions which may affect the efficiency of the treasury function of the Group. Please refer to the section headed “4. Review of the historical annual caps and actual transaction amount” above for details;
- The core toll road business of the Group has recovered after the ease of the pandemic prevention and control policy in the PRC in 2023 and is growing steadily. As aforementioned, the revenue of the Group (i) increased by approximately RMB1.7 billion from approximately RMB15.3 billion for the year ended 31 December 2022 to approximately RMB17.0 billion for the year ended 31 December 2023; and (ii) further increased by approximately RMB1.1 billion to approximately RMB18.1 billion for the year ended 31 December 2024. As such, the Management expects that the organic growth in toll road operations of the Group would increase the Group’s available cash, and therefore increase the demand for the Deposit Services;

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

- During the past three years period, the Group has increased its demand for the Deposit Services due to the expanding accumulated cash deposit and increasing revenue from (i) toll income from organic traffic volume growth across the Group's expressways; (ii) contributions from the acquisition of HuangQuNan Expressway by the Group; and (iii) the proceeds raised from equity and debt financing activities of the Group such as the rights issue and quasi-REITs financings.;
- According to the Letter from the Board, in determining the proposed Revised Annual Caps, the Company also referred to the historical benchmark rate of approximately 25% of the total deposits of the Group being placed with Zhejiang Communications Finance in 2022. In this regard, we were given to understand by the Management that the proposed Revised Annual Caps of RMB5.0 billion represents approximately 25% of the total deposits of the Group as at 31 December 2024 which is in line with the historical benchmark rate as aforementioned; and
- According to the 2024 Annual Results, the Group has cash and cash equivalents of approximately RMB23.8 billion and RMB20.9 billion as at 31 December 2023 and 31 December 2024, respectively. On a hypothetical basis, the proposed increment on Revised Annual Caps of RMB2.0 billion each year only represents less than 10% of the cash balance of the Group. The Directors are of the view and we concur that the addition annual caps shall have no negative impact on the financials and operations of the Group as a whole.

In light of the above, given that the Deposit Services will be provided under the New Financial Services Agreement (as supplemented by the Supplemental Agreement) on a non-exclusive basis, and the Group is entitled to determine whether to accept the financial services provided by Zhejiang Communications Finance or decide to accept the financial services provided by other financial institutions, we are of the view that (i) it is reasonable for the Group to deposit spare funds to Zhejiang Communications Finance so long as the interest rates being offered are no less favourable than those offered by independent financial institutions; and (ii) the Revised Annual Caps are not excessive and fair and reasonable so far as the Independent Shareholders are concerned.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

RECOMMENDATIONS

Having considered the principal factors and reasons described above, we are of the opinion that (i) the Deposit Services contemplated under the New Financial Services Agreement are conducted in the ordinary and usual course of business of the Company and on normal commercial terms; and (ii) the proposed Revised Annual Caps are fair and reasonable so far as the Independent Shareholders are concerned and in the interest of the Company and the Shareholders as a whole. Hence, we recommend the Independent Shareholders, as well as the Independent Board Committee to advise the Independent Shareholders, to vote in favour of the relevant resolution at the AGM to approve the Supplement Agreement and the Revised Annual Caps.

Yours faithfully,
For and on behalf of
Lego Corporate Finance Limited
Joshua Liu
Managing Director

Mr. Joshua Liu is a licensed person registered with the Securities and Futures Commission and a responsible officer of Lego Corporate Finance Limited to carry out Type 6 (advising on corporate finance) regulated activity under the Securities and Futures Ordinance (Chapter 571 of the laws of Hong Kong). He has over 25 years of experience in the securities and investment banking industries.

NOTICE OF ANNUAL GENERAL MEETING

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this notice, 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 notice.



(A joint stock limited company incorporated in the People's Republic of China with limited liability)
(Stock code: 0576)

NOTICE OF 2024 ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the 2024 annual general meeting (the “AGM”) of Zhejiang Expressway Co., Ltd. (the “**Company**”) will be held at 10:00 a.m. on Friday, April 25, 2025 at 5/F, No. 2 Mingzhu International Business Center, 199 Wuxing Road, Hangzhou City, Zhejiang Province, the People’s Republic of China (the “**PRC**”), for the purpose of considering and, if thought fit, passing with or without modification or amendment the following resolutions:

AS ORDINARY RESOLUTIONS

1. to consider and approve the report of the directors of the Company for the year 2024;
2. to consider and approve the report of the supervisory committee of the Company for the year 2024;
3. to consider and approve the audited financial statements of the Company for the year 2024;
4. to consider and approve dividend of RMB38.5 cents per share in respect of the year ended December 31, 2024;
5. to consider and approve the final accounts of the Company for the year 2024 and the financial budget of the Company for the year 2025;
6. to consider and approve the re-appointment of Ernst & Young as the Hong Kong auditor of the Company, and to authorize the board of directors of the Company (the “**Board**”) to fix its remuneration;
7. to consider and approve the re-appointment of RSM China CPA LLP as the PRC auditor of the Company, and to authorize the Board to fix its remuneration;

NOTICE OF ANNUAL GENERAL MEETING

8. to consider and approve the Supplemental Agreement and the revised annual caps for the Deposit Services under the Supplemental Agreement (as defined in the Circular of the Company dated March 27, 2025) at RMB5 billion for each of the years ending December 31, 2025, 2026 and 2027 and the period from January 1, 2028 to March 29, 2028.

AS SPECIAL RESOLUTIONS

9. to consider and approve the grant of a general mandate to the Board to issue, allot and deal with additional Shares (as defined in the Circular of the Company dated March 27, 2025) not exceeding 20% of the total number of issued Shares (excluding treasury shares) and authorise the Board to make corresponding amendments to the articles of association of the Company (“**Articles of Association**”) as it thinks fit so as to reflect the new capital structure upon the allotment or issuance of such Shares, the details are as follows:

“**THAT**

- (A) (a) subject to paragraph (c) and in accordance with the relevant requirements of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, the Articles of Association and the applicable laws and regulations of the PRC, the exercise by the Board during the Relevant Period (as hereinafter defined) of all the powers of the Company to allot, issue and deal with, either separately or concurrently, additional Domestic Shares (as defined in the Circular of the Company dated March 27, 2025) and/or H Shares (as defined in the Circular of the Company dated March 27, 2025) of the Company and to make or grant offers, agreements, options and rights of exchange or conversion which might require the exercise of such powers be hereby generally and unconditionally approved;
- (b) the approval in paragraph (a) shall authorize the Board during the Relevant Period to make or grant offers, agreements, options and rights of exchange or conversion which might require the exercise of such powers after the end of the Relevant Period;
- (c) the aggregate nominal amount of the Shares allotted, issued and dealt with or agreed conditionally or unconditionally to be allotted, issued and dealt with (whether pursuant to an option or otherwise) by the Board pursuant to the approval granted in paragraph (a) shall not exceed 20% of the aggregate number of the Shares in issue on the date of passing this resolution, other than pursuant to (i) a Rights Issue (as hereinafter defined) or (ii) any scrip dividend or similar arrangement providing for allotment of shares in lieu of the whole or part of a dividend on shares of the Company in accordance with the Articles of Association; and

NOTICE OF ANNUAL GENERAL MEETING

(d) For the purpose of this special resolution:

“**Relevant Period**” means the period from the date of passing of this resolution until the earliest of:

- the conclusion of the next annual general meeting of the Company;
- the expiration of the period within which the next annual general meeting of the Company is required by the Articles of Association or other applicable laws to be held; or
- the date on which the authority set out in this resolution is revoked or varied by a resolution of the shareholders at any general meeting of the Company.

“**Rights Issue**” means an offer of shares open for a period fixed by the directors to holders of shares on the register on a fixed record date in proportion to their then holdings of such shares (subject to such exclusions or other arrangements as the directors may deem necessary or expedient in relation to fractional entitlements or having regard to any restrictions or obligations under the laws of, or the requirements of any recognized regulatory body or any stock exchange in any territory outside Hong Kong) and an offer, allotment or issue of shares by way of rights shall be construed accordingly.

(B) The Board be authorised to make corresponding amendments to the Articles of Association of the Company as it thinks fit so as to reflect the new capital structure upon the allotment or issuance of Shares as provided in sub-paragraph (a) of paragraph (A) of this resolution.

(C) The Board is authorized to grant the general mandate to the Chairman and General Manager to individually or jointly issue the additional Shares at their absolute discretion.”

10. to consider and approve the amendments to the Articles of Association and relevant authorization.

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

Hangzhou, PRC
March 27, 2025

NOTICE OF ANNUAL GENERAL MEETING

Notes:

1. Registration procedures for attending the AGM

- (a) Holders of H shares of the Company (“**H Shares**”) and domestic shares of the Company (“**Domestic Shares**”) intending to attend the AGM should return the reply slip for attending the AGM to the Company by post or by facsimile (address and facsimile numbers are shown in paragraph 6(b) below) such that the same shall be received by the Company on or before April 24, 2025.
- (b) A shareholder or his/her/its proxy should produce proof of identity when attending the AGM. If a corporate shareholder appoints its legal representative to attend the meeting, such legal representative shall produce proof of identity and a copy of the resolution of the board of directors or other governing body of such shareholder appointing such legal representative to attend the meeting.

2. Proxy

- (a) A shareholder eligible to attend and vote at the AGM is entitled to appoint, in written form, one or more proxies to attend and vote at the AGM on behalf of him/her/it. A proxy need not be a shareholder of the Company.
- (b) A proxy shall be appointed by a written instrument signed by the appointor or an attorney authorized by him/her/it for such purpose. If the appointor is a corporation, the same shall be affixed with the seal of such corporation, or signed by its director(s) or duly authorized representative(s). If the instrument appointing a proxy is signed by a person authorized by the appointor, the power of attorney or other authorisation document(s) shall be notarized.
- (c) To be valid, the power of attorney or other authorisation document(s) (which have been notarized) together with the completed form of proxy must be delivered, in the case of holders of Domestic Shares, to the Company at the address shown in paragraph 6(b) below and, in the case of holders of H Shares, to Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Center, 183 Queen’s Road East, Wanchai, Hong Kong, at least 24 hours before the time designated for holding of the AGM (or any adjournment thereof).
- (d) Any vote of the shareholders of the Company present in person or by proxy at the AGM must be taken by poll.

3. Book closing period

For the purpose of the AGM and to determine the shareholders who qualify for the proposed dividend, the register of members holding H Shares of the Company will be closed from April 22, 2025 to April 25, 2025 (both days inclusive), and from May 1, 2025 to May 6, 2025 (both days inclusive).

4. Last Day of Transfer and Record Date

Holders of H Shares who intend to attend the AGM and qualify for the proposed dividend must deliver all transfer instruments and the relevant shares certificates to Computershare Hong Kong Investor Services Limited at Shops 1712–1716, 17th Floor, Hopewell Center, 183 Queen’s Road East, Hong Kong, at or before 4:30 p.m. on April 17, 2025 and on April 30, 2025, respectively.

For the purpose of the AGM and qualify for the proposed dividend, the record date will be April 25, 2025 and May 6, 2025, respectively.

NOTICE OF ANNUAL GENERAL MEETING

5. Dividend Payable date

Upon relevant approval by shareholders at the AGM, the dividend is expected to be paid no later than June 24, 2025 (inclusive).

6. Miscellaneous

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

Room 501, No. 2 Mingzhu International Business Center
199 Wuxing Road, Shangcheng District
Hangzhou City, Zhejiang Province
People's Republic of China
310020
Telephone No.: (+86)-571-8798 7700
Facsimile No.: (+86)-571-8795 0329

As at the date of this notice, the Chairman of the Company is Mr. YUAN Yingjie; the executive directors of the Company are: Mr. WU Wei and Mr. LI Wei; the other non-executive directors of the Company are: Mr. YANG Xudong, Mr. FAN Ye and Mr. HUANG Jianzhang; and the independent non-executive directors of the Company are: Mr. PEI Ker-Wei, Ms. LEE Wai Tsang, Rosa and Mr. YU Mingyuan.

1. RESPONSIBILITY STATEMENT

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

2. DISCLOSURE OF INTERESTS**(a) Interests in the Company and its associated corporation**

As at the Latest Practicable Date, none of the Directors, Supervisors and chief executives of the Company had an interest or short position in any shares, underlying shares or equity derivatives or debentures of the Company or any associated corporations (within the meaning of Part XV of the SFO) which is required to be (i) notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which the Directors, Supervisors or chief executives of the Company was taken or deemed to have under such provisions of the SFO); or (ii) entered in the register kept by the Company pursuant to section 352 of the SFO; or (iii) notified to the Company and the Stock Exchange pursuant to Appendix C3 of the Listing Rules Model Code for Securities Transactions by Directors of Listed Companies.

As at the Latest Practicable Date, none of the Directors, Supervisors or chief executives of the Company or their spouses or children under 18 years of age were granted or had exercised any right to subscribe for any equity or debt securities of the Company or any of its associated corporations (within the meaning of Part XV of the SFO).

(b) Substantial shareholders

As at the Latest Practicable Date, so far as is known to the Directors and chief executives of the Company, persons (other than the Directors and the chief executives of the Company) who had interests and short positions in the Shares and underlying Shares of the Company

(within the meaning of Part XV of the SFO) as recorded in the register required to be kept under section 336 of the SFO, or as otherwise notified to the Company and the Stock Exchange, were set out as follows:

Name of substantial shareholder	Capacity	Number of Shares	Percentage of the issued share capital of the Company (Domestic Shares)
Communications Group	Beneficial owner	4,014,778,800	100%

Name of substantial shareholder	Capacity	Number of Shares	Percentage of the issued share capital of the Company (H Shares)
China Merchants Expressway Network & Technology Holdings Co., Ltd.	Beneficial owner	363,914,280(L)	18.39%
BlackRock, Inc.	Interest of controlled corporations	119,471,844(L) 41,918,000(S)	6.04% 2.12%

Notes:

- (1) The letter "L" denotes the person's long position in such Shares.
- (2) The letter "S" denotes the person's short position in such Shares.
- (3) The letter "P" denotes the person's interests in a lending pool.
- (4) As at the Latest Practicable Date, Communications Group, being a controlling shareholder of the Company holds 4,014,778,800 Domestic Shares representing 66.98% of the total number of issued Shares, and its associate holds 97,081,195 H Shares representing 1.62% of the total number of issued Shares.

Save as disclosed above, as at the Latest Practicable Date, no other persons had any interests or short positions in the shares or underlying shares of the Company that were required to be recorded pursuant to Section 336 of the SFO, or as otherwise notified to the Company and the Stock Exchange. Other than Mr. Yuan Yingjie, Mr. Fan Ye and Mr. Huang Jianzhang who are currently also employed by the Communications Group, no Director is a director or employee of a company which has an interest or short position in the shares and underlying shares of the issuer which would fall to be disclosed to the issuer under the provisions of Divisions 2 and 3 of Part XV of the SFO.

3. OTHER INTERESTS OF DIRECTORS

As at the Latest Practicable Date,

(a) Interests in service contracts

Each of the Directors and Supervisors has entered into a service agreement with the Company, which is effective from July 1, 2024 to June 30, 2027.

Save as disclosed above, none of the Directors or Supervisors had or was proposed to have a service contract with any member of the Group other than contracts expiring or determinable by the employer within one year without the payment of compensation other than the statutory compensation.

(b) Interests in assets

None of the Directors or Supervisors had any direct or indirect interest in any assets which had been acquired or disposed of by, or leased to, or which were proposed to be acquired or disposed of by, or leased to, any member of the Group since December 31, 2024, being the date to which the latest published audited financial statements of the Group were made up.

(c) Interests in contracts or arrangements

None of the Directors or Supervisors was materially interested in any contract or arrangement entered into by the Company or any of its subsidiaries which was subsisting and significant in relation to the business of the Group taken as a whole.

4. DIRECTORS' COMPETING INTERESTS

As at the Latest Practicable Date, none of the Directors or their associates was interested in any business which competes or is likely to compete, either directly or indirectly, with the business of the Group other than those businesses to which the Directors and their associates were appointed to represent the interests of the Company and/or the Group.

5. LITIGATION

As at the Latest Practicable Date, so far as the Directors are aware, there was no litigation or claim of material importance was known to the Directors to be pending or threatened against any member of the Group.

6. EXPERT AND CONSENT

The following is the qualification of the expert who has provided its opinion or advice, which are contained in this Circular:

Name	Qualification
Lego	a corporation licensed to carry out Type 6 (advising on corporate finance) regulated activities under the SFO

As at the Latest Practicable Date, to the best knowledge of the Company, Lego has no shareholding in any member of the Group nor has any right, whether legally enforceable or not, to subscribe for or to nominate persons to subscribe for securities in any member of the Group. Lego is a third party independent of the Company and its connected persons.

Lego has given and has not withdrawn its written consent to the issue of this Circular with the inclusion of its letter in the form and context in which it is included.

The letter from Lego is set out on pages IFA-1 to IFA-14 of this Circular and is given as at the date of this Circular for incorporation herein.

Lego has not, or has not had, direct or indirect interest in any assets which have been acquired or disposed of by, or leased to, any member of the Group or are proposed to be acquired or disposed of by, or leased to, any member of the Group since December 31, 2024, the date to which the latest published audited accounts of the Group was made up.

7. MATERIAL ADVERSE CHANGES

As at the Latest Practicable Date, the Directors were not aware of any material adverse change in the financial position or trading position of the Group since December 31, 2024, being the date to which the latest published audited financial statements of the Group were made up.

8. DOCUMENTS ON DISPLAY

The following documents are available on the website of the Stock Exchange (www.hkexnews.hk) and the website of the Company (www.zjec.com.cn) for a period of not less than 14 days commencing from the date of this Circular:

- (a) the New Financial Services Agreement; and
- (b) the final draft of the Supplemental Agreement.

APPENDIX II PROPOSED AMENDMENTS TO ARTICLES OF ASSOCIATION

The specific details for the amendments to the Articles of Association are as follows:

Original Articles of Association	Amended Articles of Association
<p>Article 5 The registered capital of the Company is RMB5,993,498,010.</p>	<p>Article 5 The registered capital of the Company is RMB5,993,498,010<u>5,993,800,537</u>.</p>
<p>Article 21 On April 18, 1997, with the approval of the Securities Committee of the State Council, the Company issued 1,433,854,500 overseas listed foreign shares, subscribed in foreign currency and listed overseas, to the overseas investors for the first time, and was listed on the Stock Exchange on May 15, 1997.</p> <p>The total number of shares of the Company is 5,993,498,010, and are all ordinary shares, of which 4,014,778,800 domestic invested shares are held by Zhejiang Communications Investment Group Co., Ltd. (浙江省交通投資集團有限公司), accounting for approximately 67% of the total shares of the Company; and 1,978,719,210 overseas listed foreign invested shares are held by holders of overseas listed foreign invested shares, accounting for approximately 33% of the total shares of the Company.</p>	<p>Article 21 On April 18, 1997, with the approval of the Securities Committee of the State Council, the Company issued 1,433,854,500 overseas listed foreign shares, subscribed in foreign currency and listed overseas, to the overseas investors for the first time, and was listed on the Stock Exchange on May 15, 1997.</p> <p>The total number of shares of the Company is 5,993,498,010<u>5,993,800,537</u>, and are all ordinary shares, of which 4,014,778,800 domestic invested shares are held by Zhejiang Communications Investment Group Co., Ltd. (浙江省交通投資集團有限公司), accounting for approximately 67% of the total shares of the Company; and 1,978,719,210<u>1,979,021,737</u> overseas listed foreign invested shares are held by holders of overseas listed foreign invested shares, accounting for approximately 33% of the total shares of the Company.</p>