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*This announcement and the listing document referred to herein have been published for information purposes only as required by the Listing Rules (as defined below) and do not constitute an offer to sell nor a solicitation of an offer to buy any securities. Neither this announcement nor anything referred to herein (including the listing document) forms the basis for any contract or commitment whatsoever. For the avoidance of doubt, the publication of this announcement and the listing document referred to herein shall not be deemed to be an offer of securities made pursuant to a prospectus issued by or on behalf of the Company (as defined below) for the purposes of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) of Hong Kong nor shall it constitute an advertisement, invitation or document containing an invitation to the public to enter into or offer to enter into an agreement to acquire, dispose of, subscribe for or underwrite securities for the purposes of the Securities and Futures Ordinance (Cap. 571) of Hong Kong.*



**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)**

## **PUBLICATION OF THE OFFERING CIRCULAR**

**U. S.\$470,000,000 1.638 per cent. Bonds due 2026 (the “Bonds”)**  
**(Stock code: 40761)**

**Joint Global Coordinators**  
*(in alphabetical order)*

**Barclays**

**China International Capital Corporation**

**Citigroup**

**Joint Lead Managers and Joint Bookrunners**  
*(in alphabetical order)*

**Bank of China**

**BOC International**

**China Everbright Bank  
Hong Kong Branch**

**China Minsheng Banking Corp., Ltd.,  
Hong Kong Branch**

**ICBC International**

**Industrial Bank Co., Ltd.  
Hong Kong Branch**

**Shanghai Pudong Development Bank  
Hong Kong Branch**

**Standard Chartered Bank**

This announcement is issued pursuant to Rule 37.39A of the Rules Governing the Listing of Securities (the “**Listing Rules**”) on The Stock Exchange of Hong Kong Limited (the “**Hong Kong Stock Exchange**”).

Please refer to the offering circular dated 7 July 2021 (the “**Offering Circular**”) appended herein in relation to the issuance of the Bonds. As disclosed in the Offering Circular, the Bonds were intended for purchase by professional investors (as defined in Chapter 37 of the Listing Rules) (“**Professional Investors**”) only and have been listed on the Hong Kong Stock Exchange on that basis. The Offering Circular is published in English only. No Chinese version of the Offering Circular has been published.

**Notice to Hong Kong Investors:** Zhejiang Expressway Co., Ltd. (浙江滬杭甬高速公路股份有限公司) (the “**Company**”) confirms that the Bonds are intended for purchase by Professional Investors only and have been listed on the Hong Kong Stock Exchange on that basis. Accordingly, the Company confirms that the Bonds are not appropriate as an investment for retail investors in Hong Kong. Investors should carefully consider the risks involved.

The Offering Circular does not constitute a prospectus, notice, circular, brochure or advertisement offering to sell any securities to the public in any jurisdiction, nor is it an invitation to the public to make offers to subscribe for or purchase any securities, nor is it circulated to invite offers by the public to subscribe for or purchase any securities.

The Offering Circular must not be regarded as an inducement to subscribe for or purchase any securities of the Company, and no such inducement is intended. No investment decision should be made based on the information contained in the Offering Circular.

Hong Kong, 15 July 2021

*As at the date of this announcement, the Chairman of the Company is Mr. YU Zhihong; the executive Directors of the Company are Mr. CHEN Ninghui and Mr. YUAN Yingjie; the other non-executive Directors of the Company are: Mr. JIN Chaoyang, Mr. FAN Ye and Mr. HUANG Jianzhang; and the independent non-executive Directors of the Company are: Mr. PEI Ker-Wei, Ms. LEE Wai Tsang, Rosa and Mr. CHEN Bin.*

## IMPORTANT NOTICE

**THIS OFFERING IS AVAILABLE ONLY TO INVESTORS WHO ARE ADDRESSEES OUTSIDE OF THE UNITED STATES.**

**IMPORTANT: You must read the following disclaimer before continuing.** The following disclaimer applies to the attached offering circular (“Offering Circular”). You are advised to read this disclaimer carefully before accessing, reading or making any other use of the attached Offering Circular. In accessing the attached Offering Circular, you agree to be bound by the following terms and conditions, including any modifications to them from time to time, each time you receive any information from us as a result of such access.

**Confirmation of Your Representation:** This Offering Circular is being sent to you at your request and by accepting the e-mail and accessing the attached Offering Circular, you shall be deemed to represent to Barclays Bank PLC, China International Capital Corporation Hong Kong Securities Limited and Citigroup Global Markets Limited (together, the “**Joint Global Coordinators**”), Bank of China Limited, Singapore Branch, BOCI Asia Limited, China Everbright Bank Co., Ltd., Hong Kong Branch, China Minsheng Banking Corp., Ltd., Hong Kong Branch, ICBC International Securities Limited, Industrial Bank Co., Ltd. Hong Kong Branch, Shanghai Pudong Development Bank Co., Ltd., Hong Kong Branch and Standard Chartered Bank (together with the Joint Global Coordinators, the “**Joint Lead Managers**”) that (1) you and any customers you represent are not in the United States, (2) the e-mail address that you gave us and to which this e-mail has been delivered is not located in the United States, its territories or possessions, and (3) you consent to delivery of the attached Offering Circular and any amendments or supplements thereto by electronic transmission, and (4) to the extent you purchase the Securities, you will be doing so in an offshore transaction as defined in regulations under the Securities Act in compliance with Regulation S thereunder.

The attached Offering Circular has been made available to you in electronic form. You are reminded that documents transmitted via this medium may be altered or changed during the process of transmission and consequently none of Zhejiang Expressway Co., Ltd. (浙江滬杭甬高速公路股份有限公司) (the “**Issuer**”), the Joint Lead Managers, nor their respective affiliates, directors, officers, employees, representatives, agents and each person who controls any of them nor any of their respective affiliates accepts any liability or responsibility whatsoever in respect of any discrepancies between the document distributed to you in electronic format and the hard copy version. We will provide a hard copy version to you upon request.

This offering circular is not a prospectus for the purposes of the European Union’s Regulation (EU) 2017/1129. This offering circular has been prepared on the basis that all offers of the securities made to persons in the European Economic Area will be made pursuant to an exemption under the EU Prospectus Regulation from the requirement to produce a prospectus in connection with offers of the securities.

**PROHIBITION OF SALES TO EEA RETAIL INVESTORS** – The Bonds are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the European Economic Area (“**EEA**”). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, “**MiFID II**”); (ii) a customer within the meaning of Directive (EU) 2016/97 (the “**Insurance Distribution Directive**”), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II. Consequently no key information document required by Regulation (EU) No 1286/2014, as amended (the “**PRIIPs Regulation**”) for offering or selling the securities or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the securities or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.

**PROHIBITION OF SALES TO UK RETAIL INVESTORS** – The Bonds are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the United Kingdom (“**UK**”). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client, as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 (the “**EUWA**”); (ii) a customer within the meaning of the provisions of the Financial Services and Markets Act 2000 (the “**FSMA**”) and any rules or regulations made under the FSMA to implement the Insurance Distribution Directive, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the EUWA. Consequently no key information document required by the PRIIPs Regulation as it forms part of domestic law by virtue of the EUWA (the “**UK PRIIPs Regulation**”) for offering or selling the Bonds or otherwise making them available to retail investors in the UK has been prepared and therefore offering or selling the Bonds or otherwise making them available to any retail investor in the UK may be unlawful under the UK PRIIPs Regulation.

**Singapore SFA Product Classification:** *In connection with Section 309B of the Securities and Futures Act (Chapter 289) of Singapore (the “SFA”) and the Securities and Futures (Capital Markets Products) Regulations 2018 of Singapore (the “CMP Regulations 2018”), the Issuer has determined, and hereby notifies all relevant persons (as defined in Section 309A(1) of the SFA), that the Bonds are “prescribed capital markets products” (as defined in the CMP Regulations 2018) and Excluded Investment Products (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products).*

**Restrictions:** The attached document is being furnished in connection with an offering in offshore transactions in compliance with Regulation S under the United States Securities Act of 1933, as amended (the “**Securities Act**”) solely for the purpose of enabling a prospective investor to consider the purchase of the securities described herein.

**THE SECURITIES HAVE NOT BEEN, AND WILL NOT BE, REGISTERED UNDER THE SECURITIES ACT, OR THE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES OR OTHER JURISDICTION AND THE SECURITIES MAY NOT BE OFFERED OR SOLD WITHIN THE UNITED STATES, EXCEPT PURSUANT TO AN EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND APPLICABLE STATE OR LOCAL SECURITIES LAWS. THIS OFFERING IS MADE SOLELY IN OFFSHORE TRANSACTIONS PURSUANT TO REGULATION S UNDER THE SECURITIES ACT.**

Nothing in this electronic transmission constitutes an offer or an invitation by or on behalf of the Issuer and the Joint Lead Managers to subscribe for or purchase any of the securities described therein, and access has been limited so that it shall not constitute in the United States or elsewhere a general solicitation or general advertising (as those terms are used in Regulation D under the Securities Act) or directed selling efforts (within the meaning of Regulation S under the Securities Act). If a jurisdiction requires that the offering be made by a licensed broker or dealer and any of the Joint Lead Managers, or any affiliate is a licensed broker or dealer in that jurisdiction, the offering shall be deemed to be made by such Joint Lead Manager, or such affiliate on behalf of the Issuer in such jurisdiction. You are reminded that you have accessed the attached Offering Circular on the basis that you are a person into whose possession this Offering Circular may be lawfully delivered in accordance with the laws of the jurisdiction in which you are located and you may not nor are you authorised to deliver this document, electronically or otherwise, to any other person. If you have gained access to this transmission contrary to the foregoing restrictions, you are not allowed to purchase any of the securities described in the attached.

**Actions that You May Not Take:** If you receive this document by e-mail, you should not reply by e-mail to this document, and you may not purchase any securities by doing so. Any reply e-mail communications, including those you generate by using the “**Reply**” function on your e-mail software, will be ignored or rejected.

**YOU ARE NOT AUTHORISED TO AND YOU MAY NOT FORWARD OR DELIVER THE ATTACHED OFFERING CIRCULAR, ELECTRONICALLY OR OTHERWISE, TO ANY OTHER PERSON AND IN PARTICULAR, TO ANY U.S. ADDRESS, OR REPRODUCE SUCH OFFERING CIRCULAR IN ANY MANNER WHATSOEVER. ANY FORWARDING, DISTRIBUTION OR REPRODUCTION OF THE ATTACHED OFFERING CIRCULAR IN WHOLE OR IN PART IS UNAUTHORISED. FAILURE TO COMPLY WITH THIS DIRECTIVE MAY RESULT IN A VIOLATION OF THE SECURITIES ACT OR THE APPLICABLE LAWS OF OTHER JURISDICTIONS.**

**You are responsible for protecting against viruses and other destructive items.** If you receive this document by e-mail, your use of this e-mail is at your own risk and it is your responsibility to take precautions to ensure that it is free from viruses and other items of a destructive nature.

**ZHEJIANG EXPRESSWAY CO., LTD.**  
**(浙江滬杭甬高速公路股份有限公司)**  
*(incorporated in the People's Republic of China with limited liability)*

**U. S.\$470,000,000 1.638 per cent. Bonds due 2026**



**Issue Price: 100.00 per cent.**

The 1.638 per cent. Bonds due 2026 in the aggregate principal amount of U.S.\$470,000,000 (the “**Bonds**”) will be issued by Zhejiang Expressway Co., Ltd. (浙江滬杭甬高速公路股份有限公司) (the “**Issuer**”).

The Bonds will bear interest on their outstanding principal amount from and including 14 July 2021 at the rate of 1.638 per cent. per annum. Interest on the Bonds will be payable semi-annually in arrear on 14 January and 14 July in each year.

The Bonds constitute (subject to Condition 3 of the terms and conditions of the Bonds (the “**Terms and Conditions of the Bonds**”), unsecured obligations of the Issuer and shall at all times rank *pari passu* and without any preference or priority among themselves. The payment obligations of the Issuer under the Bonds shall, save for such exceptions as may be provided by mandatory provisions of applicable law and subject to Condition 3.1 of the relevant Terms and Conditions of the Bonds, at all times rank at least equally with all its other present and future direct, senior, unsubordinated, unconditional and unsecured obligations.

Application has been made to The Stock Exchange of Hong Kong Limited (the “**Hong Kong Stock Exchange**”) for the permission to deal in, and for the listing of, the Bonds by way of debt issues to professional investors (as defined in Chapter 37 of the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange) (“**Professional Investors**”) only. This document is for distribution to Professional Investors only.

**Note to Hong Kong Investors: the Issuer confirms that the Bonds are intended for purchase by Professional Investors only and will be listed on the Hong Kong Stock Exchange on that basis. Accordingly, the Issuer confirms that the Notes are not appropriate as an investment for retail investors in Hong Kong. Investors should carefully consider the risks involved.**

**Hong Kong Stock Exchange has not reviewed the contents of this document, other than to ensure that the prescribed form disclaimer and responsibility statements, and a statement limiting distribution of this document to professional investors only have been reproduced in this document. Listing of the Bonds on Hong Kong Stock Exchange is not to be taken as an indication of the commercial merits or credit quality of the Bonds or the Issuer or quality of disclosure in this document. Hong Kong Exchanges and Clearing Limited and Hong Kong Stock Exchange take no responsibility for the contents of this document, make no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this document.**

This Offering Circular includes particulars given in compliance with the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange (the “**Listing Rules**”) for the purpose of giving information with regard to the Issuer. The Issuer accepts full responsibility for the accuracy of the information contained in this Offering Circular and confirms, having made all reasonable enquiries, that to the best of its knowledge and belief there are no other facts the omission of which would make any statement herein misleading.

Unless previously redeemed, or purchased and cancelled, the Bonds will be redeemed at their principal amount on 14 July 2026. The Bonds may not be redeemed at the option of the Issuer other than in accordance with the Terms and Conditions of the Bonds. The Issuer may, having given not less than 30 nor more than 60 days’ notice to the Trustee, the Principal Paying Agent and the Bondholders (which notice shall be irrevocable), redeem all but not some only of the Bonds at their principal outstanding amount (together with any interest accrued up to but excluding the date fixed for redemption) as at the relevant redemption date (the “**Tax Redemption Date**”) if (i) the Issuer satisfies the Trustee immediately prior to the giving of such notice that it has or will become obliged to pay Additional Tax Amounts as provided or referred to in Condition 7 of the relevant Terms and Conditions of the Bonds as a result of any change in, or amendment to, the laws or regulations of the PRC or Hong Kong or any political subdivision or any authority thereof or therein having power to tax, or any change in the general application or official interpretation of such laws or regulations or the stating of an official position with respect thereto (including a holding, judgment or order by a court of competent jurisdiction), which change or amendment becomes effective on or after 7 July 2021, and (ii) such obligation cannot be avoided by the Issuer taking reasonable measures available to it, provided that no such notice of redemption shall be given earlier than 90 days prior to the earliest date on which the Issuer would be obliged to pay such Additional Tax Amounts were a payment in respect of the Bonds then due, as further described in Condition 6.2.1 of the relevant Terms and Conditions of the Bonds. Following the occurrence of a Relevant Event (as defined in the relevant Terms and Conditions of the Bonds), the holder of each Bond will have the right, at such holder’s option, to require the Issuer to redeem all, but not some only, that Bondholder’s Bonds on the Relevant Event Put Date (as defined in the relevant Terms and Conditions of the Bonds) at 101 per cent. (in the case of a redemption for a Change of Control (as defined in the Terms and Conditions of the Bonds)) or 100 per cent. (in the case of a redemption for a No Registration Event (as defined in the relevant Terms and Conditions of the Bonds)) of their principal amount, together with, in each case, accrued interest up to but excluding such Relevant Event Put Date. See “**Terms and Conditions of the Bonds — Redemption, Purchase and Cancellation**”.

Pursuant to the Notice on Promoting the Reform of the Filing and Registration System for Issuance of Foreign Debt by Corporates (國家發展改革委關於推進企業發行外債備案登記制管理改革的通知) (the “**NDRC Notice**”) promulgated by the National Development and Reform Commission (the “**NDRC**”) on 14 September 2015 which came into effect on the same day, the Issuer has registered the issuance of the Bonds with the NDRC and obtained a certificate from the NDRC on 25 February 2021 evidencing such registration. Pursuant to the NDRC Notice, the Company will cause the relevant information relating to the issue of the Bonds to be reported to the NDRC within the time period prescribed by the NDRC or pursuant to relevant laws and regulations after the Issue Date.

The Issuer undertakes that it will (i) register or cause to be registered the Bonds with Zhejiang Branch of the State Administration of Foreign Exchange of the PRC (“**Zhejiang SAFE**”) pursuant to and within the prescribed timeframe under the applicable laws, regulations, guidelines and implementing measures promulgated thereunder of the PRC and the applicable requirements of Zhejiang SAFE (the “**Foreign Debt Registration**”), (ii) use its best endeavours to complete the Foreign Debt Registration and obtain a registration record from Zhejiang SAFE on or before the Registration Deadline, (iii) as soon as required or requested to do so by any relevant governmental authority, file or cause to be filed with SAFE the Bonds pursuant to the Notice of the People’s Bank of China on Matters Concerning Macro Prudential Management System for Nationwide Cross-border Financing (中國人民銀行關於全口徑跨境融資宏觀審慎管理有關事宜的通知) (the “**Cross-Border Financing Circular**”) and (iv) comply with all applicable PRC laws and regulations in relation to the Bonds, including the Cross-Border Financing Circular, the Foreign Debt Registration and NDRC Post-issue Filing and any implementing measures promulgated thereunder from time to time.

The Bonds are expected to be assigned a rating of A by Standard & Poor’s Rating Services, a division of the McGraw Hill Companies, Inc. (“**S&P**”) and A+ by Fitch Ratings Ltd. (“**Fitch**”). The ratings do not constitute a recommendation to buy, sell or hold the Bonds and may be subject to suspension, reduction or withdrawal at any time by S&P and Fitch. A suspension, reduction or withdrawal of the ratings assigned to the Bonds may adversely affect the market price of the Bonds.

**Investing in the Bonds involves certain risks. See the section entitled “Risk Factors” beginning on page 14 for a discussion of certain factors to be considered in connection with an investment in the Bonds.**

**The Bonds have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the “Securities Act”) and may not be offered or sold within the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. For a description of these and certain further restrictions on offers and sales of the Bonds and the distribution of this Offering Circular, see the section entitled “Subscription and Sale”.**

The denomination of the Bonds shall be U.S.\$200,000 and integral multiples of U.S.\$1,000 in excess thereof.

The Bonds will be represented initially by interests in a global certificate (the “**Global Certificate**”) in registered form which will be registered in the name of a nominee of, and shall be deposited on or about 14 July 2021 (the “**Issue Date**”) with, a common depositary for Euroclear Bank SA/NV (“**Euroclear**”) and Clearstream Banking S.A. (“**Clearstream**”). Interests in the Global Certificate will be shown on, and transfers thereof will be effected only through, records maintained by Euroclear and Clearstream. Except as described herein, certificates for Bonds will not be issued in exchange for interests in the Global Certificate.

	<b>Joint Global Coordinators</b> <i>(in alphabetical order)</i>	
Barclays	China International Capital Corporation	Citigroup
	<b>Joint Lead Managers and Joint Bookrunners</b> <i>(in alphabetical order)</i>	
Bank of China	BOC International	China Everbright Bank Hong Kong Branch
China Minsheng Banking Corp., Ltd., Hong Kong Branch	ICBC International	Industrial Bank Co., Ltd. Hong Kong Branch
Shanghai Pudong Development Bank Hong Kong Branch		Standard Chartered Bank

The date of this Offering Circular is 7 July 2021.

## IMPORTANT NOTICE

The Issuer confirms that (i) this Offering Circular contains all information with respect to the Issuer and its subsidiaries (together with the Issuer, the “**Group**”) and the Bonds which is material in the context of the issue and offering of the Bonds (including all information required by applicable laws and which, according to the particular nature of the Issuer and the Bonds, is necessary to enable investors and their investment advisors to make an informed assessment of the assets and liabilities, financial position, profits and losses, and prospects of the Issuer and of the rights attached to the Bonds), (ii) the statements contained in this Offering Circular relating to the Issuer and the Group are true and accurate in all material respects and not misleading, (iii) the opinions and intentions expressed in this Offering Circular with regard to the Issuer and the Group are, honestly held, and have been reached after considering all relevant circumstances and are based on reasonable assumptions, (iv) there are no other facts in relation to the Issuer, the Issuer’s subsidiaries and affiliates, the Subscription Agreement, the Trust Deed and the Agency Agreement, the omission of which would, in the context of the issue and offering of the Bonds, make any statement in this Offering Circular misleading in any material respect; (v) all reasonable enquiries have been made by the Issuer to ascertain such facts and to verify the accuracy of all such information and statements in this Offering Circular, and (vi) the statistical, industry and market-related data and forward looking statements included in this Offering Circular (if any), are based on or derived from sources which the Issuer believes to be accurate and reliable in all material respects.

This document includes particulars given in compliance with the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange for the purpose of giving information with regard to the Issuer. The Issuer accepts full responsibility for the accuracy of the information contained in this document and confirms, having made all reasonable enquiries, that to the best of its knowledge and belief there are no other facts the omission of which would make any statement herein misleading.

The Issuer has prepared this Offering Circular solely for use in connection with the proposed offering of the Bonds described in this Offering Circular. This Offering Circular does not constitute an offer of, or an invitation by or on behalf of Barclays Bank PLC, China International Capital Corporation Hong Kong Securities Limited and Citigroup Global Markets Limited (together, the “**Joint Global Coordinators**”), Bank of China Limited, Singapore Branch, BOCI Asia Limited, China Everbright Bank Co., Ltd., Hong Kong Branch, China Minsheng Banking Corp., Ltd., Hong Kong Branch, ICBC International Securities Limited, Industrial Bank Co., Ltd. Hong Kong Branch, Shanghai Pudong Development Bank Co., Ltd., Hong Kong Branch and Standard Chartered Bank (together with the Joint Global Coordinators, the “**Joint Lead Managers**”) or the Issuer to subscribe for or purchase any of the Bonds. The distribution of this Offering Circular and the offering of the Bonds in certain jurisdictions may be restricted by law. Persons into whose possession this Offering Circular comes are required by the Issuer and the Joint Lead Managers to inform themselves about and to observe any such restrictions. No action is being taken to permit a public offering of the Bonds or the distribution of this Offering Circular in any jurisdiction where action would be required for such purposes. There are restrictions on the offer and sale of the Bonds, and the circulation of documents relating thereto, in certain jurisdictions including the United States, the United Kingdom, the PRC, Hong Kong, Singapore and Japan and to persons connected therewith. For a description of certain further restrictions on offers and sales of the Bonds, and distribution of this Offering Circular, please see the section entitled “**Subscription and Sale**”. This Offering Circular is personal to each offeree and does not constitute an offer to any other person or to the public generally to subscribe for or otherwise acquire Bonds.

No person has been or is authorised to give any information or to make any representation concerning the Issuer, the Group or the Bonds other than as contained herein and, if given or made, any such other information or representation should not be relied upon as having been authorised by the Issuer, the Joint Lead Managers, the Trustee or the Agents (as defined in the Terms and Conditions of the Bonds) or their respective affiliates, directors, employees, agents, representatives, officers or advisers. Neither the delivery of this Offering Circular nor any offering, sale or delivery made in connection with the issue of the Bonds shall, under any circumstances, constitute a representation that there has been no change or development reasonably likely to involve a change in the affairs of the Issuer, the Group or any of them since the date hereof or create any implication that the information contained herein is correct as at any date subsequent to the date hereof. This Offering Circular does not constitute an offer of, or an invitation by or on behalf of the Issuer, the Joint Lead Managers, the Trustee or the Agents or any of their respective affiliates, directors, employees, agents, representatives, officers or advisers to subscribe for or purchase the Bonds and may not be used for the purpose of an offer to, or a solicitation by, anyone in any jurisdiction or in any circumstances in which such offer or solicitation is not authorised or is unlawful.

This Offering Circular is being furnished by the Issuer in connection with the offering of the Bonds exempt from registration under the Securities Act solely for the purpose of enabling a prospective investor to consider purchasing the Bonds. Investors must not use this Offering Circular for any other purpose, make copies of any part of this Offering Circular or give a copy of it to any other person, or disclose any information in this Offering Circular to any other person. The information contained in this Offering Circular has been provided by the Issuer and other sources identified in this Offering Circular. Any reproduction or distribution of this Offering Circular, in whole or in part, and any disclosure of its contents or use of any information herein for any purpose other than considering an investment in the Bonds offered by this Offering Circular is prohibited. Each offeree of the Bonds, by accepting delivery of this Offering Circular, agrees to the foregoing.

This offering circular is not a prospectus for the purposes of the European Union's Regulation (EU) 2017/1129. This offering circular has been prepared on the basis that all offers of the securities made to persons in the European Economic Area will be made pursuant to an exemption under the EU Prospectus Regulation from the requirement to produce a prospectus in connection with offers of the securities.

**PROHIBITION OF SALES TO EEA RETAIL INVESTORS** – The Bonds are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the European Economic Area (“**EEA**”). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, “**MiFID II**”); (ii) a customer within the meaning of Directive (EU) 2016/97 (the “**Insurance Distribution Directive**”), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II. Consequently no key information document required by Regulation (EU) No 1286/2014, as amended (the “**PRIIPs Regulation**”) for offering or selling the securities or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the securities or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.

**PROHIBITION OF SALES TO UK RETAIL INVESTORS** – The Bonds are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the United Kingdom (“**UK**”). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client, as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 (the “**EUWA**”); (ii) a customer within the meaning of the provisions of the Financial Services and Markets Act 2000 (the “**FSMA**”) and any rules or regulations made under the FSMA to implement the Insurance Distribution Directive, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the EUWA. Consequently no key information document required by the PRIIPs Regulation as it forms part of domestic law by virtue of the EUWA (the “**UK PRIIPs Regulation**”) for offering or selling the Bonds or otherwise making them available to retail investors in the UK has been prepared and therefore offering or selling the Bonds or otherwise making them available to any retail investor in the UK may be unlawful under the UK PRIIPs Regulation.

***Singapore SFA Product Classification:** In connection with Section 309B of the Securities and Futures Act (Chapter 289) of Singapore (the “**SFA**”) and the Securities and Futures (Capital Markets Products) Regulations 2018 of Singapore (the “**CMP Regulations 2018**”), the Issuer has determined, and hereby notifies all relevant persons (as defined in Section 309A(1) of the SFA), that the Bonds are ‘prescribed capital markets products’ (as defined in the CMP Regulations 2018) and Excluded Investment Products (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products).*

None of the Joint Lead Managers, the Trustee or the Agents or any of their respective affiliates, directors, employees, agents, representatives, officers or advisers has independently verified the information contained in this Offering Circular. Accordingly, no representation, warranty or undertaking, express or implied, is made or given and no responsibility or liability is accepted, by the Joint Lead Managers, the Trustee or the Agents or any of their respective affiliates, directors, employees, agents, representatives, officers or advisers, as to the accuracy, completeness or sufficiency of the information contained in this Offering Circular or any other information supplied in connection with the Bonds and nothing contained in this Offering Circular is, or shall be relied upon as, a promise, representation or warranty by the Joint Lead Managers, the Trustee or the Agents or any of their respective affiliates, directors, employees, agents, representatives, officers or advisers. This Offering Circular is not intended to provide the basis for any credit or other evaluation nor should it be considered as a recommendation by any of the Issuer, the Joint Lead Managers, the Trustee or the Agents or any of their respective affiliates, directors, employees, agents, representatives, officers or advisers that any recipient of this Offering Circular should purchase the Bonds. Each person receiving this Offering Circular acknowledges that such person has not relied on the Joint Lead Managers, the Trustee, the Agents or any of their respective affiliates, directors, employees, agents, representatives, officers or advisers in connection with its investigation of the accuracy of such information or its investment decision, and each such person must rely on its own examination of the Issuer and the merits and risks involved in investing in the Bonds and upon such investigations with its own tax, legal and business advisers as it deems necessary. Please see the section entitled “*Risk Factors*” for a discussion of certain factors to be considered in connection with an investment in the Bonds.

To the fullest extent permitted by law, none of the Joint Lead Managers, the Trustee or the Agents or any of their respective affiliates, directors, employees, agents, representatives, officers or advisers accepts any responsibility for the contents of this Offering Circular or any statement made or purported to be made by any such person or on its behalf in connection with the Issuer, the Group or the issue and offering of the Bonds. Each of the Joint Lead Managers, the Trustee and the Agents and their respective affiliates, directors, employees, agents, representatives, officers and advisers accordingly disclaims all and any liability, whether arising in tort or contract or otherwise, which it might otherwise have in respect of this Offering Circular or any such statement. None of the Joint Lead Managers, the Trustee or the Agents or any of their respective affiliates, directors, employees, agents, representatives, officers or advisers undertakes to review the financial condition or affairs of the Issuer or the Group during the life of the arrangements contemplated by this Offering Circular nor to advise any investor or potential investor in the Bonds of any information coming to the attention of the Joint Lead Managers, the Trustee or the Agents or any of their respective affiliates, directors, employees, agents, representatives, officers or advisers.

Any of the Joint Lead Managers and their respective affiliates may purchase the Bonds for its or their own account and enter into transactions, including credit derivatives, such as asset swaps, repackaging and credit default swaps relating to the Bonds and/or other securities of the Issuer or its subsidiaries or associates at the same time as the offer and sale of the Bonds or in secondary market transactions. Such transactions may be carried out as bilateral trades with selected counterparties and separately from any existing sale or resale of the Bonds to which this Offering Circular relates (notwithstanding that such selected counterparties may also be purchasers of the Bonds). Furthermore, investors in the Bonds may include entities affiliated with the Group. Accordingly, references herein to the Bonds being offered should be read as including any offering of the Bonds to the Joint Lead Managers and/or their affiliates acting in such capacity. Such persons do not intend to disclose the extent of any such investment or transactions otherwise than in accordance with any legal or regulatory obligation to do so.

Investors are advised to read and understand the contents of this offering circular before investing. If in doubt, investors should consult his or her adviser.

**IN CONNECTION WITH THIS OFFERING, ANY JOINT LEAD MANAGER APPOINTED AND ACTING IN ITS CAPACITY AS STABILISATION MANAGER (THE “STABILISATION MANAGER”) OR ANY PERSON ACTING FOR THE STABILISATION MANAGER MAY, SUBJECT TO ALL APPLICABLE LAWS, OVER-ALLOT BONDS OR EFFECT TRANSACTIONS WITH A VIEW TO SUPPORTING THE MARKET PRICE OF THE BONDS AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL. HOWEVER, THERE IS NO ASSURANCE THAT THE STABILISATION MANAGER (OR PERSONS ACTING ON BEHALF OF THE STABILISATION MANAGER) WILL UNDERTAKE STABILISATION ACTION. ANY STABILISATION ACTION MAY BEGIN ON OR AFTER THE DATE ON WHICH ADEQUATE PUBLIC DISCLOSURE OF THE TERMS OF THE OFFER OF THE BONDS IS MADE AND, IF BEGUN, MAY BE ENDED AT ANY TIME AND MUST BE BROUGHT TO AN END AFTER A LIMITED PERIOD.**

Prospective investors should not construe anything in this Offering Circular as legal, business or tax advice. Each prospective investor should determine for itself the relevance of the information contained in this Offering Circular and consult its own legal, business and tax advisers as needed to make its investment decision and determine whether it is legally able to purchase the Bonds under applicable laws or regulations.



## PRESENTATION OF FINANCIAL INFORMATION

The Issuer's consolidated financial information as at and for the years ended 31 December 2018, 2019 and 2020 have been extracted from the consolidated financial statements of the Company for the year ended 31 December 2019 and 2020, which have been audited by Deloitte Touche Tohmatsu, the independent auditors of the Company and incorporated by reference in this Offering Circular. The Company acquired 100 per cent. equity interest in Shenjiahuhang Co from Communications Group on 9 April 2019, and acquired 100 per cent. equity interest in Zhejiang Hotel from Zhejiang Shipping Group Co., Ltd., a wholly-owned subsidiary of the Communications Group, on 14 June 2019, respectively, which were regarded as business combinations involving entities under common control and were accounted for using merger accounting method. As a result, comparative figures for the year ended 31 December 2018 in the consolidated statement of profit or loss and other comprehensive income and the consolidated statement of financial position have been restated, in order to include the profits, assets and liabilities of the combining entities since the date on which they first come under common control. The Company prepares its consolidated financial statements in accordance with the Hong Kong Financial Reporting Standards ("HKFRS"). See "Summary Consolidated Financial Information of the Group" for details.

## CERTAIN DEFINITIONS AND CONVENTIONS

In this Offering Circular, unless otherwise specified or the context otherwise requires, all references to the “**PRC**”, “**China**” and “**mainland China**” are to the People’s Republic of China (which for the purpose of this Offering Circular, excludes the Hong Kong Special Administrative Region of the PRC, the Macau Special Administrative Region of the PRC and Taiwan), all references to the “**United States**” and “**U.S.**” are to the United States of America, all references to “**Hong Kong**” are to the Hong Kong Special Administrative Region of the People’s Republic of China; all references to “**Hong Kong dollar(s)**” and “**HK\$**” are to the lawful currency of Hong Kong, all references to “**CNY**”, “**Renminbi**” and “**RMB**” are to the lawful currency of the PRC and all references to “**USD**”, “**U.S. dollar(s)**” and “**U.S.\$**” are to the lawful currency of the United States of America.

Certain monetary amounts in this Offering Circular have been subject to rounding adjustments. Accordingly, figures shown as totals in certain tables may not be an arithmetic aggregation of the figures which precede them.

Solely for convenience, this Offering Circular contains translations of certain Renminbi amounts into U.S. dollar amounts. Unless indicated otherwise, the translation of Renminbi amounts into U.S. dollar amounts has been made at the rate of RMB6.5250 to U.S.\$1.00, the exchange rate set forth in the H.10 statistical release of the Federal Reserve Bank of New York on 31 December 2020. These translations should not be construed as representations that the Renminbi amounts could have been or could actually be converted into U.S. dollar amounts at the rates indicated or at all.

## FORWARD-LOOKING STATEMENTS

The Issuer has made certain forward-looking statements in this Offering Circular. All statements other than statements of historical facts contained in this Offering Circular constitute “forward-looking statements”. Some of these statements can be identified by forward-looking terms, such as “anticipate”, “target”, “believe”, “can”, “would”, “could”, “estimate”, “expect”, “aim”, “intend”, “may”, “plan”, “will”, “would” or similar words. However, these words are not the exclusive means of identifying forward-looking statements. All statements regarding expected financial condition and results of operations, business plans and prospects are forward-looking statements. These forward-looking statements include but are not limited to statements as to the business strategy, revenue and profitability, planned projects and other matters as they relate to the Issuer and/or the Group discussed in this Offering Circular regarding matters that are not historical fact. These forward-looking statements and any other projections contained in this Offering Circular (whether made by the Issuer or by any third party) involve known and unknown risks, including those disclosed under the caption “*Risk Factors*”, uncertainties and other factors that may cause the actual results, performance or achievements of the Issuer or the Group to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements or other projections.

These forward-looking statements speak only as at the date of this Offering Circular. The Issuer expressly disclaims any obligation or undertaking to release publicly any updates or revisions to any forward-looking statement contained herein to reflect any change in the Group’s expectations with regard thereto or any change of events, conditions or circumstances, on which any such statement was based.

The factors that could cause the actual results, performances and achievements of the Issuer, the Group or any member of the Group to be materially different include, among others:

- the ability of the Group to successfully implement its business plans and strategies;
- future developments, trends and conditions in the industry and markets in which the Group operates;
- the Group’s business prospects and capital expenditure plans;
- the actions and developments of the Group’s competitors;
- the continued availability of capital and financing;
- macroeconomic measures taken by the PRC government to manage economic growth;
- changes or volatility in interest rates, foreign exchange rates, equity prices or other rates or prices, including those pertaining to the PRC and the industry and markets in which the Group operations;
- any changes in the laws, rules and regulations of the central and local governments in the PRC and other relevant jurisdictions and the rules, regulations and policies of the relevant governmental authorities relating to all aspects of the Group’s business; and
- other factors, including those discussed in the section entitled “*Risk Factors*”.

The Issuer does not undertake any obligation to update or revise publicly any of the opinions or forward-looking statements expressed in this Offering Circular as a result of any new information, future events or otherwise.

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## DEFINITIONS

In this Offering Circular, unless the context otherwise requires, the following expressions shall have the following meanings.

“Audit Committee”	the audit committee of the Company
“Board of Directors” or “Board”	the board of directors of the Company
“CAGR”	Compound Annual Growth Rate
“Clearing Systems”	Euroclear and Clearstream
“Communications Group”	Zhejiang Communications Investment Group Co., Ltd.(浙江省交通投資集團有限公司), a wholly State-owned enterprise established on 29 December 2001 and the controlling shareholder of the Company
“Compensation Committee”	the compensation committee of the Company
“De’an Co”	Deqing County De’an Highway Construction Co., Ltd. (德清縣德安公路建設有限責任公司), a 80.1 per cent. owned subsidiary of the Company. A Joint Venture is established with Zhejiang Hongtu Transportation Construction Company (浙江交工宏途交通建設有限公司) for PPP Project in Deqing County
“Directors”	the directors of the Company
“EIT Law”	the Enterprise Income Tax Law of the PRC that came into effect on 1 January 2008 and amended on 24 February 2017 and 29 December 2018.
“Group”	the Company and its subsidiaries
“H Shares”	the overseas listed foreign shares of RMB1.00 each in the share capital of the Company which are primarily listed on the Hong Kong Stock Exchange and traded in Hong Kong dollars since 15 May 1997
“Hanghui Co”	Zhejiang Hanghui Expressway Co., Ltd.(浙江杭徽高速公路有限公司), a 51 per cent. owned subsidiary of the Company
“Holder”	a holder of the Bonds
“Hong Kong Stock Exchange” or “SEHK”	The Stock Exchange of Hong Kong Limited
“Huihang Co”	Huangshan Yangtse Huihang Expressway Co., Ltd. (浙江黃山長江徽杭高速公路有限責任公司), a wholly-owned subsidiary of the Company

“IIT Law”	the Individual Income Tax Law of the PRC as amended on 30 June 2011 and 31 August 2018
“km”	kilometer
“km/h”	kilometer per hour
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Nomination Committee”	the nomination committee of the Company
“Shangsan Co”	Zhejiang Shangsan Expressway Co., Ltd. (浙江上三高速公路有限公司), a 73.625 per cent. owned subsidiary of the Company
“Shareholders”	the shareholders of the Company
“Shenjiahuhang Co”	Zhejiang Shenjiahuhang Expressway Co., Ltd. (浙江申嘉湖杭高速公路有限公司), a wholly-owned subsidiary of the Company
“Strategy Committee”	the strategy committee of the Company
“Supervisory Committee”	the supervisory committee of the Company
“Zheshang Securities”	Zheshang Securities Co., Ltd. (浙商證券股份有限公司), a 54.7894 per cent. owned subsidiary of the Shangsan Co
“Zhejiang Hotel”	Zhejiang Grand Hotel Limited (浙江大酒店有限公司), a wholly-owned subsidiary of the Company

## SUMMARY

*The summary below is intended only to provide a limited overview of information described in more detail elsewhere in this Offering Circular. As it is a summary, it does not contain all the information that may be important to investors. Terms defined elsewhere in this Offering Circular shall have the same meanings when used in this summary. Prospective investors should therefore read this Offering Circular in its entirety, including “Risk Factors”, to determine whether an investment in the Bonds is appropriate.*

### Overview

Zhejiang Expressway is an infrastructure company principally engaged in investing in, developing and operating of high-grade roads. The Company and its subsidiaries also carry out securities business and certain ancillary businesses such as hotel business.

As at 31 December 2020, major assets under management of the Group include the 247.9 km Shanghai-Hangzhou-Ningbo Expressway, the 141.4 km Shangsang Expressway, the 69.7 km Jinhua section of Ningbo-Jinhua Expressway, the 122.3 km Hanghui Expressway, the 81.6 km Huihang Expressway, the 92.9 km Shenjiahuhang Expressway and the 46.3 km Zhoushan Bay Bridge. Apart from Huihang Expressway which is situated within Anhui Province in the PRC, the rest of the six expressways are situated within Zhejiang Province in the PRC. As at 31 December 2020, total assets of the Company and its subsidiaries amounted to RMB130,063.38 million. In addition, the Group also conducts the securities business through one of the Company’s subsidiaries, Zheshang Securities which was listed on the Shanghai Stock Exchange (Stock Code: 601878.SH).

The Company was incorporated on 1 March 1997 as the main vehicle of the People’s Government of Zhejiang Province for investing in, developing and operating expressways and Class 1 roads in Zhejiang Province. The H Shares of the Company were listed on the Hong Kong Stock Exchange on 15 May 1997, and the Company subsequently obtained a secondary listing on the London Stock Exchange on 5 May 2000. On 14 February 2002, a Level I American Depositary Receipt program sponsored by the Company in respect of its H Shares was established in the United States and became effective.

For the years ended 2018, 2019 and 2020, the Group’s revenue was RMB11,192.2 million, RMB11,955.3 million and RMB11,942.8 million, respectively. For the years ended 2018, 2019 and 2020, the Group’s gross profit was RMB5,385.4 million, RMB5,274.3 million and RMB4,639.1 million, respectively.

The toll roads business segment is the largest contributor to the Group’s revenue and profit, and has provided the Group with stable cash flow growth. Driven by Zhejiang Province’s steady economic development and as the condition of PRC’s road network continues to improve, the traffic volume on the Group’s expressways has recorded solid organic growth which in turn has contributed to the growth of the Group’s revenue from its toll road operations. For the years ended 2018, 2019 and 2020, the Group’s revenue from its toll road business amounted to approximately RMB7,854.5 million, RMB8,061.0 million and RMB6,379.6 million, respectively, representing approximately 70.2 per cent., 67.4 per cent. and 53.4 per cent. of the Group’s total revenue for the years ended 2018, 2019 and 2020, respectively. For the years ended 31 December 2018, 2019 and 2020, the profit from the Group’s toll road business amounted to approximately RMB3,147.6 million, approximately RMB2,764.0 million and approximately RMB1,625.7 million, respectively, representing approximately 78.8 per cent., approximately 62.6 per cent. and approximately 41.1 per cent. of the Group’s total profit for the years ended 31 December 2018, 2019 and 2020, respectively.

The securities business of the Group is conducted through one of the Company's subsidiaries, Zheshang Securities, which is principally engaged in the provision of securities brokerage services, margin financing and securities lending services, securities underwriting and sponsorship services, asset management, advisory services and proprietary trading. For the years ended 2018, 2019 and 2020, the Group's revenue from its securities business amounted to approximately RMB2,921.3 million, RMB3,300.8 million and RMB5,087.3 million, respectively, representing approximately 26.1 per cent., 27.6 per cent. and 42.6 per cent. of the Group's total revenue for the years ended 2018, 2019 and 2020, respectively. For the years ended 2018, 2019 and 2020, the profit from the Group's securities business amounted to approximately RMB468.7 million, RMB991.2 million and RMB1,636.2 million, respectively, representing approximately 11.7 per cent., 22.5 per cent. and 41.4 per cent. of the Group's total profit for the years ended 31 December 2018, 2019 and 2020, respectively. Due to the negative impact of Covid-19 on the expressway sector, the Company experienced a significant drop in toll revenue in 2020. The Company, however, did not slow down the pace of development, but actively enhanced its operational and innovation capabilities in order to consolidate its core competitive advantages.

The Group's other business primarily consist of operation of the Grand New Century Hotel and Zhejiang Grand Hotel in Hangzhou and road construction services provided by De'an Co. For the years ended 2018, 2019 and 2020, the Group's revenue from its other business amounted to approximately RMB416.4 million, RMB593.5 million and RMB475.8 million, respectively, representing approximately 3.7 per cent., 5.0 per cent. and 4.0 per cent. of the Group's total revenue for the years ended 2018, 2019 and 2020, respectively. For the years ended 2018, 2019 and 2020, the profit from the Group's other business amounted to approximately RMB378.2 million, RMB659.7 million and RMB692.7 million, respectively, representing approximately 9.5 per cent., 14.9 per cent. and 17.5 per cent. of the Group's total profit for the years ended 2018, 2019 and 2020, respectively.

### **Competitive Strengths**

The Group believes that the following competitive strengths have contributed to its success and will continue to help maintain its leading market position and future prospects:

- Solid Support and Sufficient Resources from the Shareholder;
- China's Expressway Industry with Unlimited Potential and Long-term Stable and Favorable Policies;
- Industry Leader with High-Quality Expressway Assets;
- Developing Core Business with Financing Facilitation;
- Strong and Diversified Financing Channels;
- Well-established Corporate Governance and Structure and Management System as a Listed Company; and
- Experienced Management Team.



## **Strategies**

By following market-oriented and innovation-driven strategies and seizing market opportunities, the Group plans to reinforce and further enhance its core toll road business, while exploring and identifying opportunities in new industries to achieve the sustainable development of the Group. The Group expects to focus on the following strategies:

- Overall Strategic Positioning: Drive A New Round of Quality and Sustainable Growth, Further Cement the Market Position as A Leading Expressway Investor and Operator in China; and
- Growth Path to Achieving Its Overall Strategic Positioning: Further Expansion of Its Transport Infrastructure and Development of Its Other Businesses.

## RECENT DEVELOPMENTS

### **Early Redemption of the Convertible Bonds**

On 21 April 2020, at the option of the bondholders, the Company made an early redemption of part of the outstanding Euro365 million zero coupon convertible bonds due 2022 issued by the Company on 5 April 2017 (the “**2022 Convertible Bonds**”) at the principal amount of Euro364.9 million. On 26 March 2021, the Company exercised its rights to redeem in full all of the outstanding 2022 Convertible Bonds at the principal amount of Euro100,000 together with the accrued interest.

As at the date of this Offering Circular, there were no outstanding 2022 Convertible Bonds in issue. The Company has applied to The Stock Exchange of Hong Kong Limited to withdraw the listing of the 2020 Convertible Bonds. Such withdrawal of listing has been effective since 20 April 2021.

### **2021 First Quarter Financial Information of the Group**

The Group has published the first quarter financial information as at and for the three months ended 31 March 2021 (the “**First Quarter Financial Information**”) on the Hong Kong Stock Exchange, which has not been reviewed or audited by the Company’s independent auditors. The First Quarter Financial Information is not included in and does not form a part of this Offering Circular.

The Company entered into an equity purchase agreement with Zhejiang Communications Investment Group Co., Ltd to acquire 100 per cent. equity interest in Zhejiang Longlililong Co., Ltd for RMB238,140,000. The acquisition was completed in January 2021. Therefore, in accordance with the guidance set out in Accounting Guideline 5 “Merger Accounting for Common Control Combinations” issued by the Hong Kong Institute of Certified Public Accountants, the comparative condensed consolidated statement of profit or loss and other comprehensive income and condensed consolidated statement of cash flows for the three months ended 31 March 2020 and the condensed consolidated statement of financial position as at 31 December 2020 have been restated.

The First Quarter Financial Information has not been audited or reviewed by the Company’s independent auditors, or any other independent accountants and may be subject to adjustments if audited or reviewed. Consequently, none of the Joint Lead Managers, the Trustee or the Agents (or any of their respective affiliates, directors, officers, employees, representatives, advisers, agents and each person who controls any of them) makes any representation or warranty, express or implied, regarding the accuracy of such financial statements or their sufficiency for an assessment of, and potential investors must exercise caution when using such data to evaluate the Group’s financial conditions and results of operations. The First Quarter Financial Information should not be taken as an indication of the expected financial condition, results of operations and results of the Group for the full financial year ending 31 December 2021.

### **Acquisition of 55 per cent. equity interest in Jiaxing Zhajiasu Expressway Co., Ltd. (the “Target Company”)**

On 7 May 2021, the Company entered into a share transfer agreement with, among others, Mr. Zhou Minghai who held 85 per cent. equity interest in Target Company and Mr. Shi Guoliang who held 15 per cent. equity interest in the Target Company in relation to the acquisition of 55 per cent. equity interest in the Target Company at the consideration of RMB771,650,000 determined by parties at arm’s length negotiations. As at 31 March 2021, the total length of expressways operated by the Group amounted to 1,197 kilometres. Upon the completion of the acquisition, the Company has enhanced its overall performance in the long run by increasing its operating mileage by 50.281 kilometers and its market share in the northern part of Zhejiang Province.

**Zheshang Huijin Zhejiang Expressway Infrastructure Securities Investment Fund (“Infrastructure Fund”)**

The Infrastructure Fund has commenced its public offering on 31 May 2021. Zhejiang Zheshang Securities Asset Management Co, Ltd. (“**Zheshang AM**”), an indirect non wholly-owned subsidiary of the Company set up the Infrastructure Fund as a publicly-listed infrastructure securities investment fund, has raised RMB4.36 billion. The Company subscribed for 51 per cent. of the interest in the Infrastructure Fund as a strategic investor.

## THE OFFERING

The following contains summary information about the Bonds. Some of the terms described below are subject to important limitations and exceptions. Words and expressions defined in the section entitled “Terms and Conditions of the Bonds” and “Summary of Provisions Relating to the Bonds in Global Form” shall have the same meanings in this summary. For a comprehensive description of the terms of the Bonds, see the section entitled “Terms and Conditions of the Bonds” of this Offering Circular.

<b>Issuer</b>	Zhejiang Expressway Co., Ltd. (浙江滬杭甬高速公路股份有限公司).
<b>Issue</b>	U.S.\$470,000,000 in aggregate principal amount of 1.638 per cent. Bonds due 2026.
<b>Issue Price</b>	100.00 per cent.
<b>Form and Denomination</b>	The Bonds are issued in registered form in denomination of U.S.\$200,000 and integral multiples of U.S.\$1,000 in excess thereof.
<b>Interest</b>	The Bonds will bear interest from and including 14 July 2021 at the rate of 1.638 per cent. per annum, payable semi-annually in arrear on 14 January and 14 July in each year.
<b>Issue Date</b>	14 July 2021.
<b>Status of the Bonds</b>	The Bonds constitute direct, senior, unsubordinated, unconditional and (subject to Condition 3 of the Terms and Conditions of the Bonds) unsecured obligations of the Issuer and shall at all times rank <i>pari passu</i> and without any preference or priority among themselves. The payment obligations of the Issuer under the Bonds shall, save for such exceptions as may be provided by mandatory provisions of applicable law and subject to Condition 3.1 of the Terms and Conditions of the Bonds, at all times rank at least equally with all its other present and future direct, senior, unsubordinated, unconditional and unsecured obligations.
<b>Negative Pledge</b>	The Bonds contain a negative pledge as further described in Condition 3.1 of the Terms and Conditions of the Bonds.
<b>Events of Default</b>	The Bonds contain certain events of default provisions as further described in Condition 8 of the Terms and Conditions of the Bonds.

**Taxation**

All payments made by or on behalf of the Issuer in respect of the Bonds will be made free from any deduction or withholding for or on account of any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or on behalf of the PRC or Hong Kong or any authority therein or thereof having power to tax, unless withholding or deduction of such taxes, duties, assessments or governmental charges is compelled by law. Where such withholding or deduction is made by the Issuer by or within the PRC at the PRC tax rate applicable on 7 July 2021 to payments from PRC resident enterprises to non-PRC enterprises (the “**Applicable Rate**”), the Issuer shall (except in certain circumstances as set out in Condition 7 of the Terms and Conditions of the Bonds) increase the amounts paid by it to the extent required, so that the net amount received by Bondholders equals the amounts which would otherwise have been receivable by them had no such withholding or deduction been required. If the Issuer is required to make a deduction or withholding in respect of PRC tax in excess of the Applicable Rate, or any Hong Kong deduction or withholding is required, in such event that the Issuer shall pay such additional amounts (“**Additional Tax Amounts**”) as will result in receipt by the Bondholders of such amounts as would have been received by them had no such withholding or deduction been required.

**Final Redemption**

Unless previously redeemed, or purchased and cancelled, the Bonds will be redeemed at their principal amount on the relevant Maturity Date.

**Redemption for Taxation  
Reasons**

The Issuer may, having given not less than 30 nor more than 60 days' notice to the Trustee, the Principal Paying Agent and the Bondholders (which notice shall be irrevocable), redeem all but not some only of the Bonds at their principal outstanding amount (together with any interest accrued up to but excluding the date fixed for redemption) as at the relevant redemption date (the "**Tax Redemption Date**"), if (i) the Issuer satisfies the Trustee immediately prior to the giving of such notice that it has or will become obliged to pay Additional Tax Amounts as provided or referred to in Condition 7 of the Terms and Conditions of the Bonds as a result of any change in, or amendment to, the laws or regulations of the PRC or Hong Kong or any political subdivision or any authority thereof or therein having power to tax, or any change in the general application or official interpretation of, such laws or regulations or the stating of an official position with respect thereto (including a holding, judgment or order by a court of competent jurisdiction), which change or amendment becomes effective on or after 7 July 2021, and (ii) such obligation cannot be avoided by the Issuer taking reasonable measures available to it, provided that no such notice of redemption shall be given earlier than 90 days prior to the earliest date on which the Issuer would be obliged to pay such Additional Tax Amounts were a payment in respect of the Bonds then due. Prior to the publication of any notice of redemption pursuant to Condition 6.2 of the Terms and Conditions of the Bonds, the Issuer shall deliver to the Trustee (a) a certificate in English signed by two directors of the Issuer who are also Authorised Signatories of the Issuer stating that the obligation referred to in (i) above of Condition 6.2 cannot be avoided by the Issuer having taken reasonable measures available to it and (b) an opinion of independent legal or tax advisors of recognised standing to the effect that such change or amendment has occurred (irrespective of whether such amendment or change is then effective), and the Trustee shall be entitled to accept such certificate and opinion as sufficient evidence thereof, in which event the same shall be conclusive and binding on the Bondholders and the Trustee shall be protected and incur no liability to any Bondholder for or in respect of any action taken, omitted or suffered in reliance upon such certificate and opinion.

**Redemption for Relevant  
Events**

Following the occurrence of a Relevant Event, the holder of any Bond will have the right, at such holder's option, to require the Issuer to redeem all, but not some only, of such holder's Bonds on the Relevant Event Put Date (as defined in the Terms and Conditions of the Bond) at 101 per cent. (in the case of a redemption for a Change of Control (as defined in the Terms and Conditions of the Bond)) or 100 per cent. (in the case of a redemption for a No Registration Event (as defined in the Terms and Conditions of the Bond)) of their principal amount, together with, in each case, accrued interest up to but excluding such Relevant Event Put Date, as further described in Condition 6.3 of the Terms and Conditions of the Bonds.

<b>Clearing Systems</b>	<p>The Bonds will be represented initially by interests in the Global Certificate, which will be registered in the name of a nominee of, and deposited on the Issue Date with, a common depository for Euroclear and Clearstream. Interests in the Global Certificate will be shown on, and transfers thereof will be effected only through, records maintained by Euroclear and Clearstream. Except as described in this Offering Circular, certificates for the Bonds will not be issued in exchange for interests in the Global Certificate.</p> <p>The Common Code and ISIN for the Bonds are 235424860 and XS2354248606, respectively.</p>
<b>Governing Law</b>	English law.
<b>Trustee</b>	The Bank of New York Mellon, London Branch.
<b>Principal Paying Agent</b>	The Bank of New York Mellon, London Branch.
<b>Registrar and Transfer Agent</b>	The Bank of New York Mellon SA/NV, Dublin Branch.
<b>Listing</b>	Application has been made to the Hong Kong Stock Exchange for the listing of, and permission to deal in, the Bonds by way of debt issues to Professional Investors only.
<b>Further Issues</b>	The Issuer may from time to time, without the consent of the Bondholders, create and issue further bonds having the same terms and conditions as the Bonds in all respects (or in all respects save for the Issue Date and the timing for complying with the requirements set out in Conditions 3.2, 3.3 and 3.4 of the Terms and Conditions of the Bonds) and so that such further issue shall be consolidated and form a single series with the Bonds. Such further bonds may, with the consent of the Trustee, be constituted by a deed supplemental to the Trust Deed.
<b>Rating</b>	The Bonds are expected to be assigned a rating of A by S&P and A+ by Fitch. The ratings do not constitute a recommendation to buy, sell or hold the Bonds and may be subject to suspension, reduction or withdrawal at any time by S&P and Fitch.
<b>Use of Proceeds</b>	See the section entitled “ <i>Use of Proceeds</i> ”.
<b>Selling Restrictions</b>	There are restrictions on the offer, sale and delivery of the Bonds in the United States, the United Kingdom, the PRC, Hong Kong, Singapore, Japan and Switzerland. See “ <i>Subscription and Sale</i> ”.

## SELECTED CONSOLIDATED FINANCIAL INFORMATION OF THE GROUP

*The consolidated financial information of the Group as at and for the years ended 31 December 2020 and 2019 included in this Offering Circular have been extracted from the audited consolidated financial statements as at and for the year ended 31 December 2020 of the Group which are incorporated by reference in this Offering Circular. The consolidated financial information of the Group as at and for the years ended 31 December 2018 included in this Offering Circular have been extracted from the audited consolidated financial statements as at and for the year ended 31 December 2019 of the Group which are incorporated by reference in this Offering Circular. The Company acquired 100 per cent. equity interest in Shenjiahuhang Co from Communications Group on 9 April 2019, and acquired 100 per cent. equity interest in Zhejiang Hotel from Zhejiang Shipping Group Co., Ltd., a wholly-owned subsidiary of the Communications Group, on 14 June 2019, respectively, which were regarded as business combinations involving entities under common control and were accounted for using merger accounting method. As a result, comparative figures for the year ended 31 December 2018 in the consolidated statement of profit or loss and other comprehensive income and the consolidated statement of financial position have been restated, in order to include the profits, assets and liabilities of the combining entities since the date on which they first come under common control.*

***The audited consolidated financial statements of the Group as at and for the years ended 31 December 2018, 2019 and 2020 have been prepared and presented in accordance with HKFRS and have been audited by Deloitte Touche Tohmatsu, the independent auditors of the Company.***



## Consolidated Statement of Profit or Loss and Other Comprehensive Income

	For the year ended 31 December		
	2018	2019	2020
	(Audited and restated) (RMB'000)	(Audited) (RMB'000)	(Audited) (RMB'000)
Revenue . . . . .	11,192,199	11,955,266	11,942,775
Operating cost . . . . .	(5,806,810)	(6,680,965)	(7,303,651)
Gross profit . . . . .	5,385,389	5,274,301	4,639,124
Securities investment gains . . . . .	512,449	1,402,684	1,611,873
Other income and gains and losses . . . . .	404,128	260,267	410,198
Administrative expenses . . . . .	(123,391)	(136,356)	(140,342)
Other expenses . . . . .	(100,204)	(127,135)	(181,499)
Impairment losses under expected credit loss model, net of reversal . . . . .	45,787	31,877	(183,566)
Share of profit of associates . . . . .	350,578	652,824	688,029
Share of profit of a joint venture . . . . .	30,037	34,941	16,282
Finance costs . . . . .	(1,396,806)	(1,626,809)	(1,745,389)
Profit before tax . . . . .	5,107,967	5,766,594	5,114,710
Income tax expense . . . . .	(1,113,454)	(1,351,695)	(1,160,174)
<b>Profit for the year</b> . . . . .	<b>3,994,513</b>	<b>4,414,899</b>	<b>3,954,536</b>
Profit for the year attributable to:			
– Owners of the Company . . . . .	3,515,095	3,711,118	2,997,344
– Non-controlling interests . . . . .	479,418	703,781	957,192
<b>Other comprehensive income</b>			
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Exchange differences on translation of financial statements of foreign operations . . . . .	2,253	922	(2,349)
Share of other comprehensive loss of an associate net of related income tax . . . . .	–	–	(24,160)
Other comprehensive income (loss) for the year, net of income tax . . . . .	2,253	922	(26,509)
<b>Total comprehensive income for the year</b> . . . . .	<b>3,996,766</b>	<b>4,415,821</b>	<b>3,928,027</b>
Total comprehensive income attributable to:			
Owners of the Company . . . . .	3,516,152	3,711,551	2,972,041
Non-controlling interests . . . . .	480,614	704,270	955,986
Earnings per share . . . . .			
Basic . . . . .	80.94 cents	85.45 cents	69.01 cents
Diluted . . . . .	76.27 cents	82.37 cents	68.32 cents

**Consolidated Statement of Financial Position of the Group**

	As at 31 December		
	2018	2019	2020
	(Audited and restated) (RMB'000)	(Audited) (RMB'000)	(Audited) (RMB'000)
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment . . . . .	3,733,201	4,280,735	4,175,373
Right-of-use assets . . . . .	–	379,031	562,535
Prepaid lease payments . . . . .	114,628	–	–
Expressway operating rights . . . . .	24,783,413	22,867,446	20,931,505
Goodwill . . . . .	86,867	86,867	86,867
Other intangible assets . . . . .	173,680	182,851	207,068
Interests in associates . . . . .	5,211,412	6,080,155	6,560,343
Interest in a joint venture . . . . .	333,102	368,043	384,325
Financial assets at fair value through profit or loss ("FVTPL") . . . . .	17,200	16,898	244,123
Contract asset . . . . .	252,868	686,557	1,007,618
Other receivables and prepayments . . . . .	–	–	2,923,140
Financial assets held under resale agreements . . . . .	–	–	120,000
Deferred tax assets . . . . .	933,837	924,602	1,258,270
	<u>35,640,208</u>	<u>35,873,185</u>	<u>38,461,167</u>
<b>CURRENT ASSETS</b>			
Inventories . . . . .	159,339	333,261	370,533
Trade receivables . . . . .	245,102	319,339	361,974
Loans to customers arising from margin financing business . . . . .	5,850,084	8,751,643	15,013,429
Other receivables and prepayments . . . . .	453,493	424,182	3,129,801
Prepaid lease payments . . . . .	4,822	–	–
Derivative financial assets . . . . .	4,169	6,250	525,629
Dividend receivables . . . . .	–	2,005	2,835
Financial assets at FVTPL . . . . .	21,558,606	22,235,480	29,158,094
Financial assets held under resale agreements . . . . .	8,206,182	8,110,354	7,002,471
Bank balances and clearing settlement fund held on behalf of customers . . . . .	14,742,161	20,141,931	27,090,816
Pledged bank deposit . . . . .	10,000	–	–
Bank balances, clearing settlement fund, deposits and cash . . . . .			
– Restricted bank balances and cash . . . . .	–	–	23,986
– Time deposits with original maturity over three months . . . . .	280,913	302,726	313,600
– Cash and cash equivalents . . . . .	6,601,784	8,076,598	8,609,049
	<u>58,116,655</u>	<u>68,703,769</u>	<u>91,602,217</u>

	As at 31 December		
	2018	2019	2020
	(Audited and restated) (RMB'000)	(Audited) (RMB'000)	(Audited) (RMB'000)
<b>CURRENT LIABILITIES</b>			
Placements from other financial institutions . . . . .	400,679	270,000	400,000
Accounts payable to customers arising from securities business . . . . .	14,653,413	20,024,356	27,054,052
Trade payables . . . . .	1,299,098	1,387,856	974,743
Tax liabilities . . . . .	479,469	537,868	1,202,136
Other taxes payable . . . . .	104,216	149,735	441,007
Other payables and accruals . . . . .	1,740,575	2,049,479	6,105,775
Contract liabilities . . . . .	7,572	15,674	79,231
Dividends payable . . . . .	847	1,342	50
Derivative financial liabilities . . . . .	3,818	5,565	497,427
Bank and other borrowings . . . . .	2,625,393	4,598,533	6,348,772
Short-term financing note payable . . . . .	1,551	6,532,990	6,306,716
Bonds payable . . . . .	5,766,458	2,281,229	6,361,764
Convertible bonds . . . . .	—	2,793,103	—
Financial assets sold under repurchase agreements . . . . .	11,086,710	9,017,680	11,525,087
Financial liabilities at FVTPL . . . . .	364,714	321,883	2,910,725
Lease liabilities . . . . .	—	70,577	91,346
	<u>38,534,513</u>	<u>50,057,870</u>	<u>70,298,831</u>
<b>NET CURRENT ASSETS</b> . . . . .	19,582,142	18,645,899	21,303,386
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b> . . . . .	55,222,350	54,519,084	59,764,553
<b>NON-CURRENT LIABILITIES</b>			
Bank and other borrowings . . . . .	9,817,600	6,421,600	7,919,800
Bonds payable . . . . .	9,450,000	12,892,042	13,706,383
Convertible bonds . . . . .	2,709,663	2,687,228	766
Lease liabilities . . . . .	—	188,772	298,894
Deferred tax liabilities . . . . .	321,889	347,331	386,498
	<u>22,299,152</u>	<u>22,536,973</u>	<u>22,312,341</u>
	<u>32,923,198</u>	<u>31,982,111</u>	<u>37,452,212</u>
<b>CAPITAL AND RESERVES</b>			
Share capital . . . . .	4,343,115	4,343,115	4,343,115
Reserves . . . . .	19,121,111	17,250,900	19,773,344
Equity attributable to owners of the Company . . . .	23,464,226	21,594,015	24,116,459
Non-controlling interests . . . . .	9,458,972	10,388,096	13,335,753
	<u>32,923,198</u>	<u>31,982,111</u>	<u>37,452,212</u>

## RISK FACTORS

*Investors should carefully consider, together with all other information contained in this Offering Circular, the risks and uncertainties described below. The business, financial condition or results of operations of the Company and the Group may be materially adversely affected by any of these risks. The risks described below are not the only ones relevant to the Company, the Group or the Bonds. Additional risks and uncertainties not presently known to the Company or the Group, or which the Company or the Group currently deems immaterial, may also have an adverse effect on an investment in the Bonds. The market price of the Bonds could decline due to any of these risks and investors may lose all or part of their investments.*

This Offering Circular also contains forward-looking statements that involve risks and uncertainties. The actual results of the Group could differ materially from those anticipated in these forward-looking statements as a result of certain factors, including the considerations described below and elsewhere in this Offering Circular.

### **Risks Relating to the Group's Businesses**

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

The Group's businesses and assets are highly concentrated in Zhejiang Province. Most of the toll roads which the Group operates and manages, and a majority of the securities brokerage branches of the Group's securities business, are located in Zhejiang Province. Accordingly, the Group's businesses, financial condition and results of operations have been and will continue to be heavily dependent on the level of economic activity in Zhejiang Province and to a lesser extent, other regions in Yangtze River Delta. Zhejiang Province has undergone a prolonged period of rapid economic development and has been one of the fastest growing provinces in the PRC in the last decade in terms of economy and its GDP ranked No. 4 in both 2018 and 2019 among all Chinese provinces. These developments have greatly benefited the Group and have allowed the Group to grow at a rapid pace during this time. However, the level of economic activity in Zhejiang Province may not continue to grow at the pace that it has achieved in the past, or at all, and in the event of any unfavourable developments, the Group's businesses, financial condition and results of operations may be adversely affected.

***A decline in traffic volume may adversely affect the revenue and earnings of the Group's toll road business.***

Traffic volume is directly and indirectly affected by a number of factors, including the availability, quality, proximity and toll rate differentials of alternative roads, the existence and availability of other means of transportation, including rail and waterway, fuel prices and environmental regulations and seasonality.

The increase in transport capacity of railways in recent years has impacted the overall highway transportation industry. Widening and expansion works of nearby highways and local roads, as well as openings of new roads, further expansion and improvement of the highway network, parallel roads or substitutive routes, have hindered traffic growth on the highways of the Group and brings negative impact on the growth of toll revenue of the Group.

While the Group takes into account government planning when positioning its toll roads, new competing roads due to changes in government planning may become operational to divert traffic and other existing competing roads or modes of transportation may significantly improve their services, and consequently materially adversely affecting the results of operations and financial condition of the Group's toll road business.

Additionally, fluctuation in fuel prices may affect traffic volume on the Group's roads. To the extent that fuel shortages or increasing fuel prices reduce the volume of traffic, the Group's business, results of operations and financial condition may be materially and/or adversely affected.

***The Group's toll rates are subject to the regulation by the national and provincial governments.***

All toll rates charged by the Group's toll roads are determined by the relevant pricing department and relevant transportation department of the Zhejiang and Anhui provincial governments. As a result, there is a likelihood that the relevant governmental authorities could mandate the Group to reduce the toll rates charged by its toll roads or keep the toll rates at the present level despite increased construction and operation costs. If the toll rates of the toll roads operated by the Group were to be reduced or fail to reflect the Group's costs, it could adversely affect the Group's revenues and results of operations. For example, at the start of 2020, as the Covid-19 epidemic broke out in China, Zhejiang Province activated first-level public health emergency response between 23 January 2020 and 2 March 2020 that reduced vehicle traffic and passenger flow significantly. In order to effectively control the epidemic, the Ministry of Transport of PRC extended the Spring Festival toll-free period for small passengers vehicles travelling on the nation's toll roads to 8 February 2020, which was originally set from 24 January 2020 to 30 January 2020. As the epidemic situation became more severe, an additional toll-free policy for all vehicles was implemented during the period from 7 February 2020 to 5 May 2020, pursuant to the Ministry of Transport of the PRC's notification in relation to the toll-free policy for vehicles travelling on toll roads during the period of prevention and control of the Covid-19 pandemic.

Regulations and initiatives implemented by the government may have impact on the expected toll rates. For example, the State Council promulgated the Notice on Approval and Forwarding of Toll-Free on Major Festivals and Holidays for Small Passengers Vehicles Implementation Policy Promulgated by the Ministry of Transport etc. (《關於批轉交通運輸部等部門重大節假日免收小型客車通行費實施方案的通知》) on 24 July 2012 with regard to the Toll-Free on Major Festivals and Holdings for Small Passengers Vehicles Implementation Policy (《重大節假日免收小型客車通行費實施方案》) (“Holiday Toll – Free Policy”). Pursuant to the Holiday Toll-Free Policy, small passengers vehicles with seven or fewer than seven seats would be entitled to use certain toll roads during major statutory holidays in the PRC free of charge. The Group's toll revenue and results of operations have not been significantly affected by the implementation of the Holiday Toll-Free Policy to date, but the PRC government might adopt other policies in the future which may have further negative impact on the Group's toll revenue and results of operations.

Since 1 January 2019, a 15 per cent. trial discount on the toll rate of expressways in Zhejiang Province has been introduced for legal cargo trucks using non-cash payment cards and truck ETC cards in Zhejiang Province. A press conference on the amendment to the “Regulation on Administration of Toll Roads” (《收費公路管理條例》) was held by the Ministry of Transport on 24 January 2019. From 12 February 2020 to 5 August 2020, Zhejiang Province expanded the beneficiaries of a 15 per cent. discount on tolls on a trial basis when travelling on state-owned expressways in Zhejiang Province from all qualified trucks in Zhejiang Province with ETC registration to all qualified trucks in China that have ETC registration. It also increased the discount from 5 per cent. to 15 per cent. for Class-3 and Class-4 passenger vehicles with ETC registrations travelling on all toll roads in Zhejiang Province. Furthermore, from 12 February 2020, expressways in Zhejiang Province are offering a 35 per cent. discount on tolls for all container trucks in compliance with international standards, and stopped charging entrance fees. Such events may have impact on the Group's revenue and profitability.

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

The PRC is undergoing rapid economic development, and government regulations and policies are regularly promulgated to address such development. Changes in government policies on the transportation industries may adversely affect the Group's revenue and increase the Group's costs in operating and maintaining the toll roads. For example, the Hangzhou municipal government implemented, in phases, restrictive policies on automobile purchase and restriction on the use of non-local small passengers vehicles during certain time-slots and substantial increase in road parking charge, to restrain the rapid growth of car ownership and reduce the rate of vehicle use. To some extent, negative impact on the future traffic growth of regional road networks is expected accordingly. In addition, according to the related regulations on road and traffic safety management of Zhejiang Province, there is a need to improve facilities such as lighting and supervision system of the relevant expressways of the Group. Such policies will increase the operating and maintenance costs of the Group and exert greater pressure on management and coordination. On 1 May 2016, the "replacing the business tax with value-added tax" scheme became effective. The Group expects the scheme will generally not affect its cash flow but may slightly affect its revenue, costs and net profit. At the same time, the Group is required to re-formulate the business and financial management procedures and adjust its accounting and audit treatment as well as tax system in order to comply with such scheme. The scheme also imposes stricter requirements on suppliers. Changes in PRC government policies such as those that exempt certain vehicles from payment of toll fees may adversely affect the Group's toll road business. There can be no assurance that there will not be any unfavourable changes in PRC government policies that affect the transportation industries, which could in turn adversely affect the Group's results of operations or financial condition.

***Adjustment of the road network in Zhejiang and Anhui may affect the Group's operational and financial results.***

The People's Government of Zhejiang Province and/or the People's Government of Anhui Province may implement regional adjustments in road network planning or traffic reorganisation, which may affect the traffic flow and composition in Zhejiang's and/or Anhui's road network. In the event the adjustment affects one or more roads operated or managed by the Group, the Group's operations and financial results may be impacted.

***Competition in Zhejiang Province and Anhui Province from other forms of transportation may adversely affect the Group.***

As an operator of expressways in Zhejiang Province and Anhui Province in the PRC, the Group competes with other forms of transportation available in the region, including high speed trains, subways, light rails and freeways. Traffic on expressways operated and managed by the Group could be impacted by:

- the expanding high speed train network;
- the government's focus on the development of subway and inner-city light rail systems; and
- the opening of new freeways resulting in the diversion of traffic from the expressways operated by the Group.

Alternative forms of transportation may provide travellers with alternate access or more comfortable and convenient transportation services. There is no assurance that the Group will be able to maintain its expressways or improve travel condition in order to compete with existing and new forms of transportation in respect of each of these factors, or at all. As a result, the Group expects increased competition from such transportation providers, which may adversely affect the Group.

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

Construction and operation of highways can cause damages to local vegetation, soil and water to varying degrees, producing waste gas, dust and noise pollution, damaging the ecological environment and causing safety hazards. While the Group's main business is not in one of the highly polluting or hazardous industries, environmental protection or safety protection measures and policies may cause an increase in the Group's operating costs and restrict traffic on the Group's toll roads, thus adversely affect the Group's profitability.

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

The operation of toll roads generally involves a low level of operational risk as long as an effective system of internal controls over the collection of toll fees is properly established and appropriate periodic maintenance is carried out. The toll road operations of the Group may nonetheless be materially adversely affected or interrupted by a variety of events, such as insufficient management and internal control by the Group in the operation and maintenance of the highways, major traffic accidents, natural disasters, serious adverse weather and other unforeseen circumstances. If the toll road operations are interrupted in whole or in part as a result of such events, the traffic flow and, therefore, the results of operations and financial condition of the Group may be materially adversely affected.

The expansion of the inter-network toll collection called for a higher standard on the stability of the toll collection system, accuracy and timeliness of data division and settlement system. Abnormality in the system and management procedure may lead to inaccuracy in data division, and delay in settlement, which may adversely affect the operation and reputation of the Group. In addition, with the expansion of the toll collection network, there has been a decrease in toll evasion incidents such as gate crashing and fake toll passes, which may adversely affect the operations of the Group's toll roads.

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

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

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

The Ministry of Transport of the PRC issued a revised draft of the Regulation on the Administration of Toll Roads (《收費公路管理條例》) for comment in December 2018. According to this revised draft, the periods of concession of the for-profit roads shall usually not exceed 30 years. However, the periods of concession of for-profit roads with large investment and long investment return period could exceed 30 years. The draft amendment to the regulation had sought for public comments by January 2019. However, as at the date of this Offering Circular, no amendment to the regulation has been put into effect.

The Group cannot assure that the concession agreements will not be terminated before or upon its expiration. If the concession agreements are terminated or revoked for whatever reasons, or should the relevant government authorities require the Group to surrender the concession rights, the Group is not able to continue the operations on the expressways. As result of any such events, the Group's business, financial position and results of operations may be materially and adversely affected.

***The Group's historical results may not be indicative of its future prospects and results of operations.***

In order to increase its market share and competitive strength, the Company has entered into an equity purchase agreement to acquire 100 per cent. equity interest in Shenjiahuhang Co. Such acquisition has been approved by independent shareholders on 4 March 2019 and subsequently completed on 9 April 2019, and hence Shenjiahuhang Co became a wholly-owned subsidiary of the Company. Subsequent to the acquisition of Shenjiahuhang Co, the Company owns 100 per cent. of the Shenjiahuhang Expressway and 51 per cent. of the Zhoushan Bay Bridge. Further, the Company acquired 100 per cent. equity interest in Zhejiang Hotel Limited on 14 June 2019. On 10 November 2020, the Company entered into two equity purchase agreements to acquire (i) 30 per cent. equity interest in HangNing Co and (ii) entire equity interest in Zhejiang LongLiLiLong Co., Ltd. Such acquisitions have been approved by independent shareholders on 23 December 2020. As a result, the Group's historical result may not be indicative of its future prospects and result of operations.

***Any difficulties identifying and consummating future acquisitions or integrating current and future acquisitions may have a material and adverse effect to the Group's business, results of operations or financial positions.***

The Group has acquired and will continue to acquire new assets and business including expressways to further expand the business. However, acquisition present challenges, including the difficulty of integrating the operations and personnel of the acquired businesses, the potential disruption of the ongoing business, the potential distraction of management, expenses related to acquisition, potential unknown liabilities or penalties associated with acquired businesses. Any inability to integrate operations or personnel in an efficient and timely manner could harm the Group's results of operations.

The Group cannot assure that it will be successful in identifying and consummating future acquisitions, which could impair the growth potential. In addition, future acquisitions will require the use of the Group's available funds or dilutive issuances of securities. The Group may also experience significant turnover from the acquired operations or from the Group's current operations as its integrate businesses. Such difficulties in identifying and consummating future acquisitions or any difficulties encountered in integrating current and future acquisitions may have a material and adverse effect to the Group's business, results of operations and financial positions.



***Zheshang Securities business may be adversely impacted by market and economic conditions in the PRC.***

Zheshang Securities' businesses are highly dependent on economic and market conditions in the PRC. As the PRC's capital markets are still continuing to develop and improve, market conditions may change suddenly and dramatically, and could materially adversely affect Zheshang Securities' results of operation and financial condition. In addition, global market conditions may adversely affect the Chinese market. For example, recent volatilities in the capital markets in the United States and Europe, which may recur in the future, had affected China's financial markets.

Unfavourable or uncertain economic and market conditions could adversely affect investors' confidence, resulting in decline in securities trading and corporate finance activities, which may adversely affect the commission and fee income from Zheshang Securities' brokerage business and increase the risk of default in Zheshang Securities' margin financing and securities lending businesses. During periods of adverse financial or economic conditions, Zheshang Securities may experience decline in the value of asset management portfolio, which could adversely affect the fee income from its asset management business.

***Zheshang Securities' businesses are highly regulated in the PRC.***

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

The PRC authorities conduct periodic inspections, examinations and inquiries in respect of Zheshang Securities' compliance with relevant regulatory requirements. For example, the CSRC assigns a regulatory rating to each securities firm based on its risk management capabilities, competitiveness and compliance with regulatory requirements. Zheshang Securities have received from the CSRC a "Class A Grade A" regulatory rating in both 2019 and 2020. However, the Group cannot assure you that CSRC will not lower Zheshang Securities' regulatory rating in the future, which may cause Zheshang Securities to be subject to a higher reserve ratio for its securities investor protection fund or make it ineligible for conducting certain new businesses or obtaining business permits or approvals for its businesses. Any of these events may materially and adversely affect Zheshang Securities' business, financial condition and results of operations.

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

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

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

Zheshang Securities is required to hold various qualifications, licenses and permits issued by the relevant regulatory authorities necessary for its business. Failure to obtain, renew or retain such qualifications, licenses and permits may affect Zheshang Securities' ability to conduct its businesses. If Zheshang Securities fails to comply with applicable laws and regulations, the relevant regulatory authorities may revoke its qualifications, licenses and permits, request it to take remedial actions, and/or impose fines or other regulatory measures on it, any of which may have an adverse impact on its businesses.

***If Zheshang Securities is unable to compete effectively in the highly competitive financial services industry, its business and prospects may be materially adversely affected.***

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

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

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

***Zheshang Securities’ business, financial condition or results of operations could be materially and adversely affected by a reduction in the Group’s clients’ trading activities or the Group’s brokerage commission rates.***

Revenue from Zheshang Securities’ brokerage business depends significantly on the number of trades that it executes for its clients, which in turn is influenced by market conditions in the PRC. Trading volume is influenced by macro-economic and market conditions, government monetary policies, fluctuations in interest rates and investor behaviour, all of which are beyond the Group’s control. Zheshang Securities’ brokerage business could also be adversely affected by a reduction in its brokerage commissions as a result of increased price competition in the brokerage industry. For example, some of Zheshang Securities’ competitors have recently launched Internet account opening services, which lowered the commission rates charged to brokerage clients. Zheshang Securities believes that price competition and pricing pressure may continue if investors are less willing to pay for brokerage services, and some of its competitors seek to obtain market share by reducing brokerage fees and commissions. As a result, Zheshang Securities’ brokerage revenues could decline in the future, which could materially adversely affect its results of operations and financial condition.

***Zheshang Securities may suffer significant losses from credit exposures in its capital-based intermediary businesses and futures brokerage business.***

Zheshang Securities’ capital-based intermediary businesses, including margin financing and securities lending, as well as its futures brokerage business, are subject to the risk that a client may fail to perform its payment obligations or that the value of collaterals held by Zheshang Securities to secure the obligations might become inadequate. Zheshang Securities also face credit risks in its role as a counterparty in derivative contracts. Any material non-payment or non-performance by a client or counterparty could adversely affect Zheshang Securities’ financial position, results of operations and cash flows. Although Zheshang Securities regularly reviews its credit exposure to specific clients or counterparties and to specific industries that it believes may present credit concerns, default risks may arise from events or circumstances that are difficult to detect or foresee. Zheshang Securities may also fail to receive all relevant information with respect to the credit risks of its clients and counterparties.

***Zheshang Securities may not be able to successfully manage its risks through the use of derivatives. In addition, derivative transactions may expose Zheshang Securities to unexpected risks and potential losses.***

Zheshang Securities engages in derivative transactions such as equity swaps as part of its trading activities. Derivative contracts that Zheshang Securities enters into expose it to unexpected market, credit and operational risks that could cause Zheshang Securities to suffer unexpected losses or liabilities. As at 31 December 2020, the Group recorded derivative financial liabilities of approximately RMB497,427,000. While a transaction remains unconfirmed or during any delay in settlement, Zheshang Securities is subject to heightened credit and operational risk and in the event of default may find it more difficult to enforce the contract. In addition, the secondary market for derivatives is volatile and Zheshang Securities may be inexperienced in dealing with new products or making appropriate judgments in trading derivative products.

***Zheshang Securities faces additional risks as it expands its product and service offerings.***

Zheshang Securities is committed to providing new products and services in order to strengthen its market position in the PRC securities industry. Zheshang Securities expanded its businesses to include investment banking, margin financing, securities lending, and asset management businesses. These new businesses expose Zheshang Securities to additional risks, particularly credit risk. Also see “– Zheshang Securities may suffer significant losses from credit exposures in its capital-based intermediary businesses and futures brokerage business.”

Zheshang Securities will continue to expand its product and service offerings as permitted by relevant regulatory authorities, transact with new customers not in its traditional customer base and enter into new markets. These activities expose Zheshang Securities to new and increasingly challenging risks, including, but not limited to, Zheshang Securities may have insufficient experience or expertise in offering new products and services and dealing with new counterparties and customers; Zheshang Securities may be subject to stricter regulatory scrutiny, increased credit risks, market risks, compliance risks and operational risks; Zheshang Securities may suffer from reputational concerns arising from dealing with less sophisticated counterparties and customers; Zheshang Securities may be unable to provide customers with adequate levels of service for its new products and services; Zheshang Securities may be unable to hire additional qualified personnel to support the offering of a broader range of products and services; Zheshang Securities' new products and services may not be accepted by its customers or meet its profitability expectations; Zheshang Securities may be unable to obtain sufficient financing from internal and external sources to support its business expansion; and Zheshang Securities may not be successful in enhancing its risk management capabilities and IT systems to identify and mitigate the risks associated with these new products and services, new customers and new markets.

If Zheshang Securities is unable to achieve the intended results with respect to its offering of new products and services, its business, financial condition, results of operations and prospects could be materially and adversely affected.

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

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

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

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

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

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

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

As the result of economic growth and the boom in the infrastructure and property development industries in the PRC, wages for construction workers and the prices of construction materials and building equipment have experienced substantial increases in recent years. In addition, the PRC Labour Contract Law that came into effect on 1 January 2008 and was amended on 28 December 2012 enhanced the protection for employees and increased employers' liability in many circumstances, which may further increase the Group's labour costs. The Group is exposed to the price volatility of construction materials and building equipment used in the toll roads operated and managed by the Group. The Group may also experience substantial increases in toll road maintenance fees if the toll roads operated and managed by the Group are heavily damaged by overloaded vehicles or natural disasters, or experience significant structural defects. No assurance can be given as to the future movements of the prices of the construction materials and building equipment required by the Group as well as the maintenance fees required to repair the Group's toll roads. Any detrimental movements in the future could have a material adverse effect upon the Group's financial condition and results of operations.

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

The Group may be involved from time to time in disputes with various parties involved in its businesses, such as contractors, sub-contractors, suppliers, construction companies, purchasers, partners, customers and others. These disputes may lead to legal and other proceedings, and may cause the Group to suffer significant costs and delays. In addition, the Group may have disagreements with regulatory bodies and governmental authorities in the course of its operations, which may subject it to administrative proceedings and unfavourable decrees that may result in financial losses. If the Group is not successful in obtaining remedies under any contractual arrangements for any such undisclosed losses or damages, the Group may be exposed to financial losses, which may have an adverse effect on its expected profitability and ability to realise synergies from such acquisitions.

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

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

***The Group's current and future borrowings give rise to financial risk.***

The Group may, from time to time, require debt financing to achieve its investment strategies. The Group will be subject to risks normally associated with debt financing. Payments of principal and interest on borrowings may leave it with insufficient cash resources to operate its projects. The Group's level of debt and the limitations imposed on it by current or future loan agreements could have significant adverse consequences, including, but not limited to:

- insufficient cash flow to meet its required principal and interest payments;
- inability to borrow additional funds as needed or on commercially acceptable terms;

- inability to refinance its indebtedness upon maturity or the refinancing terms may be less favourable than the terms of the original indebtedness;
- defaults on obligations and the lenders or mortgagees may foreclose on its properties, and require a forced sale of the mortgaged property, or foreclose on its interests in the entities that own the properties and require a forced sale of those entities;
- the effects of restrictive covenants in future loan agreements, which limit or may limit or otherwise adversely affect the Group's operations, such as its ability to incur additional indebtedness, acquire properties, make certain other investments or make capital expenditures, which may require it to set aside funds for maintenance or repayment of security deposits;
- violations of restrictive covenants under current facility agreements and in future loan documents, which would entitle the lenders to accelerate debt obligations; and
- default under any one of its loan agreements could result in a cross default under other indebtedness.

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

***Support from the Communications Group and Zhejiang government may decrease or disappear***

The Company is controlled by the Communications Group, and the Communications Group holds approximately 67 per cent. of the total issued share capital of the Company as at the date of this Offering Circular. The Communications Group is in turn controlled by the State-owned Assets Supervision and Administration Commission of Zhejiang Province (the "**Zhejiang SASAC**"). As the only listed state-owned expressway company in Zhejiang Province, the Company is supported by government authorities at different levels and receives preferential tax treatment from relevant government departments. However, these beneficial policies may change, so the support the Group receives from the government may decrease or disappear, which may impact the Group's long-term development. Zhejiang SASAC, the ultimate controller of the Company has no obligation to pay any amount under the Bonds. Investments in the Bonds are relying solely on the credit risk of the Company. In the event the Company does not fulfil its obligation under the Bonds, investors will only be able to claim as an unsecured creditor against the Company and its assets, and not the Zhejiang SASAC. Furthermore, the controlling relationship between the Company and the Zhejiang SASAC does not necessarily correlate to, or provide any assurance as to the Company's financial condition.

***The Company published and may continue to publish periodical financial information which have not been audited or reviewed by independent auditors. Investors should be cautious and not place undue reliance on such financial information.***

The Company published and may, from time to time, publish unaudited and unreviewed periodical financial statements. The quarterly and semi-annual financial information published by the Company (including Interim Financial Statements) is normally derived from the Group's management accounts which have not been audited or reviewed by independent auditors. Such published interim financial information should not be referred to or relied upon by potential investors to provide the same quality of information associated with any audited information. The Company is not responsible to holders of the Bonds for the unaudited and unreviewed financial information published from time to time and therefore investors should not place undue reliance on any such financial information. Save as set out in the section "Selected Consolidated Financial Information of the Company", no other interim or annual financial information of the Company is incorporated in or forms part of this Offering Circular. None of the Joint Lead Manager, the Trustee or the Agents or any of their respective affiliates, directors, officers, employees, representatives, agents, each person who controls any of them or their advisers makes any representation, warranty or undertaking, express or implied of, or accepts any responsibility or liability with respect to any such financial information.

### **Risks Relating to the PRC**

***The slowdown of the PRC's economy caused in part by the recent challenging global economic conditions may adversely affect the Group.***

All of the Group's revenue is derived in the PRC. The Group relies, to a significant degree, on domestic industrial development, growth of private consumption and overall economic growth in the PRC. The global crisis in financial services and credit markets in 2008 caused a slowdown in the growth of the global economy. While the rate of deterioration of the global economy slowed in the second half of 2009, with some signs of stabilisation and improvement in 2010 and the first half of 2011, macroeconomic events in 2011, 2012 and 2013 such as the tightening of monetary policy by the PRC and other governments and the sovereign debt crisis in Europe had an adverse effect on the global and the PRC economies, resulting in continuing uncertainty for the overall prospects for the global economy.

In March 2016, Moody's changed the PRC government's credit rating outlook to "negative" from "stable", which highlighted the country's surging debt burden and questioned the government's ability to enact reforms. In May 2017, Moody's downgraded the sovereign credit rating of the PRC from Aa3 to A1 and changed its outlook to "stable" from "negative", reflecting Moody's expectation that economy-wide debt in the PRC will continue to rise as potential growth slows. In September 2017, Standard & Poor's downgraded the sovereign credit rating of the PRC from AA- to A+, citing its concerns over the level of economic and financial risks within the PRC. PRC's economic growth may also slow down due to weakened exports as well as recent developments surrounding the trade-war with the United States. In 2018, the U.S. government, under the administration of President Donald J. Trump, imposed several rounds of tariffs on various categories of imports from the PRC, and the PRC responded with similarly sized tariffs on U.S. products in retaliation. The trade war escalated in May 2019, when the United States increased tariffs on US\$200 billion worth of Chinese products from 10 per cent. to 25 per cent., and the PRC increased tariffs on US\$60 billion worth of U.S. goods in response. Moreover, since May 2019, the United States has banned six Chinese technology firms from exporting certain sensitive U.S. goods. In August 2019, the U.S. Treasury declared the PRC a currency manipulator. On 1 September 2019, the U.S. implemented further tariffs on more than US\$125 billion worth of Chinese goods. On 2 September 2019, the PRC lodged a complaint in the World Trade Organization against the U.S. over the import tariffs. As of the date of this Offering Circular, an amicable resolution of such a trade war remains elusive, and the lasting impacts any trade war may have on the PRC economy remain uncertain.



If the weakened global economic recovery continues or a global recession recurs, any slowdown of the PRC economy may create a credit tightening environment, increase the Group's interest expense, reduce domestic demand for the Group's toll roads, securities businesses and hotel operation, resulting in an adverse negative effect on its business, results of operations and financial condition.

***Interpretation and enforcement of the laws and regulations in the PRC may involve uncertainties.***

Since 1979, the PRC Government has begun to promulgate a comprehensive system of laws and has introduced many new laws and regulations to provide general guidance on economic and business practises in the PRC and to regulate foreign investment. Progress has been made in the promulgation of laws and regulations dealing with economic matters, such as corporate organisation and governance, foreign investment, commerce, taxation and trade. The promulgation of changes to existing laws and the abrogation of local regulations by national laws could have a negative impact on the business and prospects of the Group. In addition, as these laws, regulations and legal requirements are relatively recent, their interpretation and enforcement may involve a degree of uncertainties. In addition, the PRC legal system is based, in part, on government policies and internal rules (some of which are not all published on a timely basis. As a result, the Group may not be aware of the Group's violation of these policies and rules until sometime after the violation. In addition, any litigation in the PRC may be protracted and result in substantial costs and diversion of resources and management's attention.

The relatively new legal system and regulations and the uncertainty of the interpretation and effective enforcement of PRC law and regulations may cause significant uncertainties to the Group's operations.

As all of the Group's businesses are conducted, and all of its assets are located, in the PRC, the Group's operations are governed principally by PRC laws and regulations. The PRC legal system is based on written statutes while prior court decisions can only be cited as reference. However, the PRC has not developed a fully integrated legal system and recently enacted laws and regulations that may not sufficiently cover all aspects of economic activities in the PRC.

For example, the National Development and Reform Commission issued the Circular on Promoting the Reform of the Administrative System on the Issuance by Enterprises of Foreign Debt Filings and Registrations (FAGAIWAIZI〔2015〕No. 2044) (國家發展改革委關於推進企業發行外債備案登記制管理改革的通知, the "NDRC Circular") on 14 September 2015, which came into effect on the same day. The Company has completed the NDRC filing procedures to issue the Bonds pursuant to the NDRC Circular, and the Company has undertaken to notify the NDRC of the particulars of the issue of the Bonds within the prescribed period under the NDRC Circular. The NDRC Circular is a recent regulation and its interpretation may involve a degree of uncertainty, which may adversely affect the enforceability and/or effective performance of the Bonds. The NDRC Circular is silent on the legal consequences of non-compliance with the post-issue registration requirements. There is also no assurance that the post-issue registration of the issuance of the Bonds with the NDRC can be completed by the Company or that the registration with the NDRC will not be revoked or amended in the future or that future changes in PRC laws and regulations will not have a negative impact on the performance or validity and enforceability of the Bonds in the PRC. Potential investors of the Bonds are advised to exercise due caution when making their investment decisions.

***Adverse changes in political, social and economic policies of the PRC Government could have a material and adverse effect on the overall economic growth of the PRC, which could in turn affect the Group's business and prospects.***

The PRC economy differs from the economies of most developed countries in many respects, including government involvement, level of development, economic growth rate, control of foreign exchange, and allocation of resources. The PRC economy has been transitioning from a planned economy to a more market-oriented economy. In recent years, the PRC Government has implemented measures emphasising market forces for economic reform, the reduction of state ownership of productive assets and the establishment of sound corporate governance in business enterprises. However, a large portion of productive assets in the PRC is still owned by the PRC Government. The PRC Government continues to play a significant role in regulating industrial development, the allocation of resources, production, pricing and management, and there can be no assurance that economic reforms will not have an adverse effect on the Group's business.

The Group's operations and financial results could also be materially and adversely affected by changes in political, economic and social conditions or the relevant policies of the PRC government, such as changes in laws and regulations (or the interpretation thereof). For example, the PRC government may decide to change its current policies with respect to toll road operations and maintenance, toll rates, as well as securities and hotel businesses, and as such, this could have adverse impact on the Group's business and results of operations. The Group's operating results and financial condition may also be materially and adversely affected by other changes in taxation and changes in state policies affecting the industries in which the Group operates. In addition, the growth of the Group's business operations depend heavily on economic growth. If the PRC's economic growth slows down or if the PRC economy experiences a recession, the Group's business prospects may be materially and adversely affected. The Group's operations and financial results, as well as its ability to satisfy its obligations under the Bonds, could also be materially and adversely affected by changes in measures which might be introduced to control inflation, changes in the rate or method of taxation, the imposition of additional restrictions on currency conversion and the imposition of additional import restrictions.

***The operations of the Group may be affected by rising inflation rates within the PRC.***

Inflation rates within the PRC have been on a sharp upward trend in recent years. Increasing inflationary rates are due to many factors beyond the Group's control, such as rising food prices, rising production and labour costs, high lending levels, PRC and foreign governmental policy and regulations, and movements in exchange rates and interest rates. It is impossible to accurately predict future inflationary trends. As a result, further inflationary pressures within the PRC may have a material adverse effect on the Group's business and results of operations, as well as its liquidity and profitability.

***Any force majeure events, including the outbreak, or threatened outbreak, of any severe communicable disease or natural disasters in the PRC, could materially and adversely affect the Group's business and results of operations.***

Any force majeure events, including the outbreak, or threatened outbreak, of any severe communicable disease (such as severe acute respiratory syndrome or avian influenza) in the PRC, could materially and adversely affect the overall business sentiment and environment in the PRC, particularly if such outbreak is inadequately controlled. Over the past few decades, the PRC has suffered health epidemics related to the outbreak of avian influenza, H1N1 virus, severe acute respiratory syndrome (“SARS”) and novel coronavirus pneumonia (“COVID-19”). Any prolonged recurrence of avian influenza, SARS, COVID-19 or other adverse public health developments in the PRC could materially and adversely affect domestic transportation, supply chain, labour supply, production, consumption, and, possibly, the overall gross domestic product growth of the PRC. In December 2019, a novel strain of coronavirus was reported to have surfaced in Wuhan, PRC. Recently, there have been reports of outbreaks of the COVID-19 pneumonia in the PRC, certain regions of Asia and other parts of the world. While there has been intensifying efforts to contain the spread of the COVID-19 by the governments of the countries affected, the extent to which the COVID-19 impacts the Group's results remains highly uncertain and depends on future developments, including new information which may emerge concerning the severity of the COVID-19 and the actions to contain the COVID-19 or treat its impact, among others. The Group's revenue is currently solely derived from the PRC, and any labour shortages or slowdown in the growth of domestic transportation or consumption in the PRC could materially and adversely affect the Group's business, financial condition and results of operations. In particular, the PRC government has published quarantine policies at both national and provincial levels in order to contain the spread of COVID-19. The 2020 Lunar New Year holiday was extended to 2 February by the General Office of the State Council, and employees were unable to take leave due to epidemic prevention and control but can take deferred holidays in accordance with the labor law. Enterprises in Zhejiang Province, except for those closely related to public services, living and health such as communications, supermarkets and hospitals, were not allowed to resume working until 10 February 2020 as requested by the Zhejiang government. These measures led to much lower traffic volume on expressways and generally slow-downed the Group's operations and business during the containment period. We also waived the tolls for all vehicles on all toll roads from 17 February 2020 to 5 May 2020 according to the Notice on Toll Waiver for Toll Roads during the Containment Period of the Novel Coronavirus (Jiao Gong Lu Ming Dian 【2020】 No.62) (《交通運輸部關於新冠肺炎疫情期間免收收費公路車輛通行費的通知》) (交公路明電【2020】62號) issued by the Ministry of Transport of the People's Republic of China, which has adverse impact to the Company's revenue and income. In addition, if any of the Group's employees are affected by any severe communicable disease, it could adversely affect or disrupt production levels and operations of the Group and materially and adversely affect the Group's business, financial condition and results of operations, which may also involve a closure of the Group's facilities to prevent the spread of the disease. The spread of any severe communicable disease in the PRC may also affect the operations of the Group's customers and suppliers, which could materially and adversely affect the Group's business, financial condition, and results of operations.

Natural disasters such as earthquakes, floods, heavy rains, severe weather conditions, or other catastrophic conditions, may also result in serious depression in the affected areas or in China which may severely affected the regions where the Group's business operates. The Group's business, financial condition and results of operation may also be materially and adversely affected.

***It may be difficult to enforce any judgments obtained from non-PRC courts against the Group or its directors and senior management who reside in the PRC.***

Substantially all of the Group's assets are located within the PRC. In addition, most of the Group's directors and senior management reside within China, and assets of the directors and senior management may also be located within China. As a result, it may not be possible to effect service of process outside China upon most of the Group's directors and senior management, including for matters arising under applicable securities law. A judgment of a court of another jurisdiction may be reciprocally recognised or enforced if the jurisdiction has a treaty with China or if judgments of the PRC courts have been recognised before in that jurisdiction, subject to the satisfaction of other requirements. However, China does not have treaties providing for the reciprocal recognition and enforcement of judgments of courts with many countries, including Japan, the United States and the United Kingdom. Therefore, it may be difficult for investors to enforce any judgments obtained from non-PRC courts against the Group or any of its directors or senior management in the PRC.

The Articles of Association of the Company and the Listing Rules provide that disputes or claims for rights between holders of the H Shares and the Company, the Company's directors, supervisors, senior management or holders of the domestic invested shares, arising out of the rights and obligations provided in the Articles of Association of the Company, the PRC Company Law and the related laws and regulations and in relation to affairs of the Company, are to be resolved through arbitration in Hong Kong or the PRC, rather than by a court of law. Under the current arrangements for reciprocal enforcement of arbitral awards between the PRC and Hong Kong, awards made by PRC arbitral authorities may be enforced in Hong Kong. Hong Kong arbitration awards may also be enforceable in the PRC. However, the Company cannot assure you that such an action would succeed. For these reasons, the legal protections available to you as a holder of the Bonds may be limited.

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

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

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

***The Group's labour costs may increase for reasons such as the implementation of the PRC Labour Contract Law or inflation in the PRC.***

The PRC Labour Contract Law (《中華人民共和國勞動合同法》) became effective on 1 January 2008 in the PRC and was amended on 28 December 2012. It imposes more stringent requirements on employers in relation to entry into fixed-term employment contracts and dismissal of employees. Pursuant to the PRC Labour Contract Law, the employer is required to make compensation payment to a fixed-term contract employee in certain circumstances including when the term of their employment contract expires, unless the employee does not agree to renew the contract even though the conditions offered by the employer for renewal are the same as or better than those stipulated in the current employment contract. In general, the amount of compensation payment is equal to the monthly wage of the employee multiplied by the number of full years that the employee has worked for the employer. A minimum wage requirement has also been incorporated into the PRC Labour Contract Law. In addition, unless otherwise prohibited by the PRC Labour Contract Law or objected to by the employees themselves, the employer is also required to enter into non-fixed-term employment contracts with employees who have previously entered into fixed-term employment contracts for two consecutive terms.

In addition, under the Regulations on Paid Annual Leave for Employee (《職工帶薪年假條例》), which became effective on 1 January 2008, employees who have worked continuously for more than one year are entitled to paid annual leave ranging from 5 to 15 days, depending on the length of the employees' work time. Employees who consent to waive such vacation at the request of employers shall be compensated an amount equal to three times their normal daily salaries for each vacation day being waived. Under the National Leisure and Tourism Outline 2013–2020 (《國民旅游休閒綱要2013-2020》) which became effective on 2 February 2013, all workers must receive paid annual leave by 2020. As a result of the PRC Labour Contract Law, the Regulations on Paid Annual Leave for Employees and the National Leisure and Tourism Outline 2013–2020, the Group's labour costs (inclusive of those incurred by contractors) may increase. Further, under the PRC Labour Contract Law, when an employer terminates its PRC employees' employment, the employer may be required to compensate them for such amount which is determined based on their length of service with the employer, and the employer may not be able to efficiently terminate non-fixed-term employment contracts under the PRC Labour Contract Law without cause. In the event the Group decides to significantly change or decrease its workforce, the PRC Labour Contract Law could adversely affect its ability to effect these changes in a cost-effective manner or in the manner that the Group desires, which could result in an adverse impact on the Group's businesses, financial condition and results of operations.

Further, if there is a shortage of labour or for any reason the labour cost in the PRC rises significantly, the operating costs of the Group may also increase. This may in turn affect the selling prices of the products and services, which may then affect the demand of such products and services and thereby adversely affect the Group's sales and financial condition. Increase in costs of raw materials and other components required for the Group's business operation may cause similar adverse effects, particularly if the Group is unable to identify and employ other appropriate means to reduce the costs. In addition, inflation in the PRC has increased in recent years. Inflation in the PRC increases the costs of labour and the costs of raw materials. In such circumstances, the profit margin may decrease and the financial results may be adversely affected.

In addition, inflation in the PRC has increased in recent years. Inflation in the PRC increases the costs of labour and the costs of raw materials the Group must purchase for production. Rising labour costs may increase the Group's operating costs and partially erode the cost advantage of the Group's PRC-based operations and therefore negatively impact the Group's profitability.

## **Risks Relating to the Bonds**

### ***The Bonds are unsecured obligations.***

The Bonds are unsecured obligations of the Issuer. The payment obligations under the Bonds may be adversely affected if:

- the Issuer enters into bankruptcy, liquidation, reorganisation or other winding-up proceedings;
- there is a default in payment under the Issuer's future secured indebtedness or other unsecured indebtedness; or
- there is an acceleration of any of the Issuer's indebtedness.

If any of these events were to occur, the Issuer's assets may not be sufficient to pay amounts due on the Bonds.

### ***The Issuer may issue additional Bonds in the future.***

The Issuer may, from time to time, and without prior consultation of the Bondholders, create and issue further securities having the same terms and conditions as the Bonds in all material respects (or in all material respects save for the first payment of interest on them and the timing for compliance with the NDRC Post-issue Filing) or otherwise raise additional capital through such means and in such manner as it may consider necessary. There can be no assurance that such future issuance or capital raising activity will not adversely affect the market price of the Bonds. The issue of any such debt securities may also reduce the amount recoverable by investors in the Bonds upon the Issuer's bankruptcy, winding-up or liquidation.

### ***The Bonds may not be a suitable investment for all investors.***

The Bonds may be purchased as a way to reduce risk or enhance yield with a measured and appropriate addition of risk to the investor's overall portfolios. A potential investor should not invest in the Bonds unless they have the expertise (either alone or with the help of a financial adviser) to evaluate how the Bonds will perform under changing conditions, the resulting effects on the value of such Bonds and the impact this investment will have on the potential investor's overall investment portfolio.

Additionally, the investment activities of certain investors are subject to legal investment laws and regulations, or review or regulation by certain authorities. Each potential investor should consult its legal advisers to determine whether and to what extent (a) Bonds are legal investments for it, (b) Bonds can be used as collateral for various types of borrowing and (c) other restrictions apply to its purchase of any Bonds. Financial institutions should consult their legal advisers or the appropriate regulators to determine the appropriate treatment of Bonds under any applicable risk-based capital or similar rules.

Each potential investor in the Bonds must determine the suitability of that investment in light of its own circumstances. In particular, each potential investor should:

- have sufficient knowledge and experience to make a meaningful evaluation of the Bonds, the merits and risks of investing in the Bonds and the information contained or incorporated by reference in this Offering Circular or any applicable supplement;
- have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Bonds and the impact such investment will have on its overall investment portfolio;

- have sufficient financial resources and liquidity to bear all of the risks of an investment in the Bonds;
- understand thoroughly the terms of the Bonds and be familiar with the behaviour of any relevant indices and financial markets; and
- be able to evaluate (either alone or with the help of a financial adviser) possible economic scenarios, such as interest rate and other factors which may affect its investment and the ability to bear the applicable risks.

***Any failure to complete the relevant filings under the NDRC Circular within the prescribed time frame following the completion of the issue of the Bonds may have adverse consequences for the Issuer and/or the investors of the Bonds.***

The NDRC issued the NDRC Circular on 14 September 2015, which came into effect on the same day. According to the NDRC Circular, domestic enterprises and their overseas controlled entities shall procure the registration of any debt securities issued outside the PRC with a maturity not less than one year with the NDRC prior to the issue of the securities. Furthermore, relevant issuers are required to notify the NDRC the particulars of the relevant issues within 10 working days after the completion of the issue of the securities. The NDRC Circular is silent on the legal consequences of non-compliance with the post-issue notification requirement under the NDRC Circular. In the worst-case scenario, such non-compliance with the post-issue notification requirement under the NDRC Circular may result in it being unlawful for the Issuer to perform or comply with any of its obligations under the Bonds and the Bonds might be subject to enforcement as provided in Condition 8 (*Events of Default*) of the Terms and Conditions of the Bonds. Potential investors of the Bonds are advised to exercise due caution when making their investment decisions. The Issuer has undertaken to notify the NDRC of the particulars of the issue of the Bonds within 10 Registration Business Days after the Issue Date.

In accordance with the Foreign Debt Registration Measures issued by SAFE on 28 April 2013, which came into effect on 13 May 2013, the Issuer shall complete foreign debt registration in respect of the issue of the Bonds with the local branches of SAFE in accordance with laws and regulations. In accordance with the PBOC Circular, which came into effect on 11 January 2017, the Issuer shall register the Bonds with SAFE no later than three working days before the date of drawdown of the proceeds of the offering. The Issuer intends to complete the registration of the Bonds with SAFE and obtain the registration record from SAFE no later than the Issue Date, which will be a prerequisite to open the bank account to receive the proceeds of the offering of the Bonds on the Issue Date. The Issuer has already consulted with local SAFE in connection with the registration procedures and documentary requirements. The Issuer does not foresee any substantive obstacle in completing the registration within the abovementioned period. However, whether or not the registration of the Bonds will be completed before the Issue Date is subject to SAFE's sole discretion. If the Issuer fails to complete the registration and receive the registration record from SAFE before the Issue Date, it will be unable to open the bank account to receive the proceeds of the offering of the Bonds, and in turn the settlement of the offering of the Bonds may be postponed or may not proceed.

***The Bonds may be redeemed by the Issuer prior to maturity.***

The Issuer may redeem the Bonds at its option, in whole but not in part, at a redemption price equal to their principal amount, together with interest accrued up to (but not including) the date fixed for redemption if, subject to certain conditions, as a result of a change in tax law, the Issuer has or will become obliged to pay Additional Tax Amounts (as defined in the Terms and Conditions of the Bonds), as further described in Condition 6.2 (*Redemption for Taxation Reasons*) of the Terms and Conditions of the Bonds.

If the Issuer redeems the Bonds prior to their maturity, investors may not receive the economic benefits they would have received had they held the Bonds to maturity, and they may not be able to reinvest the proceeds they receive in a redemption in similar securities. In addition, the Issuer's ability to redeem the Bonds may reduce the market price of the Bonds.

***The Issuer may not be able to redeem the Bonds upon the due date for redemption thereof.***

On the Maturity Date (as defined in the Terms and Conditions of the Bonds), the Bonds will be redeemed at their principal amount, or following the occurrence of a Relevant Event (as defined in the Terms and Conditions of the Bonds), the Issuer may, at the option of any Bondholder, be required to redeem all, but not some only, of such Bondholder's Bonds at 101 per cent. (in the case of a redemption for a Change of Control) or 100 per cent. (in the case of a redemption for a No Registration Event) of their principal amount, together in each case with accrued interest. If such an event were to occur, the Issuer may not have sufficient cash in hand and may not be able to arrange financing to redeem the Bonds in time, or on acceptable terms, or at all. The ability to redeem the Bonds on the Maturity Day or in such event may also be limited by the terms of other debt instruments. The Issuer's failure to repay, repurchase or redeem tendered Bonds could constitute an event of default under the Bonds, which may also constitute a default under the terms of the Issuer's or the Group's other indebtedness.

***The liquidity and price of the Bonds following this offering may be volatile.***

The price and trading volume of the Bonds may be highly volatile. Factors such as variations in the revenues, earnings and cash flows of the Group and proposals of new investments, strategic alliances and/or acquisitions, interest rates and fluctuations in prices for comparable companies, changes in government regulations and general economic conditions nationally or internationally could cause the price of the Bonds to change. Any such developments may result in large and sudden changes in the volume and price at which the Bonds will trade. There can be no assurance that these developments will not occur in the future.

***Developments in other markets may adversely affect the market price of the Bonds.***

The market price of the Bonds may be adversely affected by declines in the international financial markets and world economic conditions. The market for the Bonds is, to varying degrees, influenced by economic and market conditions in other markets, especially those in Asia. Although economic conditions are different in each country, investors' reactions to developments in one country can affect the securities markets and the securities of issuers in other countries, including the PRC. Since the global financial crisis in 2008 and 2009, the international financial markets have experienced significant volatility. If similar developments occur in the international financial markets in the future, the market price of the Bonds could be adversely affected.

***Changes in market interest rates may adversely affect the value of the Bonds.***

The Bonds will carry fixed interest rates. Consequently, investment in the Bonds involves the risk that subsequent changes in market interest rates may adversely affect the value of the Bonds. If holders of the Bonds sell the Bonds they hold before the maturity of such Bonds, they may receive an offer less than their investment.



***An active trading market for the Bonds may not develop.***

The Bonds are a new issue of securities for which there is currently no trading market. Although an application has been made to the Hong Kong Stock Exchange for the Bonds to be admitted for trading on the Hong Kong Stock Exchange, no assurance can be given as to the ability of the holders of the Bonds to sell their Bonds or the price at which holders of the Bonds will be able to sell their Bonds or that a liquid market will develop. The liquidity of the Bonds will be adversely affected if the Bonds are held or allocated to limited investors. None of the Joint Lead Managers is obligated to make a market in the Bonds, and if the Joint Lead Managers do so, they may discontinue such market making activity at any time at their sole discretion. In addition, the Bonds are being offered pursuant to exemptions from registration under the Securities Act and, as a result, holders of the Bonds will only be able to resell their Bonds in transactions that have been registered under the Securities Act or in transactions not subject to or exempt from registration under the Securities Act.

***Investors in the Bonds may be subject to foreign exchange risks.***

The Bonds are denominated in U.S. dollars. An investor who measures investment returns by reference to a currency other than U.S. dollars would be subject to foreign exchange risks by virtue of an investment in the Bonds, due to, among other things, economic, political and other factors over which the Issuer has no control. Depreciation of the U.S. dollar against such currency could cause a decrease in the effective yield of the Bonds below their stated coupon rates and could result in a loss when the return on the Bonds is translated into such currency. In addition, there may be tax consequences for investors as a result of any foreign currency gains resulting from any investment in the Bonds.

***The ratings of the Bonds may be downgraded or withdrawn.***

The Bonds are expected to be assigned a rating of A by S&P and A+ by Fitch. The ratings represent the opinion of the respective rating agency and their assessment of the ability of the Issuer to perform its obligations under the Bonds, the Trust Deed and the Agency Agreement and credit risks in determining the likelihood that payments will be made when due under the Bonds. The ratings are not recommendations to buy, sell or hold the Bonds and may be subject to revision, qualification, suspension, reduction or withdrawn at any time. The Issuer cannot assure investors that a rating will remain for any given period of time or that a rating will not be lowered or withdrawn entirely by the relevant rating agency if in its judgment circumstances in the future so warrant. The Issuer is not obligated to inform holders of the Bonds of any such revision, downgrade or withdrawal. A revision, qualification, suspension or withdrawal at any time of any rating assigned to the Bonds may adversely affect the market price of the Bonds and the Issuer's ability to access the debt capital markets.

***The insolvency laws of the PRC and other local insolvency laws may differ from those of another jurisdiction with which the holders of the Bonds are familiar.***

As the Issuer was incorporated under the laws of the PRC, any insolvency proceeding relating to the Issuer would likely involve PRC insolvency laws, the procedural and substantive provisions of which may differ from comparable provisions of the local insolvency laws of jurisdictions with which the holders of the Bonds are familiar.

***Additional procedures may be required to be taken to bring English law governed matters or disputes to the Hong Kong courts and the holders of the Bonds would need to be subject to the exclusive jurisdiction of the Hong Kong courts. There is also no assurance that the PRC courts will recognise and enforce the judgements of the Hong Kong courts in respect of English law governed matters or disputes.***

The Terms and Conditions and the transaction documents are governed by English law, whereas parties to these documents have submitted to the exclusive jurisdiction of the Hong Kong courts. In order to hear English law governed matters or disputes, Hong Kong courts may require certain additional procedures to be taken. Under the Arrangement on Reciprocal Recognition and Enforcement of Judgments in Civil and Commercial Matters by the Courts of the Mainland and of the Hong Kong Special Administrative Region Pursuant to Choice of Court Agreements between Parties Concerned (關於內地與香港特別行政區法院相互認可和執行當事人協議管轄的民商事案件判決的安排), judgments of Hong Kong courts are likely to be recognised and enforced by the PRC courts where the contracting parties to the transactions pertaining to such judgments have agreed to submit to the exclusive jurisdiction of Hong Kong courts. However, recognition and enforcement of a Hong Kong court judgment could be refused if the PRC courts consider that the enforcement of such judgment is contrary to the social and public interest of the PRC or meets other circumstances specified by the Arrangement on Reciprocal Recognition and Enforcement of Judgments in Civil and Commercial Matters by the Courts of the Mainland and of the Hong Kong Special Administrative Region Pursuant to Choice of Court Agreements between Parties Concerned. While it is expected that the PRC courts will recognise and enforce a judgment given by Hong Kong courts governed by English law, there can be no assurance that the PRC courts will do so for all such judgments as there is no established practice in this area. Compared to other similar debt securities issuances in the international capital markets where the relevant holders of the debt securities would not typically be required to submit to an exclusive jurisdiction, the holders of the Bonds will be deemed to have submitted to the exclusive jurisdiction of the Hong Kong courts, and thus the holder's ability to initiate a claim outside of Hong Kong will be limited.

***A change in English law which governs the Bonds may adversely affect holders of the Bonds.***

The Terms and Conditions of the Bonds are governed by English law. No assurance can be given as to the impact of any possible judicial decision or change in English law or administrative practice after the date of issue of the Bonds.

***The Trustee may request holders of the Bonds to provide an indemnity and/or security and/or prefunding to its satisfaction.***

In certain circumstances (including without limitation the giving of notice pursuant to Condition 8 (Events of Default) of the Terms and Conditions of the Bonds and the taking of any steps and/or actions and/or the instituting of any proceedings pursuant to Condition 12 (*Enforcement*) of the Terms and Conditions of the Bonds), the Trustee may (in its sole discretion) request holders of the Bonds to provide an indemnity and/or security and/or prefunding to its satisfaction before it takes actions on behalf of the holders of the Bonds. The Trustee shall not be obliged to take any such actions if not first indemnified and/or secured and/or pre-funded to its satisfaction. Negotiating and agreeing to an indemnity and/or security and/or pre-funding can be a lengthy process and may impact on when such actions can be taken. The Trustee may not be able to take actions, notwithstanding the provision of an indemnity or security or pre-funding to it, in breach of the terms of the Trust Deed (as defined in the Terms and Conditions of the Bonds) and in such circumstances, or where there is uncertainty or dispute as to the applicable laws or regulations, to the extent permitted by the agreements and the applicable laws and regulations, it will be for the holders of the Bonds to take such actions directly.

***Decisions that may be made on behalf of all holders of the Bonds may be adverse to the interests of individual holders of the Bonds.***

The Trust Deed contains provisions for convening meetings of holders of the Bonds to consider any matters affecting their interests. These provisions permit defined majorities to bind all holders of the Bonds including holders who did not attend and vote at the relevant meeting and holders who voted in a manner contrary to the majority. Furthermore, there is a risk that the decision of the majority of the holders of the Bonds may be adverse to the interests of the individuals.

***Modifications and waivers may be made in respect of the Terms and Conditions of the Bonds and the Trust Deed by the Trustee.***

The Terms and Conditions of the Bonds provide that the Trustee may agree, without the consent of the holders of the Bonds, to any modification (except as mentioned in the Trust Deed) of, or to the waiver or authorisation of any breach or proposed breach of, or any failure to comply with, any of the Terms and Conditions of the Bonds or any of the provisions of the Trust Deed or the Agency Agreement which in its opinion is not materially prejudicial to the interest of the holders of the Bonds, and may agree, without the consent of the holders of the Bonds, to any modification which, in its opinion, is of a formal, minor or technical nature or to correct a manifest error or to comply with any mandatory provision of applicable law.

***The Bonds will be represented by a Global Certificate and holders of a beneficial interest in a Global Certificate must rely on the procedures of the Clearing Systems.***

The Bonds will be represented by beneficial interests in a Global Certificate. Such Global Certificate will be registered in the name of a nominee for, and deposited with, a common depository for Euroclear and Clearstream (the “**Clearing Systems**”). Except in the circumstances described in the Global Certificate, investors will not be entitled to receive definitive Certificates. The Clearing Systems will maintain records of the beneficial interests in the Global Certificate. While the Bonds are represented by the Global Certificate, investors will be able to trade their beneficial interests only through the Clearing Systems.

While the Bonds are represented by the Global Certificate, the Issuer will discharge its payment obligations under the Bonds by making payments to the relevant Clearing System for distribution to their account Bondholders.

A holder of a beneficial interest in a Global Certificate must rely on the procedures of the relevant Clearing System to receive payments under the Bonds. The Issuer has no responsibility or liability for the records relating to, or payments made in respect of, beneficial interests in the Global Certificate. Bondholders of beneficial interests in the Global Certificate will not have a direct right to vote in respect of the Bonds. Instead, such Bondholders will be permitted to act only to the extent that they are enabled by the relevant Clearing System to appoint appropriate proxies.

*Gains on the transfer of the Bonds may be subject to income tax under PRC tax laws.*

Under the EIT Law and its implementation rules, any gains realised on the transfer of the Bonds by holders who are deemed under the EIT Law as non-resident enterprises may be subject to PRC enterprise income tax if such gains are regarded as income derived from sources within the PRC. Under the EIT Law, a “non-resident enterprise” means an enterprise established under the laws of a jurisdiction other than the PRC and whose actual administrative organisation is not in the PRC, which has established offices or premises in the PRC, or which has not established any offices or premises in the PRC but has obtained income derived from sources within the PRC. In addition, there is uncertainty as to whether gains realised on the transfer of the Bonds by individual holders who are not PRC citizens or residents will be subject to PRC individual income tax. If such gains are subject to PRC income tax, the 10 per cent. enterprise income tax rate and 20 per cent. individual income tax rate will apply, respectively, unless there is an applicable tax treaty or arrangement that reduces or exempts such income tax. The taxable income will be the balance of the total income obtained from the transfer of the Bonds minus all costs and expenses that are permitted under PRC tax laws to be deducted from the income. According to an arrangement between Mainland China and Hong Kong for the avoidance of double taxation, Bondholders who are Hong Kong residents, including both enterprise holders and individual holders, may be exempted from PRC income tax on capital gains derived from a sale or exchange of the Bonds.

On 23 March 2016, the Ministry of Finance and the State Administration of Taxation jointly issued the Circular of Full Implementation of Business Tax to VAT Reform (Cai Shui 【2016】 No. 36) (關於全面推開營業稅改徵增值稅試點的通知) (財稅【2016】36號) (the “**Circular 36**”), which provides that all business tax payers are included into the pilot programme to pay VAT from 1 May 2016. VAT is applicable where the entities or individuals provide services within the PRC. VAT is unlikely to be applicable to any transfer of Bonds between entities or individuals located outside of the PRC and therefore unlikely to be applicable to gains realised upon such transfers of Bonds, but there is uncertainty as to the applicability of VAT if either the seller or buyer of Bonds is located inside the PRC. As Circular 36 and laws and regulations pertaining to VAT are relatively new, the interpretation and enforcement of such laws and regulations involve uncertainties.

If a Bondholder, being a non-resident enterprise or non-resident individual, is required to pay any PRC income tax on gains on the transfer of the Bonds, the value of the relevant Bondholder’s investment in the Bonds may be materially and adversely affected.

## TERMS AND CONDITIONS OF THE BONDS

*The following, subject to completion and amendment and other than the words in italics, is the text of the Terms and Conditions of the Bonds which will appear on the reverse of each of the definitive certificates evidencing the Bonds:*

The issue of US\$470,000,000 1.638 per cent bonds due 2026 (the “**Bonds**”, which term shall include, unless the context requires otherwise, any further bonds issued in accordance with Condition 14 and consolidated and forming a single series therewith) of Zhejiang Expressway Co., Ltd. (浙江滬杭甬高速公路股份有限公司) (the “**Issuer**”) was authorised by resolutions of the board of directors of the Issuer passed on 21 December 2020 and by the Shareholders at the extraordinary general meeting of the Issuer held on 20 January 2021. The Bonds are constituted by a trust deed (as amended or supplemented from time to time) (the “**Trust Deed**”) dated on or about 14 July 2021 (the “**Issue Date**”) and made between the Issuer and The Bank of New York Mellon, London Branch (the “**Trustee**”, which term shall, where the context so permits, include all other persons for the time being acting as trustee or trustees under the Trust Deed) as trustee for the holders of the Bonds. The Issuer has entered into a paying and transfer agency agreement (as amended or supplemented from time to time, the “**Agency Agreement**”) dated on or about 14 July 2021 with the Trustee, The Bank of New York Mellon, London Branch, as principal paying agent (the “**Principal Paying Agent**”), The Bank of New York Mellon SA/NV, Dublin Branch, as registrar (the “**Registrar**”) and as transfer agent (the “**Transfer Agent**”) and the other paying agents, and transfer agents appointed under it (each a “**Paying Agent**” or a “**Transfer Agent**”, as the case may be, and together with the Registrar, the Transfer Agent and the Principal Paying Agent, the “**Agents**”). References to the “**Paying Agents**” shall include the Principal Paying Agent. References to the “**Principal Paying Agent**”, the “**Registrar**”, the “**Transfer Agent**” and the “**Agents**” below are references to the Principal Paying Agent, the Registrar, the Transfer Agent and the agents for the time being for the Bonds. These terms and conditions (the “**Conditions**”) include summaries of, and are subject to, the detailed provisions of the Trust Deed and the Agency Agreement. Unless otherwise defined, terms used in these Conditions have the meaning specified in the Trust Deed. Copies of the Trust Deed and of the Agency Agreement are available for inspection during normal business hours (being between 9:00 a.m. to 3:00 p.m. on a business day) at the specified office of the Principal Paying Agent, being at the Issue Date at One Canada Square, London E14 5AL, United Kingdom following prior written request and satisfactory proof of holding. The Bondholders (as defined in Condition 1.3) are entitled to the benefit of the Trust Deed and are bound by, and are deemed to have notice of, all the provisions of the Trust Deed and those provisions of the Agency Agreement applicable to them.

All capitalised terms that are not defined in the Conditions will have the meanings given to them in the Trust Deed.

### 1 STATUS; FORM, DENOMINATION AND TITLE

#### 1.1 Status

The Bonds constitute direct, senior, unsubordinated, unconditional and (subject to, and to the extent provided under, the provisions of Condition 3.1) unsecured obligations of the Issuer and shall at all times rank *pari passu* and without any preference or priority among themselves. The payment obligations of the Issuer under the Bonds shall, save for such exceptions as may be provided by mandatory provisions of applicable law and subject to Condition 3.1, at all times rank at least equally with all of its other present and future direct, senior, unsubordinated, unconditional and unsecured obligations.

## 1.2 Form and Denomination

The Bonds are issued in registered form in denominations of US\$200,000 each (a “**Specified Denomination**”) and integral multiples of US\$1,000 in excess thereof. A bond certificate (each a “**Certificate**”) will be issued to each Bondholder in respect of its registered holding of Bonds. Each Certificate will be numbered serially with an identifying number which will be recorded on the relevant Certificate and in the register of Bondholders (the “**Register**”) which the Issuer will procure to be kept by the Registrar.

*Upon issue, the Bonds will be represented by a Global Certificate, substantially in the form scheduled to the Trust Deed registered in the name of a nominee of, and deposited with, a common depository for Euroclear Bank SA/NV (“**Euroclear**”), as operator of the Euroclear System and Clearstream Banking S.A. (“**Clearstream**”). The Conditions are modified by certain provisions contained in the Global Certificate.*

*Except in the limited circumstances described in the Global Certificate, owners of interests in Bonds represented by the Global Certificate will not be entitled to receive definitive Certificates in respect of their individual holdings of Bonds. The Bonds are not issuable in bearer form.*

## 1.3 Title

Title to the Bonds passes only by transfer and registration in the Register as described in Condition 2. The holder of any Bond will (except as otherwise required by law or as ordered by a court of competent jurisdiction) be treated as its absolute owner for all purposes (whether or not it is overdue and regardless of any notice of ownership, trust or any interest in it or any writing on, or the theft or loss of, the Certificate issued in respect of it) and no person will be liable for so treating the holder. In these Conditions, “**Bondholder**” and (in relation to a Bond) “**holder**” means the person in whose name a Bond is registered.

## 2 REGISTRATION AND TRANSFERS OF BONDS; ISSUE OF CERTIFICATES

### 2.1 Register

The Issuer will cause the Register to be kept at the specified office of the Registrar outside the United Kingdom and Hong Kong and in accordance with the terms of the Agency Agreement a register on which shall be entered the names and addresses of the holders of the Bonds and the particulars of the Bonds held by them and of all transfers and redemptions of the Bonds. Each Bondholder shall be entitled to receive only one Certificate in respect of its entire holding of Bonds.

### 2.2 Transfers

Subject to Condition 2.5 and the terms of the Agency Agreement, a holding of Bonds may be transferred in whole or in part in the Specified Denomination by delivery of the Certificate issued in respect of that Bond, with the form of transfer on the back duly completed and signed by the holder or his attorney duly authorised in writing, to the specified office of the Registrar or of any of the Transfer Agents. No transfer of a Bond will be valid or effective unless and until entered on the Register.

*Transfers of interests in the Bonds evidenced by the Global Certificate will be effected in accordance with the rules of the relevant clearing systems.*

## 2.3 Delivery of New Certificates

**2.3.1** Each new Certificate to be issued upon a transfer of Bonds will, within seven business days of receipt by the Registrar or, as the case may be, any Transfer Agent of the original Certificate and the form of transfer duly completed and signed, be made available for collection at the specified office of the Registrar or such Transfer Agent or, if so requested in the form of transfer, be mailed by uninsured mail at the risk of the holder entitled to the Bonds (but free of charge to the holder and at the Issuer's expense) to the address specified in the form of transfer. The form of transfer is available at the specified office of each Transfer Agent.

*Except in the limited circumstances described herein, the Bonds will only be issued to the Bondholders in book-entry form and owners of interests in the Bonds will not be entitled to receive physical delivery of Certificates.*

**2.3.2** Where only part of a principal amount of the Bonds (being that of one or more Bonds) in respect of which a Certificate is issued is to be transferred, converted, redeemed or repurchased, a new Certificate in respect of the Bonds not so transferred, converted, redeemed or repurchased will, within seven business days of delivery of the original Certificate to the Registrar or any Transfer Agent, be made available for collection at the specified office of the Registrar or such Transfer Agent or, if so requested in the form of transfer, be mailed by uninsured mail at the risk of the holder of the Bonds not so transferred, converted, redeemed or repurchased (but free of charge to the holder and at the Issuer's expense) to the address of such holder appearing on the Register.

**2.3.3** For the purposes of these Conditions, "**business day**" shall mean a day other than a Saturday or Sunday or public holiday, on which commercial banks are generally open for business in the city in which the specified office of the Registrar (if a Certificate is deposited with it in connection with a transfer) or the Agent with whom a Certificate is deposited in connection with a transfer, is located.

## 2.4 Formalities Free of Charge

Registration of a transfer of Bonds and issuance of new Certificates will be effected without charge subject to (a) the person making such application for transfer paying or procuring the payment of any taxes, duties and other governmental charges in connection therewith, (b) the Registrar being satisfied with the documents of title and/or identity of the person making the application and (c) such regulations as the Issuer may from time to time agree with the Registrar and the Trustee (and as initially set out in the Agency Agreement).

## 2.5 Restricted Transfer Periods

No Bondholder may require the transfer of a Bond to be registered (i) during the period of seven days ending on (and including) the dates for payment of any amount pursuant to these Conditions; (ii) during the period of seven days prior to (and including) any date on which Bonds may be called for redemption by the Issuer at its option pursuant to Condition 6.2; or (iii) after a Relevant Event Put Exercise Notice (as defined in Condition 6.3) has been deposited in respect of such Bond, each such period being a "**Restricted Transfer Period**".

## 2.6 Regulations

All transfers of Bonds and entries on the Register will be made subject to the detailed regulations concerning transfer and registration of Bonds, the initial form of which is scheduled to the Agency Agreement (the “**Regulations**”). Each of the Issuer and the Registrar may change the Regulations from time to time, with the prior written approval of the Trustee and (in the case of any regulation proposed by the Issuer) of the Registrar. A copy of the current regulations will be mailed (free of charge to the Bondholders and at the Issuer’s expense) by the Registrar to any Bondholder upon written request and proof of holding and identity satisfactory to the Registrar and is available at the specified offices of the Transfer Agent following prior written request and proof of holding and identity satisfactory to the Registrar. No transfer of title to a Bond will be valid unless and until entered on the Register.

## 3 COVENANTS

### 3.1 Negative Pledge

So long as any Bond remains outstanding (as defined in the Trust Deed), the Issuer will not create or permit to subsist, and the Issuer will procure that no Principal Subsidiary (as defined below) will create, or have outstanding, any mortgage, charge, pledge, lien or other form of encumbrance or security interest upon the whole or any part of its undertaking, assets or revenues, present or future, to secure any Investment Securities (as defined below) or to secure any guarantee of or indemnity in respect of any Investment Securities, without at the same time or prior thereto according to the Bonds (i) the same security as is created or subsisting to secure any such Investment Securities, guarantee or indemnity or (ii) such other security as either (x) the Trustee shall in its absolute discretion deem not materially less beneficial to the interests of the Bondholders or (y) shall be approved by an Extraordinary Resolution (as defined in the Trust Deed) of the Bondholders.

### 3.2 Undertakings relating to Foreign Debt Registration

The Issuer undertakes that it will (i) register or cause to be registered the Bonds with Zhejiang SAFE pursuant to and within the prescribed timeframe under the applicable laws, regulations, guidelines and implementing measures promulgated thereunder of Foreign Debt Registration, (ii) use its best endeavours to complete the Foreign Debt Registration and obtain a registration record from Zhejiang SAFE on or before the Registration Deadline, (iii) as soon as required or requested to do so by any relevant governmental authority, file or cause to be filed with SAFE the Bonds pursuant to Cross-Border Financing Circular and (iv) comply with all applicable PRC laws and regulations in relation to the Bonds, including the Cross-Border Financing Circular, the Foreign Debt Registration and NDRC Post-issue Filing and any implementing measures promulgated thereunder from time to time.

### 3.3 Notification to NDRC

The Issuer undertakes that it will within 10 Registration Business Days after the Issue Date file or cause to be filed with the NDRC the requisite information and documents in accordance with the Circular on Promoting the Reform of the Administrative System on the Issuance by Enterprises of Foreign Debt Filings and Registrations(國家發展改革委關於推進企業發行外債備案登記制管理改革的通知(發改外資【2015】2044號)) issued by the NDRC and effective as of 14 September 2015 and any implementation rules as issued by the NDRC from time to time (the “**NDRC Post-issue Filing**”).



### 3.4 Notification of Completion of the Foreign Debt Registration and the NDRC Post-issue Filing

- 3.4.1** The Issuer shall within 10 Registration Business Days after receipt of the registration record from Zhejiang SAFE (or any other document evidencing the completion of registration issued by Zhejiang SAFE), provide the Trustee with a copy of the Zhejiang SAFE registration record (or any other document evidencing the registration issued by Zhejiang SAFE), certified as a true and complete copy of the original by an Authorised Signatory of the Issuer (the “**Registration Documents**”). In addition, the Issuer shall, within 10 Registration Business Days after the documents comprising the Registration Documents are delivered to the Trustee, give notice to the Bondholders (in accordance with Condition 15) confirming the completion of the Foreign Debt Registration.
- 3.4.2** The Issuer shall within 10 Registration Business Days after submission of the NDRC Post-issue Filing, provide the Trustee with (i) a certificate in English substantially in the form set out in the Trust Deed signed by an Authorised Signatory of the Issuer confirming the submission of the NDRC Post-Issue Filing; and (ii) a copy of the NDRC Post-Issue Filing setting out the particulars of filing, certified as a true and complete copy of the original by an Authorised Signatory of the Issuer (the items specified in (i) and (ii) together, the “**Filing Documents**”). In addition, the Issuer shall, within 10 Registration Business Days after the documents comprising the Filing Documents are delivered to the Trustee, give notice to the Bondholders (in accordance with Condition 15) confirming the submission of the NDRC Post-Issue Filing.
- 3.4.3** The Trustee shall have no obligation to monitor or ensure that the NDRC Post-issue Filing or the Foreign Debt Registration is made as required by Conditions 3.2 and 3.3 or to assist with the NDRC Post-issue Filing or the Foreign Debt Registration or to verify the accuracy, validity and/or genuineness of any Registration Documents or any translation or certification thereof or to give notice to the Bondholders confirming the completion of the NDRC Post-issue Filing or the Foreign Debt Registration, and shall not be liable to the Bondholders or any other person for any of the foregoing and for not doing so.

For the purposes of these Conditions:

“**Investment Securities**” means any present or future indebtedness in the form of, or represented by, bonds, debentures, notes, loan stock, bearer participation certificates, depositary receipts, certificates of deposit or other investment securities which represent indebtedness and are for the time being, or are intended to be or capable of being, quoted, listed, ordinarily dealt in or traded on any stock exchange or over-the-counter or other securities market and are initially issued outside the PRC with an original maturity of more than one year from its date of issue. For the avoidance of doubt, “**Investment Securities**” shall not include any indebtedness in the form of or represented by loan facilities or agreements which are not capable of being traded on any stock exchange or over-the-counter or other securities market;

“**NDRC**” means the National Development and Reform Commission of the PRC or its local counterparts;

“**person**” means any individual, corporation, partnership, limited liability company, joint venture, trust, unincorporated organisation or government or any agency or political subdivision thereof;

“**PRC**” means the People’s Republic of China, which shall for the purpose of these Conditions only, exclude the Hong Kong Special Administrative Region, the Macau Special Administrative Region and Taiwan;

“**Principal Subsidiary**” means any Subsidiary of the Issuer:

- (i) whose revenues (consolidated in the case of a Subsidiary which itself has Subsidiaries) attributable to the Issuer as shown by its latest audited income statement, are at least ten per cent. of the consolidated revenues as shown by the latest published audited consolidated income statement of the Issuer; or
- (ii) whose gross profits (consolidated in the case of a Subsidiary which itself has Subsidiaries) attributable to the Issuer as shown by its latest audited income statement, are at least ten per cent. of the consolidated gross profits as shown by the latest published audited consolidated income statement of the Issuer; or
- (iii) whose total assets (consolidated in the case of a Subsidiary which itself has Subsidiaries) attributable to the Issuer as shown by its latest audited balance sheet, are at least ten per cent. of the consolidated total assets as shown by the latest published audited consolidated balance sheet of the Issuer; or
- (iv) to which is transferred the whole or substantially the whole of the assets of a Subsidiary which immediately prior to such transfer was a Principal Subsidiary, provided that the Principal Subsidiary which so transfers its assets shall forthwith upon such transfer cease to be a Principal Subsidiary and the Subsidiary to which the assets are so transferred shall cease to be a Principal Subsidiary at the date on which the first published audited consolidated accounts of the Issuer, prepared as of a date later than such transfer are issued unless such Subsidiary would continue to be a Principal Subsidiary on the basis of such accounts by virtue of paragraphs (i), (ii) or (iii) above of this definition;

provided that, in relation to paragraphs (i), (ii) and (iii) above of this definition:

- (A) in the case of a corporation or other business entity becoming a Subsidiary after the end of the financial period to which the latest audited consolidated accounts of the Issuer relate, the reference to the then latest audited consolidated accounts of the Issuer for the purposes of the calculation above shall, until audited consolidated accounts of the Issuer for the financial period in which the relevant corporation or other business entity becomes a Subsidiary are published, be deemed to be a reference to the then latest audited consolidated accounts of the Issuer adjusted to consolidate the latest audited accounts (consolidated in the case of a Subsidiary which itself has Subsidiaries) of such Subsidiary in such audited consolidated accounts of the Issuer;

- (B) if at any relevant time in relation to the Issuer or any Subsidiary which itself has Subsidiaries no consolidated accounts are prepared and audited, the revenues, gross profits or total assets of the Issuer and/or any such Subsidiary shall be determined on the basis of any pro forma or management accounts (consolidated, if appropriate) prepared by the Issuer for the purposes of preparing a certificate thereon to the Trustee;
- (C) if at any relevant time in relation to any Subsidiary, no accounts are audited, its revenues, gross profits or total assets (consolidated, if appropriate) shall be determined on the basis of any pro forma or management accounts (consolidated, if appropriate) of the relevant Subsidiary prepared by the Issuer for the purposes of preparing a certificate thereon to the Trustee; and
- (D) if the accounts of any Subsidiary (not being a Subsidiary referred to in proviso (A) above) are not consolidated with those of the Issuer, then the determination of whether or not such Subsidiary is a Principal Subsidiary shall be based on a pro forma consolidation of its accounts (consolidated, if appropriate) with the consolidated accounts (determined on the basis of the foregoing) of the Issuer.

A certificate signed by an Authorised Signatory of the Issuer stating that, in his/her opinion, a Subsidiary is or is not, or was or was not, a Principal Subsidiary of the Issuer, shall, in the absence of manifest error, be conclusive and binding on the Trustee and the Bondholders.

“**Registration Business Day**” means a day, other than a Saturday, Sunday or public holiday, on which commercial banks are generally open for business in Beijing;

“**Registration Deadline**” means the day falling 180 days after the Issue Date; and

“**Subsidiary**” or “**subsidiary**” means, (i) in relation to any person, any company or other business entity of which that person owns or controls (either directly or through one or more other Subsidiaries) more than 50 per cent. of the issued share capital or other ownership interest having ordinary voting power to elect directors, managers or trustees of such company or other business entity or (ii) any company or other business entity which at any time has its accounts consolidated with those of that person or which, under the laws of the Hong Kong Special Administrative Region of the PRC (“**Hong Kong**”) or the PRC, or in accordance with generally accepted accounting principles applicable in the PRC from time to time, should have its accounts consolidated with those of that person.

#### 4 INTEREST

The Bonds bear interest on their outstanding principal amount from and including 14 July 2021 at the rate of 1.638 per cent. per annum, payable semi-annually in arrear in equal instalments of U.S.\$8.19 per Calculation Amount (as defined below) on 14 January and 14 July in each year (each an “**Interest Payment Date**”), commencing on 14 January 2022.

Each Bond will cease to bear interest from the due date for redemption unless, upon due surrender of the Certificate representing such Bond, payment of principal is improperly withheld or refused. In such event, such unpaid amount shall bear interest at such rate (both before and after judgment) until whichever is the earlier of (a) the day on which all sums due in respect of such Bond up to that day are received by or on behalf of the relevant Bondholder and (b) the day falling seven days after the Trustee or the Principal Paying Agent has notified Bondholders of receipt of all sums due in respect of the Bonds up to that seventh day (except to the extent that there is failure in the subsequent payment to the relevant holders under these Conditions).

If interest is required to be calculated for a period of less than a complete Interest Period (as defined below), the relevant day-count fraction will be determined on the basis of a 360-day year consisting of 12 months of 30 days each and, in the case of an incomplete month, the number of days elapsed.

In these Conditions, the period beginning on and including the Issue Date and ending on but excluding the first Interest Payment Date and each successive period beginning on and including an Interest Payment Date and ending on but excluding the next succeeding Interest Payment Date is called an “**Interest Period**”.

Interest in respect of any Bond shall be calculated per U.S.\$1,000 in principal amount of the Bonds (the “**Calculation Amount**”). The amount of interest payable per Calculation Amount for any period shall, save as provided above in relation to equal instalments, be equal to the product of the rate of interest specified above, the Calculation Amount and the day-count fraction for the relevant period, rounding the resulting figure to the nearest cent (half a cent being rounded upwards).

## **5 PAYMENTS**

### **5.1 Method of Payment**

Payment of principal and premium (if any) will be made by transfer to the registered account of the Bondholder. Payment of principal and premium (if any) will only be made after surrender of the relevant Certificate at the specified office of any of the Agents.

References in these Conditions, the Trust Deed and the Agency Agreement to principal in respect of any Bond shall, where the context so permits, be deemed to include a reference to any premium payable thereon.

If an amount which is due on the Bonds is not paid in full, the Registrar will annotate the Register with a record of the amount (if any) in fact paid.

*Notwithstanding the foregoing, so long as the Global Certificate is held on behalf of Euroclear, Clearstream or any other clearing system, each payment in respect of the Global Certificate will be made to the person shown as the holder in the Register at the close of business of the relevant clearing system on the Clearing System Business Day before the due date for such payments, where “**Clearing System Business Day**” means a weekday (Monday to Friday, inclusive) except 25 December and 1 January.*

### **5.2 Registered Accounts**

For the purposes of this Condition 5, a Bondholder’s registered account means the U.S. dollar account maintained by or on behalf of it with a bank that processes payments in U.S. dollars, details of which appear on the Register at the close of business on the second Payment Business Day (as defined in Condition 5.6) before the due date for payment, and a Bondholder’s registered address means its address appearing on the Register at that time.

*Payment of principal of, premium (if any) on, and any other amount due under, the Bonds evidenced by the Global Certificate will be made in accordance with the terms of the Global Certificate and the rules and practices of the relevant clearing system(s).*

### 5.3 Fiscal Laws

All payments are subject in all cases to (i) any applicable fiscal or other laws and regulations in the place of payment, but without prejudice to the provisions of Condition 7 and (ii) any withholding or deduction required pursuant to an agreement described in Section 1471(b) of the U.S. Internal Revenue Code of 1986, as amended (the “**Code**”) or otherwise imposed pursuant to Sections 1471 through 1474 of the Code, any regulations or agreements thereunder, any official interpretations thereof, or (without prejudice to the provisions of Condition 7) any law implementing an intergovernmental approach thereto. No commissions or expenses shall be charged to the Bondholders in respect of such payments.

### 5.4 Payment Initiation

Where payment is to be made by transfer to a registered account, payment instructions (for value on the due date or, if that is not a Payment Business Day, for value on the first following day which is a Payment Business Day) will be initiated or, in the case of a payment of principal or premium (if any), if later, on the Payment Business Day on which the relevant Certificate is surrendered at the specified office of an Agent.

**5.5 Delay in Payment:** Bondholders will not be entitled to any interest or other payment for any delay after the due date in receiving the amount due on a Bond if the due date is not a Payment Business Day or if the Bondholder is late in surrendering or cannot surrender its Certificate (if required to do so).

**5.6 Non-Payment Business Days:** If any date for payment in respect of any Bond is not a Payment Business Day, the holder shall not be entitled to payment until the next following Payment Business Day nor to any interest or other sum in respect of such postponed payment.

In this Condition 5, “**Payment Business Day**” means a day other than a Saturday or Sunday on which commercial banks and foreign exchange markets are open for business in the city in which the specified office of the Principal Paying Agent is located.

## 6 REDEMPTION, PURCHASE AND CANCELLATION

### 6.1 Maturity

Unless previously redeemed or purchased and cancelled as provided herein, the Issuer will redeem each Bond at its outstanding principal amount on 14 July 2026 (the “**Maturity Date**”). The Issuer may not redeem the Bonds at its option prior to that date except in accordance with this Condition 6 (but without prejudice to Condition 8).

## 6.2 Redemption for Taxation Reasons

The Issuer may, having given not less than 30 nor more than 60 days' notice to the Trustee, the Principal Paying Agent and the Bondholders (which notice shall be irrevocable) redeem all but not some only of the Bonds at their outstanding principal amount (together with any interest accrued up to but excluding the date fixed for redemption) as at the relevant redemption date (the "**Tax Redemption Date**"), if (i) the Issuer satisfies the Trustee immediately prior to the giving of such notice that the Issuer has or will become obliged to pay Additional Tax Amounts as provided or referred to in Condition 7 as a result of any change in, or amendment to, the laws or regulations of the PRC or Hong Kong or any political subdivision or any authority thereof or therein having power to tax, or any change in the general application or official interpretation of such laws or regulations or the stating of an official position with respect thereto (including a holding, judgment or order by a court of competent jurisdiction), which change or amendment becomes effective on or after 7 July 2021, and (ii) such obligation cannot be avoided by the Issuer taking reasonable measures available to it, provided that no such notice of redemption shall be given earlier than 90 days prior to the earliest date on which the Issuer would be obliged to pay such Additional Tax Amounts were a payment in respect of the Bonds then due. Prior to the publication of any notice of redemption pursuant to this Condition 6.2, the Issuer shall deliver to the Trustee (a) a certificate in English signed by two directors of the Issuer who are also Authorised Signatories of the Issuer stating that the obligation referred to in (i) above of this Condition 6.2 cannot be avoided by the Issuer having taken reasonable measures available to it and (b) an opinion of independent legal or tax advisors of recognised standing to the effect that such change or amendment has occurred (irrespective of whether such amendment or change is then effective), and the Trustee shall be entitled to accept such certificate and opinion as sufficient evidence of the satisfaction of the conditions precedent set out above, in which event the same shall be conclusive and binding on the Bondholders and the Trustee shall be protected and incur no liability to any Bondholder for or in respect of any action taken, omitted or suffered in reliance upon such certificate and opinion.

## 6.3 Redemption for Relevant Events

**6.3.1** Following the occurrence of a Relevant Event (as defined in Condition 6.3.5(vi)), the holder of each Bond will have the right at such holder's option, to require the Issuer to redeem all but not some only of such holder's Bonds on the Relevant Event Put Date (as defined below) at 101 per cent. (in the case of a redemption for a Change of Control) or 100 per cent. (in the case of a redemption for a No Registration Event) of their principal amount, together with, in each case, accrued interest up to but excluding such Relevant Event Put Date. To exercise such right, the holder of the relevant Bond must complete, sign and deposit at the specified office of any Paying Agent during normal business hours (being between 9.00 a.m. and 3.00 p.m. on a business day) a duly completed and signed notice of redemption (a "**Relevant Event Put Exercise Notice**"), in the form for the time being current, obtainable from the specified office of any Paying Agent together with the Certificate evidencing the Bonds to be redeemed by not later than 30 days following a Relevant Event, or, if later, 30 days following the date upon which notice thereof is given to Bondholders by the Issuer in accordance with Condition 15. The "**Relevant Event Put Date**" shall be the fourteenth day after the expiry of such period of 30 days as referred to above in this Condition 6.3.1.

**6.3.2** A Relevant Event Put Exercise Notice, once delivered, shall be irrevocable and may not be withdrawn without the Issuer's consent. The Issuer shall redeem the Bonds which form the subject of the Relevant Event Put Exercise Notices delivered as aforesaid (subject to delivery of the relevant Certificates) on the Relevant Event Put Date.

**6.3.3** None of the Trustee or the Agents shall be required to monitor or take any steps to ascertain whether a Relevant Event or any event which could lead to a Relevant Event has occurred or may occur and shall be entitled to assume that no such event has occurred until they have received written notice to the contrary from the Issuer. The Agents and the Trustee will not be responsible or liable to the Bondholders or any other person for any loss arising from any failure by it to do so.

**6.3.4** Not later than seven days after becoming aware of a Relevant Event, the Issuer shall procure that notice regarding the Relevant Event, which shall be delivered to Bondholders (in accordance with Condition 15) and to the Trustee in writing stating:

- (i) the Relevant Event Put Date;
- (ii) the date of such Relevant Event and, briefly, the events causing such Relevant Event;
- (iii) the date by which the Relevant Event Put Exercise Notice must be given;
- (iv) the redemption amount and the method by which such amount will be paid;
- (v) the names and addresses of all Paying Agents;
- (vi) the procedures that Bondholders must follow and the requirements that Bondholders must satisfy in order to exercise their rights under this Condition 6.3; and
- (vii) that a Relevant Event Put Exercise Notice, once validly given, may not be withdrawn without the Issuer's consent.

**6.3.5** For the purposes of this Condition 6.3:

- (i) "**control**" means (i) the ownership or control, directly or indirectly, of more than 50 per cent of the voting rights of the issued share capital of a person or (ii) the possession, directly or indirectly, of the power to nominate or designate more than 50 per cent of the members then in office of a person's board of directors or other governing body, whether obtained directly or indirectly, and whether obtained by ownership of share capital, the possession of voting rights, contract or otherwise or (iii) the possession, directly or indirectly, of the power to direct or cause the direction of the management policies of a person. For the avoidance of doubt, a person is deemed to control another person so long as it fulfils any one of the three foregoing requirements;

- (ii) a “**Change of Control**” occurs when:
  - (a) People’s Government of Zhejiang Province or any other person(s) directly or indirectly controlled by the People’s Government of Zhejiang Province (as at the Issue Date being Zhejiang Communications Investment Group Co., Ltd. (浙江省交通投資集團有限公司)) in aggregate cease to control, directly or indirectly, the Issuer; or
  - (b) the Issuer consolidates with or merges into or sells or transfers all or substantially all of the Issuer’s assets to any other person, unless the consolidation, merger, sale or transfer will not result in the other person or persons acquiring control over the Issuer or the successor entity;
- (iii) a “**person**” includes any individual, company, corporation, firm, partnership, joint venture, undertaking, association, organisation, trust, state or agency of a state (in each case whether or not being a separate legal entity) but does not include the Issuer’s board of directors or any other governing board and does not include the Issuer’s wholly-owned direct or indirect subsidiaries;
- (iv) a “**No Registration Event**” occurs when the Registration Conditions have not been satisfied in full on or before the Registration Deadline;
- (v) “**Registration Conditions**” means the receipt by the Trustee of the Registration Documents;
- (vi) “**Relevant Events**” means the occurrence of any of (i) a Change of Control in the Issuer; (ii) a No Registration Event; and
- (vii) “**voting rights**” means the right generally to vote at general meetings of shareholders of the Issuer (irrespective of whether or not, at the time, stock of any other class or classes shall have, or might have, voting power by reason of the happening of any contingency).

#### 6.4 Redemption at the Option of the Issuer

- 6.4.1 Unless a Relevant Event Put Exercise Notice has been given pursuant to Condition 6.3, the Issuer may, at any time, on giving not less than 30 nor more than 60 days’ notice to the Bondholders in accordance with Condition 15 (which notice shall be irrevocable and shall specify the date fixed for redemption (the “**Optional Redemption Date**”)), redeem all, but not some only, of the Bonds at the Make-Whole Price together with interest accrued up to but excluding the Optional Redemption Date.
- 6.4.2 Any notice of redemption given under Condition 6.2 will override any notice of redemption given (whether previously, on the same date or subsequently) under this Condition 6.4.



**6.4.3** For the purposes of this Condition 6.4:

- (i) “**Adjusted Treasury Rate**” means either (i) the rate per annum equal to the yield, that represents the average of the daily yields for the week immediately preceding the third business day prior to the Optional Redemption Date, derived from the most recently published statistical release designated “H.15” or any successor publication that is published by the Board of Governors of the Federal Reserve System and that establishes yields on actively traded United States Treasury securities adjusted to constant maturity under the caption “Treasury Constant Maturities” for the maturity corresponding to the Comparable Treasury Issue (if no maturity is within three months before or after the Maturity Date, yields for the two published maturities most closely corresponding to the Comparable Treasury Issue shall be determined and the Adjusted Treasury Rate shall be interpolated or extrapolated from such yields on a straight line basis, rounding to the nearest month) or (ii) if such release (or any successor release) is not published during the week preceding the third business day prior to the relevant date or does not contain such yields, the rate per annum equal to the semi-annual equivalent yield to maturity of the Comparable Treasury Issue (expressed as a percentage of its principal amount) equal to the Comparable Treasury Price for the Optional Redemption Date, in each case calculated on the third business day immediately preceding the Optional Redemption Date.
- (ii) “**Comparable Treasury Issue**” means the United States Treasury security selected by the Independent Investment Bank as having a maturity comparable to the remaining term of the Bonds from the Optional Redemption Date to the Maturity Date, that would be utilised, at the time of selection and in accordance with customary financial practice, in pricing new issues of corporate debt securities of a maturity most nearly equal to the Maturity Date;
- (iii) “**Comparable Treasury Price**” means, with respect to any Optional Redemption Date, the average of three, or such lesser number as is obtained by the Independent Investment Bank, Reference Treasury Dealer Quotations for the Optional Redemption Date;
- (iv) “**Independent Investment Bank**” means a financial adviser or bank which is independent of the Issuer appointed by the Issuer for the purpose of determining the Make-Whole Price;
- (v) “**Make-Whole Price**” means in respect of each Bond, (a) the principal amount of such Bond or, if this is higher (b) the amount equal to the sum of the present value of the principal amount of such Bond, together with the present values of the scheduled interest payments from the Optional Redemption Date to the Maturity Date (but excluding accrued and unpaid interest to the Optional Redemption Date) in each case, discounted to the Optional Redemption Date on a semi-annual compounded basis at the Adjusted Treasury Rate plus 0.15 per cent., all as determined by the Independent Investment Bank;
- (vi) “**Reference Treasury Dealer**” means each of the three nationally recognised firms selected by the Issuer that are primary U.S. Government securities dealers; and

- (vii) “**Reference Treasury Dealer Quotations**” means with respect to each Reference Treasury Dealer and any Optional Redemption Date, the average, as determined by the Independent Investment Bank, of the bid and asked prices for the Comparable Treasury Issue, expressed in each case as a percentage of its principal amount, quoted in writing to the Independent Investment Bank by such Reference Treasury Dealer at 5:00 p.m., New York City time on the third business day immediately preceding such Optional Redemption Date.

## **6.5 Purchases**

The Issuer or any of its Subsidiaries may at any time and from time to time purchase Bonds at any price in the open market or otherwise. Such Bonds may, at the option of the Issuer or the relevant Subsidiary, be held, resold or cancelled. The Bonds so acquired, while held by or on behalf of the Issuer or any Subsidiary, shall not be deemed to be outstanding for the purposes of, among other things, calculating quorums at meetings of the Bondholders and exercise any voting rights with respect to such Bonds.

## **6.6 Cancellation**

All Bonds which are redeemed will forthwith be cancelled. Certificates in respect of all Bonds cancelled will be forwarded to or to the order of the Registrar and such Bonds may not be reissued or resold.

## **6.7 Redemption Notices**

All notices to Bondholders given by or on behalf of the Issuer pursuant to this Condition 6 will be irrevocable and will be given in accordance with Condition 15 specifying: (a) the applicable redemption amount and premium (if any) payable; (b) the date fixed for redemption; (c) the manner in which redemption will be effected; and (d) the aggregate principal amount of the Bonds outstanding as at the latest practicable date prior to the publication of the notice.

If more than one notice of redemption is given (being a notice given by either the Issuer or a Bondholder pursuant to these Conditions), the first in time shall prevail.

## 7 TAXATION

- 7.1** All payments made by or on behalf of the Issuer in respect of the Bonds will be made free from any deduction or withholding for or on account of any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or on behalf of the PRC or Hong Kong or any authority thereof or therein having power to tax, unless deduction or withholding of such taxes, duties, assessments or governmental charges is compelled by law. Where such withholding or deduction is made by the Issuer by or within the PRC at the PRC tax rate applicable on 7 July 2021 to payments from PRC resident enterprises to non-PRC enterprises (the “**Applicable Rate**”), the Issuer will increase the amounts paid by it to the extent required, so that the net amount received by Bondholders equals the amounts which would otherwise have been receivable by them had no such withholding or deduction been required. If the Issuer is required to make a deduction or withholding in respect of PRC tax in excess of the Applicable Rate, or any Hong Kong deduction or withholding is required, in such event that the Issuer shall pay such additional amounts (“**Additional Tax Amounts**”) as will result in receipt by the Bondholders of such amounts as would have been received by them had no such withholding or deduction been required, except that no Additional Tax Amounts or additional amounts under the preceding sentence shall be payable in respect of any Bond:
- 7.1.1** to a holder (or to a third party on behalf of a holder) who is subject to such taxes, duties, assessments or governmental charges in respect of such Bond by reason of such holder or beneficial owner having or having had some connection with the PRC or Hong Kong, as the case may be, other than merely by holding the Bond or by the receipt of amounts in respect of the Bond;
  - 7.1.2** where the withholding or deduction could be avoided by the holder or beneficial owner making a declaration of non-residence or other similar claim for exemption to the appropriate authority or any other person which such holder is legally capable and competent of making but fails to do so; or
  - 7.1.3** (in the case of a payment of principal or premium (if any)) if the Certificate in respect of such Bond is surrendered more than 30 days after the Relevant Date except to the extent that the holder would have been entitled to such additional amount on surrendering the relevant Certificate for payment on the last day of such period of 30 days.
- 7.2** Neither the Trustee nor any Agent shall be responsible for paying any tax, duty, charges, withholding or other payment referred to in this Condition 7 or for determining whether such amounts are payable or the amount thereof, and none of them shall be responsible or liable for any failure by the Issuer, any Bondholder or any third party to pay such tax, duty, charges, withholding or other payment in any jurisdiction or to provide any notice or information to the Trustee or any Agent that would permit, enable or facilitate the payment of any principal, premium (if any), interest or other amount under or in respect of the Bonds without deduction or withholding for or on account of any tax, duty, charge, withholding or other payment imposed by or in any jurisdiction.
- 7.3** “**Relevant Date**” means whichever is the later of (a) the date on which such payment first becomes due and (b) if the full amount payable has not been received by the Trustee or the Principal Paying Agent on or prior to such due date, the date on which, the full amount having been so received, notice to that effect shall have been given to the Bondholders.

- 7.4 References in these Conditions to principal shall be deemed also to refer to any additional amounts or premiums which may be payable under these Conditions or any undertaking or covenant given in addition thereto or in substitution therefor pursuant to the Trust Deed.

## 8 EVENTS OF DEFAULT

The Trustee at its discretion may, and if so requested in writing by the holders of not less than 25 per cent. in principal amount of the Bonds then outstanding or if so directed by an Extraordinary Resolution shall (subject in any such case to being indemnified and/or secured and/or pre-funded to its satisfaction), give notice to the Issuer that the Bonds are, and they shall accordingly thereby become, immediately due and repayable at their outstanding principal amount together with accrued and unpaid interest (subject as provided below) if any of the following events (each an “**Event of Default**”) has occurred:

- 8.1 *Non-Payment:* the Issuer fails to pay (i) the principal of or any premium (if any) when due or (ii) interest on any of the Bonds when due and such failure continues for a period of 14 Payment Business Days; or
- 8.2 *Breach of Other Obligations:* the Issuer does not perform or comply with one or more of its other obligations in the Bonds, the Agency Agreement or the Trust Deed which default in the opinion of the Trustee is incapable of remedy or, if capable of remedy in the opinion of the Trustee, is not remedied within 15 days after written notice of such default shall have been given to the Issuer by the Trustee; or
- 8.3 *Insolvency:* the Issuer or any Principal Subsidiary is (or is, or could be, deemed by law or a court to be) insolvent or bankrupt or unable to pay its debts, stops, suspends or threatens to stop or suspend payment of all or a substantial part of its debts, proposes or makes any agreement for the deferral, rescheduling or other readjustment of all or substantial part of its debts, proposes or makes a general assignment or an arrangement or composition with or for the benefit of the relevant creditors in respect of any of such debts or a moratorium is agreed or declared in respect of or affecting all or any part of the debts of the Issuer or any of its Principal Subsidiaries; or
- 8.4 *Cross-Default:* (i) any other present or future indebtedness of the Issuer or any of its Subsidiaries for or in respect of moneys borrowed or raised becomes (or becomes capable of being declared) due and payable prior to its stated maturity by reason of any actual or potential default, event of default or the like (howsoever described), or (ii) any such indebtedness is not paid when due or, as the case may be, within any applicable grace period, or (iii) the Issuer or any of its Subsidiaries fails to pay when due any amount payable by it under any present or future guarantee for, or indemnity in respect of, any present or future indebtedness in respect of moneys borrowed or raised, provided that the aggregate amount of the relevant indebtedness, guarantees and indemnities in respect of which one or more of the events mentioned above in this Condition 8.4 have occurred equals or exceeds US\$70 million or its equivalent (as determined on the basis of the middle spot rate for the relevant currency against the US dollar as quoted by any leading bank, on the day on which such indebtedness become due and payable or is not paid or any such amount become due and payable or is not paid under any such guarantee or indemnity); or
- 8.5 *Enforcement Proceedings:* a distress, attachment, execution or other legal process is levied, enforced or sued out on or against any substantial part of the property, assets or revenues of the Issuer or any of its Principal Subsidiaries and is not discharged or stayed within 45 days; or

- 8.6** *Winding-up*: a final order is made or an effective resolution passed for the winding-up or dissolution, judicial management or administration of the Issuer or any of its Principal Subsidiaries, or the Issuer or any of its Principal Subsidiaries ceases or threatens to cease to carry on all or substantially all of its business or operations, except for the purpose of and followed by a reconstruction, amalgamation, reorganisation, merger or consolidation (i) on terms approved by an Extraordinary Resolution of the Bondholders or (ii) in the case of a Principal Subsidiary, whereby the undertaking and assets of such Principal Subsidiary are transferred to or otherwise vested in the Issuer or another of its Subsidiaries; or
- 8.7** *Security enforced*: an encumbrancer takes possession or an administrator or other receiver is appointed of the whole or any substantial part of the property, assets or revenues of the Issuer or any of its Principal Subsidiaries (as the case may be) and is not discharged within 30 days; or
- 8.8** *Illegality*: it is or will become unlawful for the Issuer to perform or comply with any one or more of its obligations under any of the Bonds, the Agency Agreement or the Trust Deed; or
- 8.9** *Authorisation and consents*: any action, condition or thing (including the obtaining or effecting of any necessary consent, approval, authorisation, exemption, filing, licence, order, recording or registration) at any time required to be taken, fulfilled or done by the Issuer in order (a) to enable the Issuer lawfully to enter into, exercise its rights and perform and comply with its obligations under the Bonds, the Trust Deed and the Agency Agreement, (b) to ensure that those obligations are legally binding and enforceable and (c) to make the Bonds, the Agency Agreement and the Trust Deed admissible in evidence in the courts of the PRC or Hong Kong is not taken, fulfilled or done; or
- 8.10** *Nationalisation*: any step is taken by any person with a view to the seizure, compulsory acquisition, expropriation or nationalisation of all or a material part of the assets of the Issuer or any of its Principal Subsidiaries; or
- 8.11** *Analogous Event*: any event occurs which under the laws of any relevant jurisdiction has an analogous effect to any of the events referred to in any of Conditions 8.1 to 8.10 (both inclusive).

The Trustee and the Agents shall not be bound to take any steps to ascertain whether any Event of Default or any condition, event or act which with the giving of notice and/or the lapse of time and/or fulfilment of any other conditions and/or the making of any determination would constitute an Event of Default has happened.

## **9 PRESCRIPTION**

Claims against the Issuer for payment in respect of the Bonds shall be prescribed and become void unless made within 10 years (in the case of principal or premium (if any)) or five years (in the case of interest) from the appropriate Relevant Date in respect of them.

## **10 MEETINGS OF BONDHOLDERS, MODIFICATION AND WAIVER**

### **10.1 Meetings**

The Trust Deed contains provisions for convening meetings of Bondholders to consider any matter affecting their interests, including the sanctioning by Extraordinary Resolution of a modification of the Bonds or the provisions of the Trust Deed. Such a meeting may be convened by the Issuer or the Trustee and shall be convened by the Trustee if requested in writing to do so by Bondholders holding not less than 10 per cent. in principal amount of the Bonds for the time being outstanding and if it is indemnified and/or secured and/or prefunded to its satisfaction against all costs and expenses. The quorum at any such meeting for passing an Extraordinary Resolution will be two or more persons holding or representing over 50 per cent. in principal amount of the Bonds for the time being outstanding or, at any adjournment of such meeting, two or more persons being or representing Bondholders whatever the principal amount of the Bonds so held or represented unless the business of such meeting includes consideration of proposals, inter alia, (i) to modify the due date for any payment in respect of the Bonds, (ii) to reduce or cancel the principal amount of or Equivalent Amount in respect of the Bonds, (iii) to change the currency of payment of the Bonds, or (iv) to modify or cancel the Bondholders put options specified in Condition 6 or (v) to modify the provisions concerning the quorum required at any meeting of the Bondholders or the majority required to pass an Extraordinary Resolution, in which case the necessary quorum for passing an Extraordinary Resolution will be two or more persons holding or representing not less than 75 per cent., or at any adjourned such meeting not less than 25 per cent., in principal amount of the Bonds for the time being outstanding. An Extraordinary Resolution passed at any meeting of Bondholders will be binding on all Bondholders, whether or not they are present at the meeting. The Trust Deed provides that a written resolution signed by or on behalf of the holders of not less than 90 per cent. of the aggregate principal amount of Bonds outstanding shall be as valid and effective as a duly passed Extraordinary Resolution.

### **10.2 Modification and Waiver**

The Trustee may (but shall not be obliged to) agree, without the consent of the Bondholders, to (i) any modification (except as mentioned in Condition 10.1 above) to, or the waiver or authorisation of any breach or proposed breach of, the Bonds, the Agency Agreement or the Trust Deed which is not, in the opinion of the Trustee, materially prejudicial to the interests of the Bondholders or (ii) any modification to the Bonds or the Trust Deed which, in the Trustee's opinion, is of a formal, minor or technical nature or to correct a manifest error or to comply with mandatory provisions of law. Any such modification, waiver or authorisation will be binding on the Bondholders and, unless the Trustee agrees otherwise, any such modification, waiver or authorisation will be notified by the Issuer to the Bondholders as soon as practicable thereafter.

### **10.3 Interests of Bondholders**

In connection with the exercise of its functions (including but not limited to those in relation to any proposed modification, authorisation or waiver) the Trustee shall have regard to the interests of the Bondholders as a class and shall not have regard to the consequences of such exercise for individual Bondholders and the Trustee shall not be entitled to require, nor shall any Bondholder be entitled to claim, from the Issuer or the Trustee any indemnification or payment in respect of any tax consequences of any such exercise upon individual Bondholders except to the extent provided for in Condition 7 and/or any undertakings given in addition thereto or in substitution therefor pursuant to the Trust Deed.

*In the event of the passing of an Extraordinary Resolution in accordance with Condition 10.1) or a modification, waiver or authorisation in accordance with Condition 10.2, the Issuer will procure that the Bondholders be notified in accordance with Condition 15.*

## **11 REPLACEMENT OF CERTIFICATES**

If any Certificate is mutilated, defaced, destroyed, stolen or lost, it may be replaced at the specified office of the Registrar or any Agent, subject to all applicable laws and stock exchange requirements, upon payment by the claimant of such costs as may be incurred in connection therewith and on such terms as to evidence and indemnity as the Issuer and/or such Agent may require. Mutilated or defaced Certificates must be surrendered before replacements will be issued.

## **12 ENFORCEMENT**

At any time on and after an Event of Default has occurred, the Trustee may, at its discretion and without further notice, institute such proceedings against the Issuer as it may think fit to enforce the terms of the Trust Deed and the Bonds, but it shall not be bound to take any such proceedings unless (a) it shall have been so directed by an Extraordinary Resolution or shall have been so requested in writing by the holders of not less than 25 per cent. in principal amount of the Bonds then outstanding and (b) it shall have been indemnified and/or secured and/or pre-funded to its satisfaction. No Bondholder may proceed directly against the Issuer unless the Trustee, having become bound so to proceed, fails to do so within a reasonable period and such failure is continuing.

## **13 INDEMNIFICATION OF THE TRUSTEE**

The Trust Deed contains provisions for the indemnification of the Trustee and for its relief from responsibility including from taking proceedings unless indemnified and/or secured and/or prefunded of its satisfaction. The Trustee is entitled to enter into business transactions with the Issuer and any entity related to the Issuer without accounting for any profit.

The Trustee may rely without liability to Bondholders on any report, confirmation or certificate from or any advice or opinion of any legal counsel, accountants, financial advisers, financial institution or any other expert, whether or not addressed to it and whether their liability in relation thereto is limited (by its terms or by any engagement letter relating thereto entered into by the Trustee or any other person or in any other manner) by reference to a monetary cap, methodology or otherwise. The Trustee may accept and shall be entitled to rely on any such report, confirmation, certificate, advice or opinion, in which case such report, confirmation, certificate, advice or opinion shall be binding on the Issuer and the Bondholders.

Whenever the Trustee is required or entitled by the terms of the Trust Deed, the Agency Agreement or these Conditions to exercise any discretion or power, take any action, make any decision or give any direction, the Trustee is entitled, prior to exercising any such discretion or power, taking any such action, making any such decision or giving any such direction, to seek directions from the Bondholders by way of an Extraordinary Resolution, and the Trustee shall not be responsible for any loss or liability incurred by the Issuer, the Bondholders or any other person as a result of any delay in it exercising such discretion or power, taking such action, making such decision or giving such direction as a result of seeking such direction from the Bondholders or in the event that no direction is given to the Trustee by the Bondholders.

#### **14 FURTHER ISSUES**

The Issuer may from time to time, without the consent of the Bondholders, create and issue further bonds having the same terms and conditions as the Bonds in all respects (or in all respects except for the Issue Date and the timing for complying with the requirements set out in Conditions 3.2, 3.3 and 3.4) and so that such further issue shall be consolidated and form a single series with the Bonds. Such further bonds may, with the consent of the Trustee, be constituted by a deed supplemental to the Trust Deed.

#### **15 NOTICES**

All notices to Bondholders shall be validly given if mailed to them at their respective addresses in the register of Bondholders maintained by the Registrar or published in a leading newspaper having general circulation in Asia (which is expected to be the Asian Wall Street Journal) and, so long as the Bonds are listed on the Hong Kong Stock Exchange and the rules of that stock exchange so require, published in a leading newspaper having general circulation in Hong Kong (which is expected to be the South China Morning Post). Any such notice shall be deemed to have been given on the later of the date of such publication and the seventh day after being so mailed, as the case may be.

*As long as the Bonds are represented by the Global Certificate and the Global Certificate is held on behalf of Euroclear or Clearstream or an alternative clearing system, notices to Bondholders may be given by delivery of the relevant notice to Euroclear or Clearstream or the alternative clearing system, for communication by it to entitled accountholders in substitution for notification as required by the Conditions and such delivery shall be deemed to be valid for all purposes of these Conditions.*

#### **16 AGENTS**

The Principal Paying Agent, the Registrar and the Transfer Agent initially appointed by the Issuer and their respective specified offices are listed below. The Principal Paying Agent, the Registrar and the Transfer Agent act solely as agents of the Issuer and do not assume any obligation or relationship of agency or trust for or with any Bondholder. The Issuer reserves the right at any time with the approval of the Trustee to vary or terminate the appointment of the Principal Paying Agent, the Registrar or the Transfer Agent and to appoint additional or other Paying Agents and Transfer Agent, provided that the Issuer shall at all times maintain (i) a Principal Paying Agent, (ii) a Registrar, (iii) a Transfer Agent (which may be the Registrar) and (iv) such other agents as may be required by the Hong Kong Stock Exchange, in each case, as approved in writing by the Trustee.

Notice of any such change or any change of any specified office shall be given by the Issuer to the Bondholders as soon as practicable in accordance with Condition 15.



## **17 CONTRACTS (RIGHTS OF THIRD PARTIES) ACT 1999**

No person shall have any right to enforce any term or condition of this Bond under the Contracts (Rights of Third Parties) Act 1999.

## **18 GOVERNING LAW AND JURISDICTION**

### **18.1 Governing Law**

The Bonds, the Trust Deed and the Agency Agreement and any non-contractual obligations arising out of or in connection with them are governed by, and shall be construed in accordance with English law.

### **18.2 Jurisdiction**

The courts of Hong Kong are to have exclusive jurisdiction to settle any disputes which may arise out of or in connection with the Bonds and accordingly any legal action or proceedings arising out of or in connection with the Bonds and/or the Trust Deed (“**Proceedings**”) may be brought in such courts. Pursuant to the Trust Deed, the Issuer has irrevocably submitted to the jurisdiction of such courts.

### **18.3 Service of Process**

Pursuant to the Trust Deed, process shall be served at the Issuer’s representative office in Hong Kong, which at the Issue Date is Room 1710B, Office Tower, Convention Plaza, 1 Harbour Road, Wan Chai, Hong Kong.

### **18.4 Waiver of Immunity:**

The Issuer has waived any right to claim sovereign or other immunity from jurisdiction or execution and any similar defence, and has irrevocably consented to the giving of any relief or the issue of any process, including, without limitation, the making, enforcement or execution against any property whatsoever (irrespective of its use or intended use) of any order or judgment made or given in connection with any Proceedings.

## SUMMARY OF PROVISIONS RELATING TO THE BONDS IN GLOBAL FORM

*The Global Certificate contains provisions which apply to the Bonds while they are in global form, some of which modify the effect of the Terms and Conditions of the Bonds set out in this Offering Circular. The following is a summary of certain of those provisions. Terms defined in the Terms and Conditions of the Bonds set out in this Offering Circular have the meaning in the paragraphs below.*

The Bonds, upon issue, will be evidenced by a Global Certificate which will be registered in the name of a nominee of, and deposited with, a common depository on behalf of Euroclear and Clearstream.

Under the Global Certificate, the Issuer, for value received, will promise to pay such principal, interest and premium (if any) on the Bonds to the holder of the Bonds on such date or dates as the same may become payable in accordance with the Terms and Conditions of the Bonds.

Owners of interests in the Bonds in respect of which the Global Certificate is issued will be entitled to have title to the Bonds registered in their names and to receive individual definitive Certificates if either Euroclear or Clearstream or any other clearing system (an “**Alternative Clearing System**”) is closed for business for a continuous period of 14 days (other than by reason of holidays, statutory or otherwise) or announces an intention permanently to cease business or does in fact do so.

The individual definitive Certificates will be issued in an aggregate principal amount equal to the principal amount of the Global Certificate. Such exchange will be effected in accordance with the provisions of the Trust Deed, the Agency Agreement and the regulations concerning the transfer and registration of the Bonds scheduled thereto and, in particular, shall be effected without charge to any holder of the Bonds or the Trustee, but against such indemnity and/or security as the Registrar or the relevant Agent may require in respect of any tax or other duty of whatsoever nature which may be levied or imposed in connection with such exchange.

The Issuer will cause sufficient individual definitive Certificates to be executed and delivered to the Registrar for completion, authentication and despatch to the relevant holders of the Bonds. A person with an interest in the Bonds in respect of which the Global Certificate is issued must provide the Registrar not less than 30 days’ notice at its specified office of such holder’s intention to effect such exchange and a written order containing instructions and such other information as the Issuer and the Registrar may require to complete, execute and deliver such individual definitive Certificates.

In addition, the Global Certificate will contain provisions which modify the Terms and Conditions of the Bonds as they apply to the Bonds evidenced by the Global Certificate. The following is a summary of certain of those provisions:

### **Payment**

So long as the Global Certificate is held on behalf of Euroclear and Clearstream or any other clearing system, each payment in respect of the Global Certificate will be made to the person shown as the Holder in the Register at the close of business of the relevant clearing system on the Clearing System Business Day before the due date for such payments, where “**Clearing System Business Day**” means a weekday (Monday to Friday, inclusive) except 25 December and 1 January.

## **Calculation of Interest**

So long as the Bonds are represented by a Global Certificate and such Global Certificate is held on behalf of a clearing system, the Issuer has promised, inter alia, to pay interest in respect of such Bonds from the Issue Date in arrear at the rates, on the dates for payment, and in accordance with the method of calculation provided for in the Conditions, save that the calculation is made in respect of the total aggregate amount of the Bonds represented by such Global Certificate.

## **Notices**

So long as the Bonds are represented by the Global Certificate and the Global Certificate is held on behalf of Euroclear or Clearstream or the Alternative Clearing System, notices to the Bondholders shall be validly given by delivery of the relevant notice to Euroclear or Clearstream or the Alternative Clearing System, for communication by it to entitled accountholders in substitution for notification as required by the Terms and Conditions of the Bonds.

## **Meetings**

For the purposes of any meeting of Bondholders, the holder of the Bonds evidenced by the Global Certificate shall (unless the Global Certificate evidences only one Bond) be treated as two persons for the purposes of any quorum requirements of a meeting of Bondholders and as being entitled to one vote in respect of each U.S.\$1,000 in principal amount of the Bonds for which the Global Certificate is issued.

## **Bondholder's Redemption**

The Bondholder's redemption option in Condition 6.3 (*Redemption for Relevant Events*) of the Terms and Conditions of the Bonds may be exercised by the holder of the Global Certificate giving notice to the Principal Paying Agent of the principal amount of Bonds in respect of which the option is exercised within the time limits specified in the Terms and Conditions of the Bonds.

## **Issuer's Redemption**

The option of the Issuer provided for in Condition 6.2 (*Redemption for Taxation Reasons*) of the Terms and Conditions of the Bonds shall be exercised by the Issuer giving notice to the Bondholders within the time limits set out in and containing the information required by the Terms and Conditions of the Bonds.

## **Transfers**

Transfers of interests in the Bonds will be effected through the records of Euroclear and Clearstream (or any Alternative Clearing System) and their respective participants in accordance with the rules and procedures of Euroclear and Clearstream (or any Alternative Clearing System) and their respective direct and indirect participants.

## **Cancellation**

Cancellation of any Bond represented by the Global Certificate by the Issuer following its redemption or purchase by the Issuer or its Subsidiaries will be effected by a reduction in the principal amount of the Bonds in the register of Bondholders and the Global Certificate on its presentation to or to the order of the Registrar for annotation.

## **Trustee's Powers**

In considering the interests of Bondholders while the Global Certificate is registered in the name of a nominee for a clearing system, the Trustee may, to the extent it considers it appropriate to do so in the circumstances, but without being obligated to do so, (a) have regard to any information as may have been made available to it by or on behalf of the relevant clearing system or its operator as to the identity of its accountholders (either individually or by way of category) with entitlements in respect of the Bonds and (b) consider such interests on the basis that such accountholders were the holders of the Bonds in respect of which the Global Certificate is issued.

The Global Certificate shall not become valid for any purpose until authenticated by or on behalf of the Registrar.

## USE OF PROCEEDS

The net proceeds of the Bonds from this offering, after the deduction of fees, commissions and expenses payable in connection with this offering, will be approximately U.S.\$469 million. The Company intends to use the proceeds for debt refinancing and general corporate purpose.

## CAPITALISATION OF THE GROUP

The following table sets forth the Group's audited consolidated capitalisation as at 31 December 2020 and as adjusted to give effect to the issue of the Bonds before deduction of any fees, commissions and expenses. The table should be read in conjunction with the financial statements and the accompanying notes incorporated by reference in this Offering Circular.

	As at 31 December 2020			
	Actual		As adjusted	
	(RMB in thousands)	(USD in thousands <sup>(1)</sup> )	(RMB in thousands)	(USD in thousands <sup>(1)</sup> )
<b>Total borrowings<sup>(2)</sup></b>				
<b>– current portion</b>				
Bank and other borrowings . . . . .	6,348,772	972,992	6,348,772	972,992
Short-term financing note payable . . . . .	6,306,716	966,547	6,306,716	966,547
Bonds payable . . . . .	6,361,764	974,983	6,361,764	974,983
<b>Total borrowings<sup>(3)</sup></b>				
<b>– non-current portion</b>				
Bank and other borrowings . . . . .	7,919,800	1,213,762	7,919,800	1,213,762
Bonds to be issued <sup>(4)</sup> . . . . .	–	–	3,066,750	470,000
Bonds payable . . . . .	13,706,383	2,100,595	13,706,383	2,100,595
Convertible bonds <sup>(5)</sup> . . . . .	766	117	766	117
<b>Total borrowings</b> . . . . .	<b>40,644,201</b>	<b>6,228,996</b>	<b>43,710,951</b>	<b>6,698,996</b>
<b>Equity</b>				
Share Capital . . . . .	4,343,115	665,611	4,343,115	665,611
Reserve . . . . .	19,773,344	3,030,398	19,773,344	3,030,398
Equity attributable to owners of the Company . . . . .	24,116,459	3,696,009	24,116,459	3,696,009
Non-controlling interests . . . . .	13,335,753	2,043,794	13,335,753	2,043,794
<b>Total shareholders' equity</b> . . . . .	<b>37,452,212</b>	<b>5,739,803</b>	<b>37,452,212</b>	<b>5,739,803</b>
<b>Total capitalisation<sup>(6)</sup></b> . . . . .	<b>78,096,413</b>	<b>11,968,799</b>	<b>81,163,163</b>	<b>12,438,799</b>

Notes:

- (1) Based on the exchange rate of RMB6.5250 to US\$1.00.
- (2) Current portion of the total borrowings represents the aggregate balance of the loans, short-term financing note payable, bonds payable and convertible bonds.
- (3) Non-current portion of the total borrowings represents the aggregate balance of the loans, bonds payable and bonds to be issued.
- (4) The amount represents the aggregate principal amount of the Bonds to be issued, before deducting any underwriting commissions and other transaction costs and expenses payable in connection with the offering of the Bonds.
- (5) On 20 January 2021, the Company issued Euro230 million zero coupon convertible bonds due 2026.
- (6) Total capitalisation represents the sum of the total borrowings and total shareholders' equity.

Except as otherwise disclosed above, as at the date of this Offering Circular, there has been no material adverse change in the Group's consolidated capitalisation and indebtedness since 31 December 2020.

## DESCRIPTION OF THE GROUP

### Overview

Zhejiang Expressway is an infrastructure company principally engaged in investing in, developing and operating of high-grade roads. The Company and its subsidiaries also carry out securities business and certain ancillary businesses such as hotel business.

As at 31 December 2020, major assets under management of the Group include the 247.9 km Shanghai-Hangzhou-Ningbo Expressway, the 141.4 km Shangsang Expressway, the 69.7 km Jinhua section of Ningbo-Jinhua Expressway, the 122.3 km Hanghui Expressway, the 81.6 km Huihang Expressway, the 92.9 km Shenjiahuhang Expressway and the 46.3 km Zhoushan Bay Bridge. Apart from Huihang Expressway which is situated within Anhui Province in the PRC, the rest of the six expressways are situated within Zhejiang Province in the PRC. As at 31 December 2020, total assets of the Company and its subsidiaries amounted to RMB130,063.38 million. In addition, the Group also conducts the securities business through one of the Company's subsidiaries, Zheshang Securities which was listed on the Shanghai Stock Exchange (Stock Code: 601878.SH).

The Company was incorporated on 1 March 1997 as the main vehicle of the People's Government of Zhejiang Province for investing in, developing and operating expressways and Class 1 roads in Zhejiang Province. The H Shares of the Company were listed on the Hong Kong Stock Exchange on 15 May 1997, and the Company subsequently obtained a secondary listing on the London Stock Exchange on 5 May 2000. On 14 February 2002, a Level I American Depositary Receipt program sponsored by the Company in respect of its H Shares was established in the United States and became effective.

For the years ended 2018, 2019 and 2020, the Group's revenue was RMB11,192.2 million, RMB11,955.3 million and RMB11,942.8 million, respectively. For the years ended 2018, 2019 and 2020, the Group's gross profit was RMB5,385.4 million, RMB5,274.3 million and RMB4,639.1 million, respectively.

The toll roads business segment is the largest contributor to the Group's revenue and profit, and has provided the Group with stable cash flow growth. Driven by Zhejiang Province's steady economic development and as the condition of PRC's road network continues to improve, the traffic volume on the Group's expressways has recorded solid organic growth which in turn has contributed to the growth of the Group's revenue from its toll road operations. For the years ended 2018, 2019 and 2020, the Group's revenue from its toll road business amounted to approximately RMB7,854.5 million, RMB8,061.0 million and RMB6,379.6 million, respectively, representing approximately 70.2 per cent., 67.4 per cent. and 53.4 per cent. of the Group's total revenue for the years ended 2018, 2019 and 2020, respectively. For the years ended 31 December 2018, 2019 and 2020, the profit from the Group's toll road business amounted to approximately RMB3,147.6 million, approximately RMB2,764.0 million and approximately RMB1,625.7 million, respectively, representing approximately 78.8 per cent., approximately 62.6 per cent. and approximately 41.1 per cent. of the Group's total profit for the years ended 31 December 2018, 2019 and 2020, respectively.

The securities business of the Group is conducted through one of the Company's subsidiaries, Zheshang Securities, which is principally engaged in the provision of securities brokerage services, margin financing and securities lending services, securities underwriting and sponsorship services, asset management, advisory services and proprietary trading. For the years ended 2018, 2019 and 2020, the Group's revenue from its securities business amounted to approximately RMB2,921.3 million, RMB3,300.8 million and RMB5,087.3 million, respectively, representing approximately 26.1 per cent., 27.6 per cent. and 42.6 per cent. of the Group's total revenue for the years ended 2018, 2019 and 2020, respectively. For the years ended 2018, 2019 and 2020, the profit from the Group's securities business amounted to approximately RMB468.7 million, RMB991.2 million and RMB1,636.2 million, respectively, representing approximately 11.7 per cent., 22.5 per cent. and 41.4 per cent. of the Group's total profit for the years ended 31 December 2018, 2019 and 2020, respectively. Due to the negative impact of Covid-19 on the expressway sector, the Company experienced a significant drop in toll revenue in 2020. The Company, however, did not slow down the pace of development, but actively enhanced its operational and innovation capabilities in order to consolidate its core competitive advantages.

The Group's other business primarily consist of operation of the Grand New Century Hotel and Zhejiang Grand Hotel in Hangzhou and road construction services provided by De'an Co. For the years ended 2018, 2019 and 2020, the Group's revenue from its other business amounted to approximately RMB416.4 million, RMB593.5 million and RMB475.8 million, respectively, representing approximately 3.7 per cent., 5.0 per cent. and 4.0 per cent. of the Group's total revenue for the years ended 2018, 2019 and 2020, respectively. For the years ended 2018, 2019 and 2020, the profit from the Group's other business amounted to approximately RMB378.2 million, RMB659.7 million and RMB692.7 million, respectively, representing approximately 9.5 per cent., 14.9 per cent. and 17.5 per cent. of the Group's total profit for the years ended 2018, 2019 and 2020, respectively.

### **Competitive Strengths**

The Group believes that the following competitive strengths have contributed to its success and will continue to help maintain its leading market position and future prospects.

#### ***Solid Support and Sufficient Resources from the Shareholder***

The Company is controlled by the Communications Group. As at the date of this Offering Circular, the Communications Group holds approximately 67 per cent. of the total share capital of the Company. The Communications Group is controlled by the Zhejiang SASAC. The Company is the only subsidiary of the Communications Group that is listed on SEHK and serves as a platform for the Communications Group to achieve the goal of becoming "a world-class enterprise" and going international, which is of great strategic significance to the Communications Group.

As the only listed state-owned expressway company in Zhejiang Province, the Company has systemically invested in and operated expressways in accordance with the development planning and investment strategy requirements of the PRC and People's Government of Zhejiang Province since its establishment. As at 31 December 2020, the total length of expressways operated and controlled by the Group amounted to 802.1 kilometres. The Company is also supported by government authorities at different levels and receives preferential tax treatment from the relevant government departments.

Communications Group is the biggest wholly state-owned expressway investment and operation company in Zhejiang Province and the only platform for the operation of expressways and railroads in the province and a main participant and entity in the field of expressway construction, investment, management and operation in Zhejiang. The Communications Group performs the duties of investing, constructing and operating expressways in the province and is the predominant player in the areas of construction investment, management and operation of expressways in Zhejiang Province. Communications Group's



plan for the Fourteenth Five-Year period is in line with the transportation infrastructure plan issued by the Department of Transportation which will in turn benefit the Company. Communications Group's rich extensive experience in investment and operation of road assets and industry-leading position provide extensive resources for the Company's sustainable development. The sufficient road assets of the controlling shareholder and its leading industry position provide strong resources for the continued development of the Company, and help the Company maintain its leading position in the expressway industry in Zhejiang Province. With high profit and steady cash flow, the Company is Communications Group's top-quality core asset and a major contributor to its earnings and cash flow.

Through long-standing cooperation with government authorities at different levels in Zhejiang Province, the Company has developed a highly efficient working relationship and direct communication channels with the relevant governmental authorities. The Company has led or participated in the implementation and formulation of various industrial standards and policies in Zhejiang Province. The Company believes that it has developed a deep mutual trust with various governmental authorities, which has laid a solid foundation for the sustainable and healthy growth of the Group's businesses in the future.

### ***China's Expressway Industry with Unlimited Potential and Long-term Stable and Favorable Policies***

The rapid growth of China's economy, significant development of industrialisation and urbanisation and the adjustment of the economic structure boost substantial demand for transportation along expressways. Since China built its first expressway in 1988, China's expressway network has gone through rapid expansion. In 2014, the total length of expressways in the PRC surpassed that of the United States of America and ranked No. 1 in the world.

China is still in a phase of rapid industrialization and is still making substantial investments in the construction of roads. According to the statistics from National Bureau of Statistics of China, investment in road construction in the PRC reached RMB8,882.3 billion in 2018, representing an increase of 7.9 per cent. from the previous year. The Chinese Government has also contemplated to further optimise the network of transportation infrastructure in the PRC, with plans to improve expressway network density and service level in the Yangtze River economic zone, to promote the expansion of congested sections of expressways, and to build or reconstruct expressway with total length of around 1,700 kilometres. From 2010 to 2020, China's investment in fixed assets in transportation increased from RMB686.2 billion to RMB1,347.9 billion. From 2005 to 2020, the total highway mileage in Zhejiang Province increased from 1,866 km to 5,096 km and total highway freight traffic volume increased from 126.2 million tons to 300.0 million tons. The highway freight turnover in Zhejiang Province increased from 341.7 billion ton kilometers to 1,232.3 billion ton kilometers during the same period.

With steady development of economy and upgrading of industry in the PRC, it is expected that volume of passenger and freight transportation will continue to increase. The demand for expressways is also expected to continue to grow, in order to improve transportation efficiency and lower transportation costs. The volume of road passenger traffic in 2020 was 6.9 billion passengers, representing a decrease of 47.0 per cent. compared with the previous year, whereas the turnover volume of road passenger traffic was 464.1 billion passenger-kilometres, representing a decrease of 47.6 per cent. compared with the previous year. The volume of road freight traffic in 2020 was 34.3 billion tons and the turnover volume of road freight traffic was 6,017.2 billion ton-kilometres, representing a decrease of 0.3 per cent. and an increase of 0.9 per cent., respectively, compared with the previous year. Zhejiang province, located in strategically important regions, such as Belt and Road, the Yangtze River Economic Belt, the Integration of the Yangtze River Delta and the "Four Major Construction", plays a vital role in the national strategies of "Building National Strength in Transportation" and "Integrated Regional Development of the Yangtze River Delta".

In the meantime, expressway industry in the PRC has benefited from favourable industrial policies promulgated by the PRC Government in recent years. For example, the Ministry of Transport of the PRC issued the Opinions on Comprehensively Deepening the Reform of the Transportation (《關於全面深化交通運輸改革的意見》) in December 2014 and issued a revised draft of the Regulation on the Administration of Toll Road (《收費公路管理條例》) for comment in December 2018, respectively. The relevant policies are expected to have positive effects on expressway operations in the PRC and are expected to help increasing the revenue and profits of companies engaged in the investment and operation of expressways, alleviating their indebtedness pressure and promoting their sustainable development. As at the date of this Offering Circular, the revised draft of the Regulation on the Administration of Toll Road is still being reviewed and revised.

In general, investment on transportation is an effective measure to stimulate domestic demand and promote regional development, and there is still significant room for the development of expressways in the PRC. The building of new roads and expansion of road network are expected to contribute to the steady growth of the performance of companies that engage in investment and operation of expressways in the PRC.

### ***Industry Leader with High-Quality Expressway Assets***

The Company ranks in the top tier among offshore listed expressway companies in China in terms of total assets, revenue and profit with well-recognised brand image. The Group's total revenue for the years ended 31 December 2018, 2019 and 2020 amounted to RMB11,192.2 million, RMB11,955.3 million and RMB11,942.8 million, respectively. The gross profit of the Group for the years ended 31 December 2018, 2019 and 2020 amounted to RMB5,385.4 million, RMB5,274.3 million and RMB4,639.1 million, respectively. As at 31 December 2018, 2019 and 2020, total assets of the Group amounted to RMB93,756.9 million, RMB104,577.0 million and RMB130,063.4 million, respectively.

As a industry leader, the Company engages in the investment and operation of expressways in Zhejiang Province, with an expressway network that covers most regions in Zhejiang Province. As at 31 December 2020, the total length of expressways operated and controlled by the Group amounted to 802.1 kilometres, of which 720.5 kilometres are located in Zhejiang Province, representing 89.8 per cent. of the total length of expressways operated by the Group. Some of the expressways operated by the Group are important road traffic arteries for the social and economic development of Yangtze River Delta Region, including:

- *Shanghai-Hangzhou-Ningbo Expressway*, the first and the largest expressway in Zhejiang Expressway in terms of traffic volume. It connects two major ports, namely Shanghai and Ningbo, as well as a number of national top 100 counties in Zhejiang Province. Shanghai-Hangzhou-Ningbo Expressway is an important road traffic artery in Yangtze River Delta Region;
- *Shangsan Expressway*, which starts from Guzhu, Shaoxing and ends at Sanmen, Taizhou, and connects with the Shanghai-Hangzhou-Ningbo Expressway. It stretches across five counties with complex geological environment and was difficult to be constructed. Shangsan Expressway is a main traffic thoroughfare connecting Ningshao Plain and cities including Wenzhou and Taizhou, and is an important artery in the expressway network of Zhejiang Province;
- *Hanghui Expressway*, which starts from Liuxia, Hangzhou and ends at Yulingguan located at the border of Zhejiang Province and Anhui Province, is an important part of the provincial road and water transportation construction planning in Zhejiang Province and the modern road transportation planning in Hangzhou;

- *Huihang Expressway*, the Company acquired the Anhui section of Huihang Expressway through the acquisition of Huihang Co in 2016. Huihang Expressway has a total length of 81.6 kilometres and connects with Hanghui Expressway in Zhejiang Province;
- *Shenjiahuhang Expressway*, the Company acquired Shenjiahuhang Expressway through the acquisition of Shenjiahuhang Co in 2019. Shenjiahuhang Expressway has a total length of 92.9 kilometres and is divided into Huzhou section and Lianhang section; and
- *Zhoushan Bay Bridge*, the Company acquired Zhoushan Bay Bridge through the acquisition of Shenjiahuhang Co in 2019. Zhoushan Bay Bridge has a total length of 46.3 kilometres and connects Ningbo and Zhoushan, along with the intermediary islands in between.

Set out below is a map showing the location of expressways operated by the Group as at the date of this Offering Circular.



An expressway normally has monopoly in its vicinity. The regions where the main expressways operated by the Group are located normally have well-developed economy, distinct regional advantages and effective road-network, which provides a strong platform for the growth of the Group's toll income. Zhejiang Province's GDP, in 2020 amounted to RMB6,461.3 billion, representing an increase of 3.6 per cent. from 2019. In 2020, the annual turnover volume of road passenger traffic and freight traffic in Zhejiang Province reached 20.5 billion passengers-kilometres and 221.0 billion tons-kilometres, respectively. According to Zhejiang Province's Fourteenth Five-Year Plan, Zhejiang Province's GDP is planned to increase by approximately 5.5 per cent. during the Fourteenth Five-Year period, and the growth of residential income is planned to be on similar levels, with per capita GDP reaching approximately RMB130,000 in 2025. Such economic development has created substantial demand for transportation supported by construction of road infrastructure. In particular, Zhejiang Province plans to focus on improving the capacity of road network, with a target to reach a total length of expressways of 6,000 kilometres at the end of Fourteenth Five-Year period. The quality road assets and distinct regional advantages have contributed to the steady increase of traffic volume on the expressways operated by the Group, and continue to bring increasing toll road income for the Group. For example, the average daily traffic volume in full-trip equivalents along the Group's Shanghai-Hangzhou-Ningbo Expressway and Shangsans Expressway was 72,158 and 37,045 for the year ended 31 December 2020, respectively, representing a CAGR of 8.0 per cent. and 9.7 per cent., respectively, from 2018 to 2020. The total toll road revenue from the Shanghai-Hangzhou-Ningbo Expressway and Shangsans Expressway amounted to RMB3,216.5 million and RMB960.3 million for the year ended 31 December 2020, respectively.

#### ***Developing Core Business with Financing Facilitation***

The Group has proactively cultivated and developed its financial business. As a supplement to the Company's core business, the securities business has created substantial synergy in empowering industries and revitalizing industrial assets. Through Zheshang Securities, the Group carries out securities brokerage, investment banking, margin financing, futures, proprietary investment, direct investment and securities lending and asset management businesses. As at the date of this Offering Circular, Zheshang Securities is a 54.7894 per cent. owned subsidiary of Shangsans Co, which is in turn a 73.625 per cent. owned subsidiary of the Company.

Zheshang Securities has obtained a complete set of licences and developed an extensive network. Since its reorganisation in 2006, Zheshang Securities has rapidly improved its industry position and gradually developed from a small regional broker into a national broker with A-class rating, with nearly a hundred sales outlets within the PRC. Relying on the advanced regional economies, Zheshang Securities has established sales outlets with a targeted focus in all municipalities in Zhejiang Province and other developed cities in PRC, and enjoys regional advantages within Zhejiang Province as well as a wide reach in other major regions in the PRC. As at 31 December 2020, Zheshang Securities had 8 subsidiaries, 22 branches and 99 securities sales branches.

Zheshang Securities has been playing an effective and supplemental role in promoting the overall business development of the Group. The Company believes that synergies between the Group's financial business and asset financing of the other businesses will be beneficial to the long-term development of the Group. For the years ended 2018, 2019 and 2020, revenue from the Group's securities business amounted to RMB2,921.3 million, RMB3,300.8 million and RMB5,087.3 million, respectively, representing approximately 26.1 per cent., 27.6 per cent. and 42.6 per cent., respectively, of the Group's total revenue for the respective years. Profit from the Group's securities business amounted to RMB468.7 million, RMB991.2 million and RMB1,636.2 million for the years ended 2018, 2019 and 2020, respectively, representing approximately 11.7 per cent., 22.5 per cent. and 41.4 per cent. of the Group's total profit for the years ended 2018, 2019 and 2020, respectively.

The A shares of Zheshang Securities have successfully listed on the Shanghai Stock Exchange on 26 June 2017. The Company will closely cooperate with Zheshang Securities and strive to turn on the whole cycle of “investment, financing, management and exit” through publicly traded REITs. This will help the Company increase the market scale and industry influence of expressway operation and management, and strengthen its core business, all of which is of great significance to the overall strategy and long-term development of the Company. In addition, to the H-share platform, the publicly traded REITs issued by Zheshang Securities will serve as an important platform for listing the Company’s assets domestically, as well as a direct financing channel that further broadens the Company’s investor base. Leveraging its listing status, Zheshang Securities will be able to further enhance its capital strength, which will provide a solid foundation for the continued rapid development of the securities business.

### ***Strong and Diversified Financing Channels***

The Group’s total revenue for the years ended 31 December 2018, 2019 and 2020 amounted to RMB11,192.2 million, RMB11,955.3 million and RMB11,942.8 million, respectively. The gross profit of the Group for the years ended 31 December 2018, 2019 and 2020 amounted to RMB5,385.4 million, RMB5,274.3 million and RMB4,639.1 million, respectively.

As at 31 December 2018, 2019 and 2020, total assets of the Group amounted to RMB93,756.9 million, RMB104,577.0 million and RMB130,063.4 million, respectively. Majority of the expressway assets owned and operated by the Group are traffic arteries in Zhejiang Province. Due to regional economic growth and increasing car ownership in Zhejiang Province, most of the expressways operated by the Group have experienced increase in traffic volume and toll income. As at 31 December 2020, the remaining years of the operation of the expressways operated by the Company range from 7 to 15 years. Supported by quality road assets and sufficient cash flow from expressway operations, the Group has maintained a steady and healthy cash flow. Net cash generated from the Group’s operating activities amounted to RMB3,216.3 million, RMB382.8 million and RMB210.5 million for the year ended 31 December 2018, 2019 and 2020, respectively. Net increase in cash and cash equivalents of the Group amounted to RMB880.5 million, RMB1,473.9 million and RMB534.8 million for the years ended 31 December 2018, 2019 and 2020, respectively.

The Company has adopted prudent financial policies to maintain sufficient liquidity in order to satisfy its daily working capital demand and maintain stable dividend distribution. While the Group’s businesses are growing rapidly, the management of the Company has adopted strict measures to manage and maintain its indebtedness level in order to ensure financial flexibility and mitigate liquidity risk. As a result of its good financial performance and prudent financial management, the Group has maintained a healthy level of indebtedness and a reasonable debt structure. As at 31 December 2018, 2019 and 2020, the asset-liability ratio (total liabilities over total assets) of the Group was 60.1 per cent., 69.4 per cent. and 71.2 per cent., respectively. Excluding the effect of customer deposits arising from the securities business, the resultant asset-liability ratio (total liabilities less balance of accounts payable to customers arising from securities business over total assets less bank balances held on behalf of customers) of the Group was 58.4 per cent., 62.3 per cent. and 63.7 per cent. as at 31 December 2018, 2019 and 2020, respectively.

Whilst maintaining a healthy level of indebtedness, the Group has also been committed to optimise its debt structure by exploring diversified financing channels, including overseas equity capital market, domestic bond market and long-term or short-term bank loans. The Company's H Shares were listed on the Hong Kong Stock Exchange in May 1997, making the Company the first provincial state-owned enterprise to list overseas. In May 2000, the Company obtained secondary listing of its H Shares on the London Stock Exchange. The Company has also issued various types of domestic bonds in the PRC, including corporate bonds, short-term financing notes and subordinated notes. From 2019 to 2020, the Company has raised a total of RMB3 billion through the issuance of mid-term notes in the PRC. The Company believes that it enjoys good credit rating in the PRC. Since 2003, the Company has received and maintained a corporate credit rating of AAA from China Lianhe Credit Rating Co., Ltd. The Company has also maintained a good long-term relationship with a number of domestic and foreign commercial banks, including China Development Bank, International Commercial Bank of China, Agricultural Bank of China. As at the date of this Offering Circular, the Company has domestic commercial banking facilities and other financial institutions facilities for a total amount of RMB16.85 billion, of which RMB11.39 billion has not been withdrawn. In addition, the Group has maintained a good long-term relationship with other financial institutions, including Zheshang Securities, Yangtze United Financial Leasing Co., Ltd. and Shanghai Rural Commercial Bank Co., Ltd.

### ***Sound Corporate Governance and Management System***

Since it was established, the Company has accumulated extensive experience in the investment, operation and management of toll roads and has established a comprehensive investment decision-making and operational management system. Moreover, as a company listed on the Hong Kong Stock Exchange and the London Stock Exchange, the Company has established a standardised, transparent and effective corporate governance structure to enhance its market competitiveness and to build a solid foundation for maintaining steady development in the long term. The corporate governance structure of the Company consists of:

- The Financial Management Department, which is set up to organise accounting standards for business enterprises, the enterprise accounting system and its supplementary regulations.
- Investment and financing management system, which strengthens the investment and financing management of the Company's subsidiaries, standardise investment and financing procedures, control investment and financing risks, and ensures the preservation and appreciation of state-owned assets. The Company has formulated a series of management measures and established an investment and financial management committee under the general manager office meeting.
- Internal risk control system, which strengthens the Company's internal risk control, implement national laws and regulations and the Company's rules and regulations, protects the Company's assets, improves economic effectiveness and promotes standard operations. The Company has formulated a number of measures and rules to implement its risk management control, including but not limited to "Comprehensive Risk Management Measures", the "Comprehensive Risk Management Leading Group Rules of Procedures, "Risk Control System Construction Plan".

- Management systems for branches (subsidiaries). Under the control of the decision-making level of branches (subsidiaries), the Company controls the board of directors and management of branches (subsidiaries) by referring directors and senior management layer by layer. In terms of financial control, the Company manages funds centrally, unifies the accounting system and standards and appoints chief financial officer.
- Guarantee system, which strengthens and standardises the guarantee of the Company and its subsidiaries, ensures asset safety, and promotes the steady and healthy development of the Company. The Company regulates guarantees of the Company and its subsidiaries at all levels within the scope of consolidation.
- Related-party transaction system, which standardises the Company's related-party transactions and ensures the legality, compliance, fairness, impartiality and transparency of various related-party transactions. In order to standardise the Company's related-party transactions and ensure the legality, compliance, fairness, impartiality and transparency of various related-party transactions, the Company has formulated a series of relevant measures to comply with SEHK rules.

The Company has established general meeting of shareholders, board of directors and board of supervisors in accordance with regulation. The general meeting of shareholders is the highest authority of the Company and exercise its powers in accordance with the law. The board of directors has four committees, namely Nomination Committee, Audit Committee, Strategy Committee and Compensation Committee. The members of board of supervisors shall include at least two independent supervisors and two employee representative supervisors. The employee representatives are democratically elected and removed by the employees, and all other supervisors are elected and removed by the general meeting of shareholders.

The Company's internal departments include board secretary office, human resources department, investment and development department, operation management department, safety supervision and management department, financial management department, maintenance management department, party-public relations and union office and discipline inspection and audit department. The aforementioned departments coordinate and are responsible for all-level work of the Company.

### ***Experienced Senior Management Team and Talented Professionals***

The Group has a professional and efficient management team. The Group's management team possesses extensive expertise in the transportation, management, finance and accounting. The core management team of the Group has over 20 years of experience in transportation, management, finance and accounting. The Group believes that its management team will continue to guide the Group in realising sustainable development in its business operations in the future. See "Directors, Supervisors and Senior Management".

## Strategies

With a mission of “Road for the World and Financing for the Future”, the Company is committed to become a leading investment holding corporate in the PRC, with the main business investing in and operating expressway infrastructure, as well as financial industry and selected diversified industries. Through its core values – integrity, harmony, openness and diligence, the Company intends to focus on development of regional economy and taking over the mission of supporting the people’s mobility. The Group plans to adhere to “One Business as Core, with Moderate Diversity”. In particular, the Group expects to focus on the following strategies:

- **Overall Strategic Positioning: Drive A New Round of Quality and Sustainable Growth, Further Cement the Market Position as A Leading Expressway Investor and Operator in China.** The Company strives to become an industry leader and recognized on international platform for its investment in and operation of basic transport infrastructure, as its core business in China, supplemented by other business segments. The goal is to drive a new round of quality and sustainable growth, and further cement its business foundation. To achieve and target the goal of “Becoming A Leading Province and World Leading Company” set by the Group, the Company intends to implement the following measures:
  - Grow the core business bigger and stronger by expanding its size and building it into No. 1 brand. As the Group’s core business, the Group plans to actively explore investment and acquisition opportunities, which are outside of the Communications Group, outside of Zhejiang Province and/or overseas. The Group will focus on optimising the quality of operational services, further enhancing marketing with a view to encourage the adoption of customer experience-oriented operational services and to improve efficiency of the toll roads operated by the Group.
  - Optimise the business structure by jointing the Group to consolidate existing resource and professional management and develop the finance segment to achieve synergy with the transport infrastructure business.
  - Build a sustainable business by leveraging capital operation to synergise transport infrastructure and finance, and build momentum for future growth to drive quality and sustainable growth.

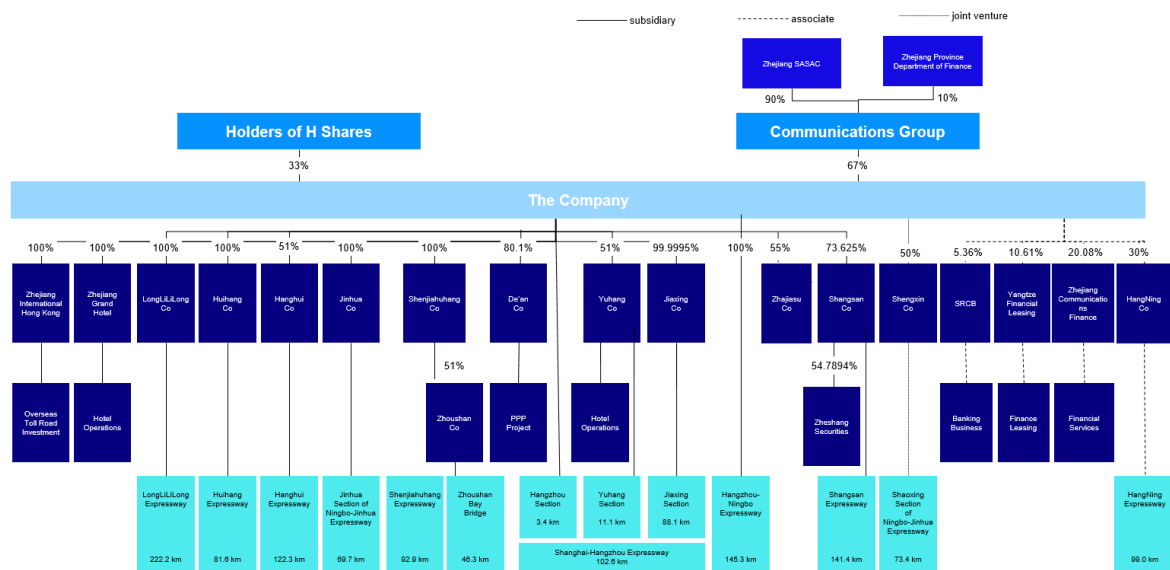
The Company’s overall goal and target is to achieve high-quality sustainable growth, cement its current business foundation, continue improving and expanding existing businesses, and further boost its growth, which is instrumental in further expanding the Company’s basic transport infrastructure business, improving capability in business operation and management and shifting to No. 1 brand.



- **Growth Path to Achieving Its Overall Strategic Positioning: Further Expansion of Its Transport Infrastructure and Development of Its Other Businesses.** As part of its core overall strategic positioning, the Company strives to become an industry leader for its investment in and operation of basic transport infrastructure. The Company intends to implement the following measures to achieve its overall strategic positioning:
  - Further expand the Company’s transport infra structure by investment and acquisition of quality projects, resource and capital injection from the Group, securing new projects in China and launching overseas projects. In particular, the Company aims to optimise existing resources by implementing the “456” Initiative, which encompasses establishing four major systems, including No. 1 expressway brand indicator system, region-wide smart expressway operation system, bay bridge management and maintenance system and core business evaluation system; implementing five plans for further business growth, including revenue increase, service optimisation, innovative smart management, industrial benchmark and efficient value creation; and building six demonstration centers including emergency aid, smart operation, tech-based maintenance, safety control, regional governance and bridging maintenance. The Company strives to shift from a leading brand to No. 1 brand.
  - Support the core business and focus on the Company’s strong infrastructure resources to realise synergy between the core business and other businesses. As a supplement to the Company’s core business, the securities business has created substantial synergy in empowering industries and revitalizing industrial assets.

## Corporate Structure of the Group

The chart below sets forth the shareholding structure of the Company as at the date of this Offering Circular.



## Business

The Group's businesses consist of its toll road business, securities business and other business. The Group's principal activities are set out as follows:

- the operation, and management of high grade roads and the collection of the expressway tolls;
- the provision of securities broking services, futures business, margin financing and securities lending services, securities underwriting and sponsorship services, asset management, advisory services and proprietary trading; and
- the operation of hotel and road construction.

The following table sets forth the revenue and results of each of the Group's operating segments:

	For the year ended 31 December			For the year ended 31 December		
	2019	2018	Percentage	2020	2019	Percentage
	RMB'000	RMB'000	Change	RMB'000	RMB'000	Change
<b>Toll revenue</b>						
Shanghai-Hangzhou-Ningbo						
Expressway . . . . .	4,142,879	4,018,598	3.1	3,216,475	4,142,879	-22.4
Shangsan Expressway . . . . .	1,187,813	1,232,410	-3.6	960,320	1,187,813	-19.2
Jinhua Section, Ningbo-Jinhua						
Expressway . . . . .	437,095	386,722	13.0	380,889	437,095	-12.9
Hanghui Expressway . . . . .	579,551	527,181	9.9	450,251	579,551	-22.3
Huihang Expressway . . . . .	138,506	137,459	0.8	100,792	138,506	-27.2
Shenjiahuhang Expressway . . . . .	694,497	696,791	-0.3	555,322	694,497	-20.0
Zhoushan Bay Bridge . . . . .	880,666	855,323	3.0	715,537	880,666	-18.8
<b>Subtotal</b>	<b>8,061,007</b>	<b>7,854,484</b>	<b>2.6</b>	<b>6,379,586</b>	<b>8,061,007</b>	<b>-20.9</b>
<b>Securities business revenue</b>						
Commission and fee income . . . . .	1,727,942	1,462,798	18.1	3,266,806	1,727,942	89.1
Interest income . . . . .	1,572,835	1,458,476	7.8	1,820,534	1,572,835	15.7
<b>Subtotal</b>	<b>3,300,777</b>	<b>2,921,274</b>	<b>13.0</b>	<b>5,087,340</b>	<b>3,300,777</b>	<b>54.1</b>
<b>Other operation revenue</b>						
Hotel operation . . . . .	169,576	177,861	-4.7	125,336	169,576	-26.1
Construction revenue . . . . .	423,906	238,580	77.7	350,513	423,906	-17.3
<b>Subtotal . . . . .</b>	<b>593,482</b>	<b>416,441</b>	<b>42.5</b>	<b>475,849</b>	<b>593,482</b>	<b>-19.8</b>
<b>Total revenue . . . . .</b>	<b>11,955,266</b>	<b>11,192,199</b>	<b>6.8</b>	<b>11,942,775</b>	<b>11,955,266</b>	<b>-0.1</b>

## Toll Road Business

### Expressway Operations

As at 31 December 2020, the total length of expressways operated and controlled by the Group has reached 802.1 kilometres. All of the roads operated by the Group are expressways. The following table sets forth the expressways operated by the Group as at 31 December 2020:

No.	Expressway	Start and end points	National expressway network (No.)	Construction Length(km)	Category	Date of opening to traffic	Period of concession	Ownership percentage (%)
1	Jiaying Section, Shanghai-Hangzhou Expressway (滬杭高速公路嘉興段)	Shanghai – Hangzhou	Shanghai – Kunming (G60)	88.1	Commercial Road	1998	30 Years	99.9995
2	Yuhang Section, Shanghai-Hangzhou Expressway (滬杭高速公路余杭段)	Shanghai – Hangzhou	Shanghai – Kunming (G60)	11.1	Commercial Road	1995-1998	30 Years	51
3	Hangzhou Section, Shanghai – Hangzhou Expressway (滬杭高速公路杭州段)	Shanghai – Hangzhou	Shanghai – (G60)	3.4	Commercial Road	1995	30 Years	100
4	Hangzhou-Ningbo Expressway (杭甬高速公路)	Hangzhou – Ningbo	Hangzhou Bay Loop (G92)	145.3	Commercial Road	1992-1996	30 Years	100
5	Shangsan Expressway (上三高速公路)	Shangyu – Sanmen	Changshu – Taizhou (G15W)	141.4	Commercial Road	2000	30 Years	73.625
6	Jinhua Section of the Ningbo-Jinhua Expressway (甬金高速公路金華段)	Baifengling – Hongtangfan	Ningbo-Jinhua (G1512)	69.7	Commercial Road	2005	25 Years	100
7	Changhua to Yulingguan Section, Hanghui Expressway (杭徽高速昌化至昱嶺關段)	Changhua – Yulingguan	Hangzhou to Ruili (G56)	36.7	Commercial Road	2004	25 Years	51
8	Wangjiabu to Changhua Section, Hanghui Expressway (杭徽高速汪家埠至昌化段)	Wangjiabu – Changhua	Hangzhou to Ruili (G56)	67.3	Commercial Road	2006	25 Years	51
9	Liuxia to Wangjiabu Section, Hanghui Expressway (杭徽高速留下至汪家埠段)	Liuxia – Wangjiabu	Hangzhou to Ruili (G56)	18.3	Commercial Road	2006	25 Years	51
10	Huihang Expressway (徽杭高速)	Yulingguan-Tunxi Wuliting Section	Hangzhou to Ruili (G56)	81.6	Commercial Road	2004	25 Years	100
11	Huzhou Section, Shenjiahuhang Expressway (申嘉湖杭高速公路湖州段)	Lianshi Town, Nanxun District, Huzhou City – Wuxing District, Huzhou City	Shenjiahuhang (S12)	42.0	Commercial Road	2008	25 Years	100
12	Lianhang Section, Shenjiahuhang Expressway (申嘉湖杭高速公路練杭段)	Lianshi Town, Nanxun District, Huzhou City – Chongxian Town, Yuhang District	Lianhang (S13)	50.9	Commercial Road	2010	25 Years	100
13	Zhoushan Bay Bridge (舟山跨海大橋)	Ningbo – Zhoushan	Ningbo – Zhoushan (G9211)	46.3	Commercial Road	2009	25 Years	51
<b>Total</b>				802.1				

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Note:

The Group's Hangzhou-Ningbo Expressway, Shanghai-Hangzhou Expressway and Shangsans Expressway were opened before the promulgation of the Regulations on the Administration of Toll Roads (State Council Decree No. 417) (《收費公路管理條例》(國務院令 第417號)). According to Jiao Cai Fa No.46【1997】(交財發(1997)46號) and Jiao Cai Fa No. 694【1997】(交財發(1997)694號) of the Ministry of Transport, the Group's Hangzhou-Ningbo Expressway, Shanghai-Hangzhou Expressway and Shangsans Expressway were approved for 30 years of toll collection, thus their operating periods exceed 25 years, while Shenjiahuhang Expressway and Zhoushan Bay Bridge were approved for 25 years of toll collection.

Below is a general overview of each of the expressways operated and managed by the Group:

i) *Shanghai-Hangzhou-Ningbo Expressway*

Completed in late 1998, Shanghai-Hangzhou-Ningbo Expressway is the first expressway in operation and the largest one by traffic volume in Zhejiang Province. In addition, it is the first expressway in Zhejiang Province that is built and expanded on a deep soft foundation. It connects two major ports, namely Shanghai and Ningbo, as well as a number of national top 100 counties in Zhejiang Province. Shanghai-Hangzhou-Ningbo Expressway is an important road traffic artery in Yangtze River Delta Region;

Shanghai-Hangzhou-Ningbo Expressway starts from Fengjing, Jiaxing and ends at Dazhujia, Ningbo across four municipalities including Jiaxing, Hangzhou, Shaoxing and Ningbo. With a total length of 247.9 km, its main line connects with Hangzhou Bay Bridge, Zhapu-Jiaxing-Suzhou Expressway, Hang-Pu Expressway, Hangzhou Ring Expressway, Hangzhou-Jinhua-Quzhou Expressway, Shangsans Expressway, Ningbo Ring Expressway and Ningbo-Taizhou-Wenzhou Expressway. There are 6 grand bridges, 25 large bridges, 170 medium bridges, 97 small bridges, 345 culverts, 394 tunnels, 17 interchanges, 46 grade separations, 24 toll stations and 4 service areas in total along Shanghai-Hangzhou-Ningbo Expressway, with a total green area of 2,449 square kilometres. Shanghai-Hangzhou-Ningbo Expressway was designed to the standards of expressways in flat or rolling terrain, at a designed speed of 120 km/h. In order to meet the increasing traffic demand and as laid down in policy decisions by Zhejiang Provincial Party Committee and People's Government of Zhejiang Province, the Company has commenced the expansion of Shanghai-Hangzhou-Ningbo Expressway to a two-way, eight-lane road from 2000 which was completed on the end of 2007.

ii) *Shangsans Expressway*

With a total length of 141.4 km, Shangsans Expressway's main line starts from Guzhu, Shaoxing and ends at Sanmen, Taizhou, connecting with the Shanghai-Hangzhou-Ningbo Expressway. Completed and opened to traffic at the end of 2000, it stretches across five counties including Shangyu, Shengzhou, Xinchang, Tiantai and Sanmen, and connects Ningbo-Jinhua Expressway through Shengzhou Hub. Shangsans Expressway passes through flat and soft-bottom terrain and mountainous or hilly terrain areas, with high embankment, high slope, high pier, high retaining wall, complex geology and complex soft soil. Shangsans Expressway was designed to the standards of expressways in flat or rolling terrain and mountainous or hilly terrain. It is a two-way, four-lane expressway at calculated driving speed of 60-100 km/h. There are 35 large bridges, 44 medium bridges, 109 small bridges, 15 main line overpasses, 23 interchange ramps, 535 culverts, 6 tunnels and 3 service areas in total (on a parallel basis) along Shangsans Expressway.

iii) *Jinhua Section of the Ningbo-Jinhua Expressway*

With a total length of 69.7 km, Jinhua Section of the Ningbo-Jinhua Expressway's main line starts from Baifengling Tunnel located at the boarder of Shengzhou and Dongyang, passing through Dongyang, Yiwu and Jindong District to its end point Hongtangfan, Fucun Town at which it is connected with Hangzhou-Jinhua-Quzhou Expressway. Completed and opened to traffic in 2005, the whole line was constructed to the standards of four-lane expressways, with main line design speed of 100km/h, including 26 large and 58 medium bridges with a total length of 19,146 linear meters, 9 tunnels, 106 small bridge channels, 290 culverts, 7 interchanges, 7 toll stations, one service area and one hub with a housing construction area of 19,609 square meters.

iv) *Hanghui Expressway*

With a total length of 122.3 km, Hanghui Expressway's main line starts from Liuxia, Hangzhou, at which it connects with Hangzhou Ring Expressway, and ends at Yulingguan located at the border of Zhejiang Province and Anhui Province at which it connects with Huangshan-Yulingguan Expressway. It is one of the connecting lines of the backbone network of expressways featuring "two vertical lines, two horizontal lines, ten connecting lines" as laid down in the Zhejiang Provincial Road and Water Transport Construction Planning (2001-2015) (浙江省公路水運交通建設規劃), as well as one of the connecting lines in the modern road transport system in Hangzhou featuring "one ring, three lines, three connecting lines, four hubs". Changhua-Yulingguan Section (K85 + 606 – K122 + 286) was completed and opened to traffic at the end of December 2004; Liuxia-Changhua Section (K0 + 000 – K85 + 606) was completed and opened to traffic on 26 December 2006, including 43 km (K42 +300 – K85 +606) converted from a Class 1 road that was opened to traffic in 200. The whole line was designed to the standards of four-lane expressways, having 182 bridges (29,156 linear meters), 408 culverts, 7 tunnels (14 holes, with 5,374 linear meters on a single-hole basis), 13 toll stations, 1 service area in Longgang, 1 service area in Lin'an, 1 monitoring command center and other facilities for safety, maintenance, power supply, lighting, communications, etc.

v) *Huihang Expressway*

With a total length of 81.6 km, Huihang Expressway's main line starts from Liyang Dawandao of the accommodation road of Huangshan Tunxi International Airport and ends at Yulingguan (the boundary between Zhejiang Province and Anhui Province), intersecting with provincial road S103. Completed and opened to traffic in 2004, the whole line was constructed to the standards of fully closed, all inter-changed, two-way and four-lane expressways in hilly area, with design speed of 80km/h for main line and 60km/h for especially difficult section. There are 4 grand bridges, 27 large bridges and 62 medium and small bridges with a total length of 11,290 linear meters, 11 tunnels, 282 culverts, 75 entercloses, 20 interchanges, 2 toll stations, 3 ramp toll stations, 2 parking lots, 1 maintenance working area, 1 traffic police office building, and subgrade earthwork of 18.7 million square meters. There are also other projects including protection engineering, drainage engineering, ecological restoration and plant engineering.

vi) *Shenjiahuhang Expressway*

With a total length of 93 km, Shenjiahuhang Expressway is divided into Huzhou section and Lianhang section. The Huzhou section starts from Lianshi Town at Nanxun District, Huzhou City, and ends at Wuxing District at Huzhou City, for a total length of 42.0 km, with design speed of 120 km/h for main line. There are 4 grand bridges, 35 large bridges, 31 medium bridges, 9 small bridges, 46 tunnels, 1 culvert, 3 toll stations and 1 service area for the Huzhou section. The Lianhang section starts from Lianshi Town at Nanxun District, Huzhou City, and ends at Chongxian Town, Yuhang District for a total length of 50.9 km, with design speed of 120 km/h for main line. There are 5 grand bridges, 49 large bridges, 38 medium bridges, 7 small bridges, 7 toll stations and 1 service area for the Huzhou section.

vii) *Zhoushan Bay Bridge*

Zhoushan Bay Bridge connects Ningbo and Zhoushan, along with the intermediary islands in between. It has total length of 46 km and is designed as a two-way four-lane bridge with 100km/h speed limit. The Zhoushan Bay Bridge consists of 5 bridges including Cengang Bridge, Xiangjiaomen Bridge, Taoyumen Bridge, Xiqiaomen Bridge and Jintang Bridge, of which Jingang Bridge is the largest with the total length of 26.5 km. There are 1 tunnel, 8 toll stations and 1 service area for the Zhoushan Bay Bridge.

The following table sets forth the design flow of the Group's expressways as at 31 December 2020:

<b>Expressway</b>	<b>Location</b>	<b>Category</b>	<b>Length (km)</b>	<b>Design flow (vehicle count)</b>
Shanghai-Hangzhou-Ningbo Expressway	Eastern Region	Commercial Road	247.9	60,000-100,000
Shangsan Expressway	Eastern Region	Commercial Road	141.4	25,000-55,000
Jinhua Section of the Ningbo-Jinhua Expressway	Eastern Region	Commercial Road	69.7	25,000-55,000
Hanghui Expressway	Eastern Region	Commercial Road	122.3	25,000-55,000
Huihang Expressway	Eastern Region	Commercial Road	81.6	25,000-55,000
Shenjiahuhang Expressway	Eastern Region	Commercial Road	92.9	25,000-55,000
Zhoushan Bay Bridge	Eastern Region	Commercial Road	46.3	25,000-50,000

During the years ended 31 December 2018, 2019 and 2020, the average daily traffic volume in full-trip equivalents along the Group's Shanghai-Hangzhou-Ningbo Expressway was 61,898, 64,127 and 72,158, respectively, representing an increase of 3.6 per cent. and 12.5 per cent. year-on-year, respectively. In particular, the average daily traffic volume in full-trip equivalents along the Shanghai-Hangzhou section of the Shanghai-Hangzhou-Ningbo Expressway was 65,500, 64,490 and 72,089, respectively, during the years ended 31 December 2018, 2019 and 2020, representing a decrease of 1.5 per cent. and an increase of 11.78 per cent. year-on-year, respectively, and that along the Hangzhou-Ningbo Section was 59,324, 63,867 and 72,209, respectively, during the years ended 31 December 2018, 2019 and 2020, representing an increase of 7.7 per cent. and 13.06 per cent. year-on-year, respectively. Average daily traffic volume in full-trip equivalents along the Shangsan Expressway was 30,769, 30,347 and 37,045, respectively, during the years ended 31 December 2018, 2019 and 2020, representing a decrease of 1.4 per cent. and an increase of 22.07 per cent. year-on-year, respectively. Average daily traffic volume in full-trip equivalents along the Jinhua Section of the Ningbo-Jinhua Expressway was 21,116, 24,332 and 28,989, respectively, during the years ended 31 December 2018, 2019 and 2020, representing an increase of 15.2 per cent. and 19.1 per cent. year-on-year, respectively. Average daily traffic volume in full-trip equivalents along the Hanghui Expressway was 19,320, 21,430 and 23,233, respectively, during the years ended 31 December 2018, 2019 and 2020, representing an increase of 10.9 per cent. and 8.41 per cent. year-on-year, respectively. Average daily traffic volume in full-trip equivalents along the Huihang Expressway was 7,788, 7,962 and 8,430, respectively, during the years ended 31 December 2018, 2019 and 2020, representing an increase of 2.2 per cent. and 5.9 per cent. year-on-year, respectively. Average

daily traffic volume in full-trip equivalents along the Shenjiahuhang Expressway was 28,371, 30,575 and 32,950, respectively, during the years ended 31 December 2018, 2019 and 2020, representing an increase of 7.8 per cent. and 7.8 per cent. year-on-year, respectively. Average daily traffic volume in full-trip equivalents along the Zhoushan Bay Bridge was 20,738, 21,834 and 20,891, respectively, during the years ended 31 December 2018, 2019 and 2020, representing an increase of 5.3 per cent. and a decrease of 4.32 per cent. year-on-year, respectively.

The following tables set forth the traffic volume and toll income of the Company's expressways for the years ended 31 December 2018, 2019 and 2020:

### Traffic volume of Group's expressways for the years ended 31 December 2018, 2019 and 2020

Expressway	Average daily traffic flow (vehicle count)		
	For the year ended 31 December		
	2018	2019	2019
Shanghai-Hangzhou-Ningbo Expressway . . . . .	61,898	64,127	72,158
Shangsan Expressway . . . . .	30,769	30,347	37,045
Jinhua Section of the Ningbo-Jinhua Expressway . . . . .	21,116	24,332	28,989
Hanghui Expressway . . . . .	19,320	21,430	23,233
Huihang Expressway . . . . .	7,788	7,962	8,430
Shenjiahuhang Expressway . . . . .	28,371	30,575	32,950
Zhoushan Bay Bridge . . . . .	20,738	21,834	20,891

### Toll revenue income of Group's expressways for the years ended 31 December 2018, 2019 and 2020

Expressway	Average daily toll income			Accumulative toll income			YoY(%)		
	RMB'000			RMB'000					
	For the year ended 31 December			For the year ended 31 December			For the year ended 31 December		
	2018	2019	2020	2018	2019	2020	2018	2019	2020
	(Restated)			(Restated)					
Shanghai-Hangzhou-Ningbo Expressway . . . . .	11,009.86	11,350.35	8,788.18	4,018,598	4,142,879	3,216,475	6.5	3.1	-22.4
Shangsan Expressway . . . . .	3,376.47	3,254.28	2,623.83	1,232,410	1,187,813	960,320	(1.0)	(3.6)	-19.2
Jinhua Section of the Ningbo-Jinhua Expressway . . . . .	1,059.51	1,197.52	1,040.68	386,722	437,095	380,889	6.7	13.0	-12.9
Hanghui Expressway . . . . .	1,444.33	1,587.81	1,230.19	527,181	579,551	450,251	10.4	9.9	-22.3
Huihang Expressway . . . . .	376.60	379.47	275.39	137,459	138,506	100,792	6.5	0.8	-27.2
Shenjiahuhang Expressway . . . . .	1,909.02	1,902.73	1,517.27	696,791	694,497	555,322	11.2	(0.3)	-20.0
Zhoushan Bay Bridge . . . . .	2,343.35	2,412.78	1,955.02	855,323	880,666	715,537	11.7	3.0	-18.8
<b>Total</b> . . . . .	<b>21,519.14</b>	<b>22,084.94</b>	<b>17,430.56</b>	<b>7,854,484</b>	<b>8,061,007</b>	<b>6,379,586</b>	<b>6.5</b>	<b>2.6</b>	<b>-20.9</b>

Note:

As the Shenjiahuhang Expressway and Zhoushan Bay Bridge were acquired by the Group in April 2019, the average daily toll income and accumulative toll income of Shenjiahuhang Expressway and Zhoushan Bay Bridge in 2019 are calculated from January 2019 to December 2019.



viii) *Shaoxing Section of the Ningbo-Jinhua Expressway*

Zhejiang Shaoxing Shengxin Expressway Co., Ltd., a 50 per cent.-owned joint venture of the Company, operates the 73.4 km Shaoxing Section of the Ningbo-Jinhua Expressway. During the year ended 31 December 2018, 2019 and 2020, the average daily traffic volume in full-trip equivalents along the Shaoxing Section of the Ningbo-Jinhua Expressway was 20,678, 21,655 and 26,728, respectively, representing an increase of 4.7 per cent. and 23.4 per cent. year-on-year, respectively. Toll revenue of the Shaoxing Section of the Ningbo-Jinhua Expressway during the years ended 31 December 2018, 2019 and 2020 was RMB417.4 million, RMB426.7 million and RMB378.2 million, respectively. The decrease of the toll revenue for the year ended 31 December 2020 as compared to the year ended 31 December 2019 was mainly due to the implementation of toll-free policy by the Ministry of Transportation of the PRC's notification for vehicles travelling on toll roads during the COVID-19 pandemic. During the year ended 31 December 2020, the joint venture recorded a net profit of RMB32.6 million.

(ix) *LongLiLiLong Expressway*

With a total length of 222.2 km, LongLiLiLong Expressway comprises LongLi Expressway and LiLong Expressway in a T-shape structure. LongLi Expressway is connected to Hangjinqi Expressway in the north, and Beibu Interchange where LongLi Expressway and LiLong Expressway meet in the south. The total length of LongLi Expressway is 119.785 kilometers, a two-way four-lane expressway with designed speed of 100/80 kilometers per hour. LiLong Expressway is connected to Fuling Interchange of Jinliwen Expressway in the east and the starting point of the Longqing Expressway in the west. The total length of LiLong Expressway is 102.44 kilometers, a two-way four-lane expressway with designed speed of 100/80 kilometers per hour.

*Toll Fee Settlement*

The expressway toll collection system in Zhejiang Province is established on a centralized basis. In view of different owners of different roads in the provincial road network, the principles of (i) networking toll collection; (ii) centralised management; (iii) one pass ticket for all tolls and (iv) settlement on an "as incurred" basis are followed such that there is no main line toll station in the expressway network in Zhejiang Province and network toll collection is implemented, so that the vehicles can run smoothly in the road network in Zhejiang Province.

The expressway toll collection and settlement system in Zhejiang Province is a three tiered system comprised of provincial toll settlement center, toll administration sub-centers and toll stations (including station rooms and toll lanes). The toll settlement center is located at the expressway toll center of Zhejiang Provincial Communication Department, and is mainly responsible for real-time administration, toll fee split of provincial expressway network toll collection, and clearing and transfer of toll revenue through banks; the toll administration sub-centers are located at operating and managing units in the road network, and are responsible for overseeing and deploying the operations of toll stations in their respective road sections under the unified management of the central system, and perform data verification with the central system; the toll station system is mainly responsible for real-time management of toll collections at entrances and exits and toll data transmission.

## Toll Rates

### i) Passenger Vehicle Classification and Toll Rates

The following table sets forth the toll rates on the expressways under the Group as at the date of this Offering Circular:

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

#### Notes:

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

### ii) Toll Rates on Goods Vehicles

Pursuant to the Reply of General Office of People's Government of Zhejiang Province on Revising Pilot Program of Weight-based Toll Rates for Goods Vehicles on Expressways in Zhejiang Province (Zhe Zheng Ban Han [2018] No. 29) (《浙江省人民政府辦公廳關於修訂〈全省高速公路貨車計重收費費率試行方案〉的復函》(浙政辦函[2018]29號)), the new weight-based toll rate policy became effective on loaded motor vehicles (except for container vehicles) from 14 May 2018.

The following table sets forth the toll rates on trucks and special motor vehicles on the expressways under the Group as at the date of this Offering Circular:

## Toll rates on goods vehicles on the Huihang Expressway as at the date of this Offering Circular

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

*Notes:*

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

*iii) Other Toll Policies*

Zhejiang Province has implemented Electronic Toll Collection (“ETC”) since 16 April 2010, which helps to improve the traffic flow capacity and alleviate the congestion of toll stations effectively. For car owners who adopt ETC, Zhejiang Province offered a 3 per cent. discount of expressway toll fees in the first half of 2019 and offered a 5 per cent. discount of expressway toll fees in the second half of 2019. Zhejiang Province currently offers a 5 per cent. discount of expressway toll fees to Classes 1 and 2 vehicles that adopt ETC, and a 15 per cent. discount of expressway toll fees to Classes 3 and 4 vehicles that adopt ETC.

In 2012, Zhejiang Provincial Communication Department and Zhejiang Provincial Price Bureau jointly issued Notice on Implementation of Actual Route-based Toll Rates and Other Related Matters for Expressways in Zhejiang Province (Zhe Jiao 【2012】 No. 111) (《關於全省高速公路實施按實際行駛路徑收費等有關事宜的通知》(浙交【2012】111號)) and decided to adopt two adjustments for expressways in Zhejiang Province, namely actual driving-based toll rates and improved toll fee calculation method which became effective from 15 May 2012. The first adjustment is to calculate and charge toll fees based on the actual route of vehicles on expressways in Zhejiang Province. The composite pass cards used on the expressways in Zhejiang Province can record path nodes that cars actually drive in the road network, which can be used to calculate tolls payable based on applicable toll fee rates. The second adjustment is to specify components of toll fees of passenger cars. Toll fees of a passenger car = entrance fee + toll rate per km\* actual mileage + accumulated toll fees for tunnels (bridges), and the rates for entrance fees, toll rates per km and accumulated toll fees for tunnels (bridges) remain unchanged. For goods vehicles, they are charged by weight and the toll rate shall be calculated according to Reply of General Office of People's Government of Zhejiang Province on Pilot Program of Weight-based Toll Rates for Goods Vehicles on Expressways in Zhejiang Province (Zhe Zheng Ban Han 【2018】 No. 29) (《浙江省人民政府辦公廳關於修訂〈全省高速公路貨車計重收費費率試行方案〉的覆函》(浙政辦函【2018】29號)). The transition from the shortest route-based toll rates to the actual route-based toll rates represents an improvement of toll policy. Toll fees will generally be increased to some extent after implementing the actual route-based toll rates, which has had a positive effect on the Group's operation revenue.

Since 1 January 2019, a 15 per cent. trial discount on the toll rate of expressways in Zhejiang Province has been introduced for legal cargo trucks using non-cash payment cards and truck ETC cards in Zhejiang Province. A press conference on the amendment to the "Regulation on Administration of Toll Roads" (《收費公路管理條例》) was held by the Ministry of Transport on 24 January 2019. From 12 February 2020 to 5 August 2020, Zhejiang Province expanded the beneficiaries of a 15 per cent. discount on tolls on a trial basis when travelling on state-owned expressways in Zhejiang Province from all qualified trucks in Zhejiang Province with ETC registration to all qualified trucks in China that have ETC registration. It also increased the discount from 5 per cent. to 15 per cent. for Class-3 and Class-4 passenger vehicles with ETC registrations travelling on all toll roads in Zhejiang Province. In addition, from 12 February 2020, expressways in Zhejiang Province are offering a 35 per cent. discount on tolls for all container trucks in compliance with international standards, and stopped charging entrance fees. Although the "Regulation on Administration of Toll Roads" has not been officially promulgated at present, the Company expects the possibility of further significant changes in the policies of the expressway industry in the near term is minimal.

In early 2020, due to the outbreak of the COVID-19 epidemic, the toll-free period for small passenger vehicles during the Spring Festival holidays which was originally scheduled from 24 January to 30 January 2020 was extended to 8 February 2020. Subsequently, as the epidemic situation became more severe, an additional toll-free policy for all vehicles was implemented during the period from 17 February to 5 May 2020, pursuant to the Ministry of Transport of the PRC's notification in relation to the toll-free policy for vehicles travelling on toll roads during the period of prevention and control of the COVID-19 pandemic.

### ***Securities Business***

The Group, through its subsidiary Zheshang Securities, offers a range of financial services which have been approved by CSRC, including securities brokerage, financial and securities investment consultation, securities underwriting and sponsorship services, proprietary securities trading, margin trading, securities investment fund sales agency, intermediary services for futures companies and financial product sales agency.

Zheshang Securities was approved by CSRC as a general securities company in 2002 and a sponsor in 2004. In April 2012, Zheshang Securities was granted the qualification to conduct margin trading under a pilot program. Zheshang Securities has membership of the Securities Association of China (member code: 133106), the Shanghai Stock Exchange (member code: 0072) and the Shenzhen Stock Exchange (member code: 000648).

Zheshang securities has significantly improved its market position and made steady progress in transformational development. On the securities business side, Zheshang Securities took advantage of market volatility, strengthened its compliance and risk management practices, and effectively mitigated risks. In terms of transformation, Zheshang Securities capitalized on its financial strength and utilized its resources to explore and nurture new business opportunities.

The IPO application of Zheshang Securities was submitted to the Shanghai Stock Exchange in May 2013 and has obtained the CSRC's approval in May 2017. Zheshang Securities was listed on the Shanghai Stock Exchange on 26 June 2017.

The following table sets forth the qualifications obtained by Zheshang Securities to conduct securities businesses:

SN	Qualification for business	Date of obtaining
1.	Qualification for underwriters	1 August 2002
2.	Qualification for delegated investment management business	12 October 2002
3.	Qualifications for the Shanghai Stock Exchange B-share brokerage business	9 December 2002
4.	Qualifications for B-share seats application	12 December 2002
5.	Qualification for online securities commission business	8 February 2003
6.	Qualification for bond transactions organized by the Interbank Funding Center	24 February 2003
7.	Qualification for interbank lending business	1 April 2003
8.	Qualification for lead underwriter	17 April 2003
9.	Qualification for business of open-end securities investment fund sales agency	23 June 2004
10.	Membership of the Shenzhen Stock Exchange	April 2007
11.	Membership of the Shanghai Stock Exchange	27 April 2007
12.	Qualification for business of intermediary services for futures companies	1 April 2008
13.	Qualification as qualified investor for the Shanghai Stock Exchange's block trading system	6 June 2008
14.	Qualification for directed asset management business	12 January 2009
15.	Qualification for setting up schemes of collective asset management	12 January 2009
16.	Membership of China Securities Association	12 February 2009
17.	Qualifications for Direct Investment Business	26 August 2011
18.	Qualification for margin financing and securities lending	27 April 2012
19.	Qualification for SME private placement bond underwriting business	11 June 2012
20.	Qualification for agreed repurchase securities trading business	18 September 2012
21.	Qualification for the continuation of foreign currency securities brokerage business	10 December 2012
22.	Qualifications for foreign currency securities brokerage business	12 March 2013
23.	Qualification for securities products sales agency business	18 March 2013
24.	Qualification for national SME share transfer system recommendation and brokerage business	21 March 2013
25.	Qualification for stock pledge repurchase business	1 July 2013
26.	Qualification for stock pledge-type repurchase transactions	2 July 2013
27.	Qualification for equity swap transaction business	21 April 2014
28.	Qualification for financial derivatives business	23 May 2014
29.	Qualification for OTC option business	18 July 2014
30.	Qualification for market-making business of National Equities Exchange and Quotations(NEEQ)	6 August 2014
31.	Qualification for OTC market pilot program	14 October 2014
32.	Qualification for Internet securities business pilot program	20 November 2014
33.	Qualification for business of general private equity fund custodian	13 January 2015
34.	Qualifications for Stock Options Brokerage	20 January 2015
35.	Qualifications for trial market-making in the interbank bond market	12 December 2017
36.	Qualification for consulting services related to military secrets	20 July 2018
37.	Qualification for secondary dealer in OTC options business	31 July 2018
38.	Qualification to carry out credit derivative business	28 February 2019
39.	Qualification for private equity services	3 July 2019

## Securities Brokerage

Securities brokerage services mainly refers to securities agency trading, namely the securities companies conduct sales of securities as entrusted by the clients as well as agency for debt service, dividends distribution, securities custodian, assurance, registration and account opening services. In China, securities companies shall set up securities sales department upon approval by CSRC or have qualification for online securities agency business before they are permitted to engage in brokerage business.

The retail business headquarter of Zheshang Securities is in charge of product marketing for retail customers; the institution business headquarter of Zheshang Securities is responsible for the development and maintenance of high net-worth customers such as institutions and the outlet operation and management headquarter provides customer services and carries out brokerage management for sales branches, outlet development, supervision and assessment, and other basic customer services.

As at 31 December 2020, the Zheshang Securities had 8 subsidiaries, 22 branches and 99 securities sales branches. The following table sets forth the trading information of Zheshang Securities for the years ended 31 December 2018, 2019 and 2020:

Type of securities	For the year ended 31 December 2020		For the year ended 31 December 2019		For the year ended 31 December 2018	
	Trading Volume	Market Share	Trading volume	Market share	Trading volume	Market share
	(RMB100 million)	(per cent.)	(RMB100 million)	(per cent.)	(RMB100 million)	(per cent.)
A share	44,018.41	1.06	27,978.83	1.11	19,330.36	1.08
B share	5.59	0.45	4.92	0.42	5.31	0.42
Fund	1,884.60	0.43	423.51	0.15	171.42	0.06
Treasury bonds	4.20	0.06	3.36	0.10	0.96	0.08
Enterprise bonds	54.58	0.06	16.39	0.03	10.20	0.06
Other bonds	33,803.64	0.60	27,250.43	0.58	21,033	0.46

Taking advantage of the advanced regional economies in the places where Zheshang Securities is located, Zheshang Securities has set up sales outlets in all municipalities in Zhejiang Province and other developed cities in China, which becomes a remarkable regional advantage in brokerage services within Zhejiang Province, with reach to other major regions in China.

Commission fees are a major source of income of Zheshang Securities' brokerage business. Apart from that, income of Zheshang Securities is also comprised of net income from product sales, rent of trading seats and interests.

Net income from securities agency trade represents a significant part of Zheshang Securities' brokerage income. Such business is closely related to the active trading of securities market, Zheshang Securities' trading market and the commission rate. The net income from securities brokerage fee has positive correlation with the securities market and the overall trading volume of the market.

Item	For the	For the	For the
	year ended 31 December 2020	year ended 31 December 2019	year ended 31 December 2018
The net average market commission rate . . . . .	0.279 <sup>0/00</sup>	0.3 <sup>0/00</sup>	0.32 <sup>0/00</sup>
Zheshang Securities' net average commission rate . . . .	0.240 <sup>0/00</sup>	0.28 <sup>0/00</sup>	0.31 <sup>0/00</sup>
Trading volume of market stocks, funds and warranties (100 million) . . . . .	3,554,401.20	2,259,654.94	1,660,047.71
Trading volume of stocks, funds and warranties conducted by Zheshang Securities (100 million) . . .	45,908.60	28,407.26	19,507.09

*Note:*

Market net average commission rate = total net income from all securities companies' securities brokerage of the year/trading volume of market stocks, funds and warranties

Zheshang Securities' net average commission rate = Zheshang Securities' net income from securities brokerage/trading volume of market stocks, funds and warranties conducted by Zheshang Securities

*Source:*

Total net income from all securities companies' securities agency trade of the year from Securities Association of China, and the trading volume of market stocks, funds and warranties from the statistical data by the Shanghai Stock Exchange and the Shenzhen Stock Exchange

Zheshang Securities' net income from rent of trading seats comes from the trading-volume based commission fee paid by the fund companies when they need to utilise Zheshang Securities' trading seats. With the improvement of Zheshang Securities' research strength and service ability, the net income from rent of trading seats of Zheshang Securities is on rise year by year.

The net income from the interests of brokerage business comes from the deposits of customers and the interest spread between the inter-bank offered rate that banks pay to Zheshang Securities and the demand deposit interest rate that Zheshang Securities pays to customers. As the fluctuation of the balance of customers' deposits is quite narrow, the net income from the interests of brokerage business is relatively stable.

## *Futures Business*

Zheshang Securities conducts the futures business through its wholly-owned subsidiary Zheshang Futures, and Zheshang Futures is currently a general clearing member of China Financial Futures and a member of Shanghai Futures Exchange, Dalian Commodity Exchange and Zhengzhou Commodity Exchange. In April 2013, Zheshang Futures funded RMB100 million to invest and set up a wholly-owned subsidiary Zhejiang Zheqi, who is principally engaged in warehouse receipt service, cooperative hedge and third-party risk management businesses. Warehouse receipt service is currently the principal business conducted by Zhejiang Zheqi, which includes warehouse receipt buyout transaction between Zhejiang Zheqi and its customers using its own funds, and the subsequent contract sales of purchased warehouse receipts to customers or trading in the spot market. For cooperative hedge, Zhejiang Zheqi uses its own funds to assist its customers to conduct hedging, in which Zhejiang Zheqi primarily assists its customers to purchase raw materials to lock in costs, and subsequently sell the materials to customers in batches in the form of contract sales. For third-party risk management business, Zhejiang Zheqi utilises its professional knowledge in the futures industry and its risk management capability to provide futures-related risk management solutions to investors. In the course of conducting warehouse receipt and cooperative hedge businesses, Zhejiang Zheqi can hedge the full amount in the futures market without the need for contract sales, which ensures that risks are controllable.

## *Margin Financing and Securities Lending*

Margin financing and securities lending refers to the operation in which securities firms lend funds or securities to its customers, and receive collateral. Zheshang Securities' securities margin financing and securities lending primarily includes margin trading, agreed repurchase securities business and stock-pledged repo business.

Margin trading refers to a series of actions in which an investor borrows funds from a securities firm to purchase listed securities, or borrows listed securities to dispose of such listed securities thereafter, in which the listed securities are used as collateral. Margin trading mainly includes the margin trading by securities firms to investors, and the margin trading by financial institutions to securities firms. The margin financing and securities lending of Zheshang Securities commenced in June 2012, and its margin trading division is responsible for the execution, review and approval, formulation of business plan, customer profile management, credit reference and credit approval management, daily risk monitor, marked-to-market and closing out of positions, management of funds and securities, training, investor education and other related activities for margin trading.

Since second half of 2012, Zheshang Securities accelerated the development of innovative businesses and obtained qualification to develop agreed repurchase securities business and stock-pledged repo business. Agreed repurchase securities business refers to a transaction in which an investor sells target securities at a contracted price to a qualified securities firm, and such investor is contracted to repurchase such securities at a different price on a date in the future. Stock-pledged repo business refers to a transaction in which an investor pledges stocks or other securities to a qualified securities firm and borrows funds from such securities firm, and then repays such funds to have the collaterals released upon repayment.

## *Proprietary Trading*

Proprietary securities trading refers to the investment action in which, a securities firm buys and sells securities using its own funds, and assumes the relevant risks and rewards. The investment instruments of proprietary trading include primarily equity securities, debt securities, funds, warrants, among others.



The securities investment division is primarily responsible for the Zheshang Securities' proprietary securities trading, and the investment scope includes subscription for new shares and share placement in the primary market, and secondary market investment varieties, funds and debt securities, subscription and redemption of open-ended funds, together with investment in and trading of other legitimate financial products.

Zheshang Securities also engages in other businesses including, among others, investment banking, asset management and advisory services.

For the years ended 2018, 2019 and 2020, Zheshang Securities recorded total revenue of RMB2,921.3 million, RMB3,300.8 million and RMB5,087.3 million, respectively. Of which, commission and fee income was RMB1,462.8 million, RMB1,727.9 million and RMB3,266.8 million, respectively, and interest income from the securities business was RMB1,458.5 million, RMB1,572.8 million and RMB1,820.5 million, respectively. Moreover, for the year ended 31 December 2018, 2019 and 2020, securities investment gains of Zheshang Securities was RMB512.4 million, RMB1,343.5 million and RMB1,483.0 million, respectively.

### ***Other Operations***

The Group also engages in other businesses including hotel and construction operations. Grand New Century Hotel, owned by Zhejiang Yuhang Expressway Co., Ltd. (a 51 per cent. owned subsidiary of the Company), recorded revenue of approximately RMB106.1 million, RMB98.3 million and RMB73.9 million for the years ended 2018, 2019 and 2020, respectively. Deqing County De'an Highway Construction Co., Ltd. (an 80.1 per cent. owned subsidiary of the Company) recorded revenue of RMB238.6 million, RMB423.9 million and RMB350.5 million for the years ended 2018, 2019 and 2020, respectively. Zhejiang Grand Hotel, owned by Zhejiang Hotel (a 100 per cent. owned subsidiary of the Company), recorded revenue of RMB71.2 million and RMB51.5 million for the year ended 31 December 2019 and 2020, respectively.

### **Government Regulations**

The Group's operations are subject to various laws and regulations in the PRC. The Group's expressways are subject to routine inspections by government officials with regard to various administrative safety and environmental issues. The Company believes that the Group is in compliance in all material respects with government regulations currently in effect in the PRC. The Company is not aware of significant problems experienced by any member of the Group with respect to compliance with government regulations in relation to its operations which could materially adversely affect its expressways or operations, nor is it aware of any pending government legislation that might have a material adverse effect on its expressways or operations.

### **Expressway Regulations**

The construction, survey, design and operation of expressways in the PRC are subject to the supervision and administration of the relevant government authorities, primarily with respect to qualifications of the entities undertaking the construction, survey and design work, project tendering, quality, safety, checking for the completion of engineering works and environmental protection.

### ***Expressway Regulatory Authorities***

The NDRC is responsible for the overall investment plan of the major expressways as defined in the relevant regulations. The investment plan of other expressway projects must be reviewed and approved by the provincial branches of the NDRC.

The Ministry of Transport is responsible for the overall construction plan and administration on the construction of the major expressway projects as determined by the Ministry of Transport. At a local level, the relevant departments of communications are in charge of highway construction projects within their administrative areas. Responsibility for setting and regulating expressway toll rates, toll terms and toll stations rests with the provincial governments and/or other relevant provincial departments responsible for price, finance and communications.

### ***Expressway and Toll Road Regulations***

The PRC Expressway Law was adopted on 3 July 1997, and was subsequently amended in 1999, 2004, 2009, 2016 and 2017. Planning, construction, maintenance, management, use and administration of roads within the borders of the PRC, including expressway bridges, expressway tunnels and expressway crossings, shall comply with the requirements of the PRC Expressway Law.

In addition, the construction, management and operation of toll roads (including bridges and tunnels), the location of toll booths and the transfer of interests and benefits of toll roads are subject to the Regulation on Toll Road Administration adopted in 2004. A draft amendment to the regulation had sought for public comments by January 2019. As at the date of this Offering Circular, no amendment to the regulation has been put into effect.

### ***Securities Regulations***

The PRC has promulgated a number of regulations that relate to the issue and trading of the Shares and disclosure of information. In October 1992, the State Council established the Securities Committee and the CSRC. The Securities Committee was responsible for coordinating the drafting of securities regulations, formulating securities-related policies, planning the development of securities markets, directing, coordinating and supervising all securities related institutions in the PRC and administering the CSRC. The CSRC was the regulatory body of the Securities Committee and responsible for the drafting of regulatory provisions of securities markets, supervising securities companies, regulating public offers of securities by PRC companies in the PRC or overseas, regulating the trading of securities, compiling securities-related statistics and undertaking research and analysis. In 1998, the State Council dissolved the Securities Committee and assigned its function to the CSRC. The CSRC is also responsible for the regulation and supervision of the national stocks and futures market according to laws, regulations and authorizations.

The PRC Securities Law took effect on 1 July 1999, was last amended on 28 December 2019 and implemented with effect from 1 March 2020. This is the first national securities law in the PRC, and it is divided into 14 chapters and 226 articles regulating, among other things, the issue and trading of securities, takeovers by listed companies, securities exchanges, securities companies and the duties and responsibilities of the State Council's securities regulatory authorities. The Securities Law comprehensively regulates activities in the PRC securities market. Article 224 of the Securities Law provides that a PRC company shall comply with the relevant provisions of the State Council to list its shares outside the PRC. Article 225 of the Securities Law provides that specific provisions in respect of shares of companies in the PRC which are to be subscribed and traded in foreign currencies shall be separately formulated by the State Council. Currently, the issue and trading of foreign issued shares (including H Shares) are still mainly governed by the rules and regulations promulgated by the State Council and the CSRC.

## **NDRC Rules Regarding Overseas Financing**

According to the Circular on Promoting the Reform of the Administrative System on the Issuance by Enterprises of Foreign Debt Filings and Registrations (NDRC Waizi 【2015】 No. 2044)(《國家發展改革委關於推進企業發行外債備案登記制管理改革的通知》(發外資【2015】2044號)) (the “NDRC Circular”), which was issued by the NDRC on 14 September 2015 and came into effect on the same day, if a PRC enterprise or an offshore enterprise controlled by a PRC enterprise wishes to issue bonds outside of the PRC with a maturity of more than one year, such enterprise must in advance of issuing such bonds, file certain prescribed documents with the NDRC and procure an enterprise foreign debt pre-issuance registration certificate (the “NDRC Pre-Issuance Registration Certificate”) from the NDRC in respect of such issue. According to the NDRC Circular, the NDRC is expected to issue a decision on the submission within seven working days after it accepts the submission. The Company filed certain prescribed documents with the NDRC through the NDRC Zhejiang branch for the offering of the Bonds in an amount not to exceed US\$400 million. The NDRC issued the NDRC Pre-Issuance Registration Certificate to the NDRC Zhejiang branch on 17 December 2019 and the extension document of the Enterprise Foreign Debt Filing Registration Certificate dated 3 November 2020.

According to the NDRC Circular, such an enterprise is also required to report certain details of the Bonds to the NDRC within ten working days after the closing date of the offering (the “NDRC Post-Issuance Reporting”). The Company intends to complete the NDRC Post-Issuance Reporting as soon as practical and in any event within ten working days after the Issue Date. The NDRC Post-Issuance Reporting would be a matter of procedure and timing as long as the Company has obtained the NDRC Pre-Issuance Registration Certificate and all relevant documents have been duly submitted to the NDRC.

## **PBOC Circular Regarding Cross-border Financing**

On 11 January 2017, the PBOC issued the Circular on Implementing Overall Macro-prudential Management System for Nationwide Cross-border Financing (《中國人民銀行關於全口徑跨境融資宏觀審慎管理有關事宜的通知》) (the “2017 PBOC Circular”). Under the 2017 PBOC Circular, enterprises are required to file with SAFE after a cross-border financing agreement is signed and at least three working days prior to the drawdown of the fund, and report the relevant capital settlement information. In addition, the enterprises are also required to update the information with respect to the cross-border financing every year. In the event that the audited net assets, or the creditor, loan terms, amount or interest rate of the cross-border financing agreement changes, the enterprises are required to complete the change of the filing in due course. The 2017 PBOC Circular is a new regulation and is subject to interpretation and application by relevant PRC authorities. As at the date of this Offering Circular, there is uncertainty as to when and how the 2017 PBOC Circular will be implemented by the local branch of SAFE regarding the issuance of the Bonds.

## **Employees**

The Group is committed to the corporate values of integrity, harmony, open-mindedness and ambition, in order to provide a good and positive work environment where employees may fully utilise their talents. The Group attracts and retains talents who fit well into the strategic requirements of the Group on the recruitment principle of “ability and integrity, virtue first and drive for results” and by means of campus recruiting, social recruiting, references and recruitment through agencies. Remuneration is determined based on an employee’s function, ability and performance. The whole remuneration package offered by the Group to its employees includes basic salary, incentive pay, paid leave, supplementary health insurance and annuity. Employees are given the opportunity to pursue their most suitable career path through competition, discretionary choice, references and rotations.

As at 31 December 2020, there were 8,055 employees within the Group, amongst whom 2,355 worked in the managerial, administrative and technical positions related with expressway and securities business, 3,548 worked in fields such as toll collection, maintenance, service areas, while 2,152 worked in securities and futures business outlets.

### **Environmental Matters**

The Group is principally engaged in investing, developing and operating high-end expressways. Its businesses, though different from those enterprises involved in the environment business directly, do to some extent, directly or indirectly, have an impact on the environment. The Group follows all environment-related laws and regulations strictly, and conducts environment impact assessments as required for all new projects. The Group promotes the use of low-carbon, environmentally-friendly and effective geothermal renewable technology on asphalt pavements to reduce the use of bituminous mixtures via recycling. The recovery and recycling of waste asphalt has reached almost 100 per cent.. The environment management system of the Group has been certified by a third-party institution.

### **Legal Proceedings**

The Group is involved in legal or other disputes from time to time in the ordinary course of its business. Each of these proceedings is, in the Group's view, immaterial in terms of their impact on the business, financial condition or results of operations of the Group. The Group is not aware of any, and its PRC counsel is of the opinion that, as at the date of the Offering Circular, there is no legal proceeding, pending or threatened against the Group or its Directors, which could be expected to have a material adverse effect on its business, financial conditions and results of operations.

## DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

### Directors

The following table sets forth information regarding the Company's directors as at the date of this Offering Circular:

<u>Name</u>	<u>Position</u>
YU Zhihong . . . . .	Chairman
CHEN Ninghui . . . . .	Executive Director
YUAN Yingjie . . . . .	Executive Director and General Manager
JIN Chaoyang . . . . .	Non-executive Director
FAN Ye. . . . .	Non-executive Director
HUANG Jianzhang . . . . .	Non-executive Director
PEI Ker-Wei . . . . .	Independent Non-executive Director
LEE Wai Tsang Rosa . . . . .	Independent Non-executive Director
CHEN Bin. . . . .	Independent Non-executive Director

The biographies of the Directors are set out below.

#### *Executive Directors*

**Mr. YU Zhihong**, born in 1964, is a graduate from the Department of Electro-mechanic Engineering, Zhejiang University, and holds a Master's Degree in management from the Management Institute of Zhejiang University. He has been appointed as the Chairman of the Company since June 2012.

Starting from 1985, Mr. Yu worked at Xiushui Township in Xiucheng District of Jiaxing City as Deputy Manager of Township Industrial Company and Deputy Head of Township, from 1987 successively served as Secretary to Xiucheng District Office, Secretary of the Xiucheng District Youth League, Deputy Party Secretary and Party Secretary of Tanghui Township in Xiucheng District, from 1995 working as Deputy Director, Deputy Party Secretary, Director and then Party Secretary of Management Committee for the Economic Development Zone of Jiaxing City, from 2005 as Party Secretary of Haining City and as Member of Party Standing Committee of Jiaxing City, from 2010 as Deputy Mayor of Hangzhou City, Party Secretary of Qianjiang New Development Zone's Construction Committee, and then Party Secretary of Xiaoshan District, Member of Party Standing Committee of Hangzhou City, and he became the Deputy Party Secretary and then Mayor of Shaoxing City since 2013.

Mr. Yu assumed the position of Chairman and Party Secretary of Zhejiang Communications Investment Group Co., Ltd. since October 2016, and became Member of Provincial Party Committee since June 2017.

**Mr. CHEN Ninghui**, born in 1963, is a senior economist. Mr. Chen obtained a Master's Degree in Business Administration from Arizona State University of the United States and a postgraduate from the Party School of the Communist Party of the PRC.

Since 1981, Mr. Chen served at Zhejiang Provincial Urban and Rural Construction Material Equipment Company Limited (浙江省城鄉建設材料設備有限公司) (formerly known as the Material Equipment Division of the Department of Development of Zhejiang Province (浙江省建設廳材料設備處) as General Manager, Chairman and Party Secretary; Zhejiang Communications Investment Industrial

Development Company Limited (浙江省交通投資集團實業發展有限公司) as Chairman and Party Secretary; Zhejiang Communications Investment Group Company Limited (浙江省交通投資集團有限公司) as Assistant General Manager and Zhejiang Communications Investment Property Group Limited (浙江省交投地產集團有限公司) as Chairman and Party Secretary. Mr. Chen currently serves as Party Secretary of the Company.

**Mr. YUAN Yingjie**, born in 1976, is a senior engineer. He obtained a Bachelor's Degree of Engineering in Highways and Urban Roads from Xi'an University of Highway Traffics, and both Master and Doctorate Degrees of Engineering in Roads and Railways Engineering from Chang'an University. Since 2004, Mr. Yuan has worked in Zhejiang Highway Management Bureau and Zhejiang Department of Transportation. Since 2014, he was Deputy Director of Construction Management Office of Zhejiang Department of Transportation. Since 2017, he was Deputy Director of Chief Engineer Office of Zhejiang Communications Investment Group Co., Ltd.. Since 2018, he was Deputy General Manager of Expressway Construction Department, Deputy General Manager and General Manager of Expressway Management Department of Zhejiang Communications Investment Group Co., Ltd.. Mr. Yuan served as General Manager of the Company since May 2021.

#### *Non-Executive Directors*

**Mr. JIN Chaoyang**, born in 1970, a senior engineer, is a university graduate from Changsha University of Science and Technology in Highway Engineering. Mr. Jin began work in December 1989. He served as Deputy General Manager and Party Committee Member of Zhejiang JinLiWen Expressway Co., Ltd.; Deputy General Manager (in charge of the work) and General Manager of Safety Supervision and Management Department of Zhejiang Communications Investment Group Co., Ltd.; Director, General Manager and Deputy Party Secretary of Hangzhou City Expressway Co., Ltd.; Deputy Chairman, Deputy General Manager and Deputy Party Secretary (the middle-level principal position of Communications Group) of Zhejiang Communications Investment Expressway Operation Management Co., Ltd.. Mr. Jin is currently General Manager of Expressway Management Department of Zhejiang Communications Investment Group Co., Ltd..

**Mr. FAN Ye**, born in 1982, is an economist. Mr. Fan graduated from Zhejiang University with a Doctorate in Political Economy.

Since 2010, Mr. Fan served at the Investment Development Department of Zhejiang Economy Construction Investment Company Limited (浙江省經濟建設投資有限公司). Since 2013, Mr. Fan served at the General Manager's Office and the New Industry Department of CSR Hangzhou Rail Transit Company Limited (杭州南車城市軌道交通車輛有限公司), and the Rail Transport Department of Zhejiang Economy Construction Investment Company Limited (浙江省經濟建設投資有限公司). Since 2014, Mr. Fan served at the General Manager's Office of Zhejiang Economy Construction Investment Company Limited (浙江省經濟建設投資有限公司), and since 2018 he was Deputy General Manager of Zhejiang Communications Investment Property Group Limited (浙江省交投地產集團有限公司). Mr. Fan is currently the General Manager of the Industry (I) Department of Zhejiang Communications Investment Group.

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

### *Independent Non-Executive Directors*

**Mr. PEI Ker-Wei**, born in 1957, is a full Professor of Accountancy at the School of Accountancy at the W. P. Carey School of Business Arizona State University. Mr. Pei received his Ph.D. Degree in Accounting from University of North Texas in 1986.

Mr. Pei served as the Chairman of the Globalization Committee of the American Accounting Association in 1997 and as the President of the Chinese Accounting Professors Association – North America in 1993 to 1994.

Mr. Pei currently also serves as an External Director of Baosteel Group and China Merchant Group, and Independent Director of Want China Holdings (HK Stock Code: 00151), Zhong An Real Estate (HK Stock Code: 00672) and MMG Limited (HK Stock Code: 01208).

**Ms. LEE Wai Tsang, Rosa**, born in 1977, has over 15 years of experience in the financial sector. Ms. Lee holds a Master of Science in Finance from Boston College and MBA from University of Chicago.

Ms. Lee is a licensed person for asset management under the Securities and Futures Ordinance. Ms. Lee is a Director of Grand Investment (Bullion) Limited and Tianjin Yishang Friendship Holdings Company Ltd.

Ms. Lee was an Executive Director of Grand Investment International Ltd (Stock code: 1160) from 2005 to 2018 and was appointed as its Chairman from 2013 to 2017. Ms. Lee also served as Director for Grand Finance Group Company Ltd from 2005 to 2019.

**Mr. CHEN Bin**, born in 1967, graduated from University of South China in Computer Science. Mr. Chen also holds a second Bachelor's Degree from Chongqing University in Management Engineering.

Mr. Chen worked at Tianshi Network Company of TCL Group as Deputy General Manager from 1998 to 2004, at Webex Group as General Manager of China Investment from 2005 to 2006, and at Cybernaut China Investment Fund as Senior Partner from 2007 to 2008. Mr. Chen became Chief Executive and Funding Partner of Zhejiang Cybernaut Investment Management Co., Ltd. since 2008.

Mr. Chen also serves as Director at Sundry Land Investment Co., Ltd. (a company listed on Shanghai Stock Exchange, SH Stock Code: 600077) and Shenzhen Fountain Corporation (a company listed on Shenzhen Stock Exchange, SZ Stock Code: 000005).

### *Supervisor*

The following table sets forth information regarding the Company's supervisors as at the date of this Offering Circular:

<b>Name</b>	<b>Position</b>
ZHENG Ruchun . . . . .	Shareholder Representative Supervisor
HE Meiyun . . . . .	Independent Supervisor
WU Qingwang . . . . .	Independent Supervisor
LU Xinghai . . . . .	Employee Representative Supervisor
WANG Yubing . . . . .	Employee Representative Supervisor

The biographies of the supervisors are set out below.

### ***Shareholder Representative Supervisor***

**Mr. ZHENG Ruchun**, born in 1962, is a senior accountant. He graduated from Jiangxi College of Finance and Economics with a Bachelor's degree in Accounting in 1985, and obtained an EMBA degree from Arizona State University in 2012.

From 1985 to 1988, Mr. Zheng worked as a teacher in the accounting department of Jiangxi College of Finance and Economics. From 1988 to 2002, he successively worked as deputy section chief of the finance department and section chief of the collection department of Zhejiang Highway Management Bureau. From 1998 to 2005, he successively worked as director of the comprehensive accounting department and assistant to the general commander in the highway construction headquarters of Jinliwen Expressway. From 2005 to 2019, he successively worked as deputy general manager, general manager, chairman of the board and secretary of the party committee of Zhejiang Jinliwen Expressway Co., Ltd. He is currently deputy chief accountant and general manager of the financial management department of Zhejiang Communications Investment Group Co., Ltd.

### ***Independent Supervisors***

**Ms. HE Meiyun**, born in 1964, is a Senior Economist. She graduated from the Zhejiang University in 1986 and later received an Executive Master of Business Administration (EMBA) in Cheung Kong Graduate School of Business (長江商學院).

Ms. He had served as the Secretary of Youth League Committee at the Hangzhou Business School (杭州商業學校) and as a Secretary to the Board, Deputy General Manager, General Manager and Vice Chairman at Baida Group Co., Ltd. (百大集團股份有限公司), a company listed on the Shanghai Stock Exchange (stock code: 600865). Ms. He also serves as a General Manager of Ping An Securities Company Limited, Zhejiang Branch (平安證券浙江分公司), Executive Deputy Director of the Board of Directors of Zhejiang Provincial Listed Company Association (浙江省上市公司協會), Deputy Secretary General of Hangzhou Joint Stock Promotion Association (杭州股份制促進會), Independent Director of Lanzhou Minbai Co., Ltd. (蘭州民百股份有限公司), Independent Director of Xilinmen Co., Ltd. (喜臨門股份有限公司) Ms. He currently serves as Vice Chairman of Zhejiang Shiqiang Group Co., Ltd. (浙江施強集團有限公司), Member of the Equity Investment and M&A Committee of Zhejiang Merchants Association (浙商總會股權投資與併購委員會委員), Supervisor of Zhejiang M&A Federation (浙江併購聯合會監事), Independent Director of Guangyu Co., Ltd. (廣宇股份有限公司), Independent Director of Fuchun Environmental Protection Co., Ltd. (富春環保股份有限公司), Independent Director of Gujia Home Furnishing Co., Ltd. (顧家家居股份有限公司).

**Mr. WU Qingwang**, born in 1965, is a PRC Lawyer. Mr. Wu graduated from Hangzhou University (杭州大學) with a Bachelor Degree in Law in 1989 and later received a Master's Degree and a Doctoral Degree in Civil and Commercial Law in Southwest University of Political Science and Law (西南政法大學) in 1995 and 2004, respectively.

Mr. Wu had worked in Chun'an Justice Bureau (淳安司法局) since 1989 and in Zhejiang Securities Co., Ltd. (浙江證券有限公司) from 1995 to 1996. Since May 1996, Mr. Wu has been working in Zhejiang Xinyun Law Firm (浙江星韻律師事務所) and is currently a Partner, specializing in civil and commercial litigation, arbitration and project negotiation. Mr. Wu is on the Panel of Arbitrators in China International Economic and Trade Arbitration Commission. Mr. Wu serves as an Independent Director of the following companies: Yiwu Huading Nylon Co., Ltd. (義烏華鼎錦綸股份有限公司) (stock code: 601113), and Top Choice Medical Investment Co., Inc. (通策醫療投資股份有限公司) (stock code: 600763), both



companies listed on the Shanghai Stock Exchange. From August 2011 to April 2016, Mr. Wu served as an Independent Director of OB Telecom Electronics Co., Ltd (杭州中威電子股份有限公司) (stock code: 300270), a company listed on the Shenzhen Stock Exchange, and serves as an Independent Director of Zhejiang Yankon Group Co., Ltd.(浙江陽光電器股份有限公司) (stock code: 600261), a company listed on the Shanghai Stock Exchange.

### ***Employee Representative Supervisors***

**Mr. LU Xinghai**, born in 1967, graduated from Hangzhou University with a Doctoral Degree in the Management Psychology. He is a senior economist. Mr. Lu had served as the Manager of Human Resources Department of Hangzhou Zhongcui Food Co., Ltd. and Deputy Manager of Human Resources Department of the Company. Mr. Lu is currently the Director of Party and Masses Work Department and Union Office of the Company.

**Mr. WANG Yubing**, born in 1969, graduated from Shanghai University of Finance and Economics with a Bachelor's Degree. Mr. Wang is a senior accountant.

Mr. Wang started his career in 1991 and worked at the audit office of East China Investigation and Design Institute (華東勘測設計研究院). He had served as Head of Finance Department of Hangzhou KFC Ltd (杭州肯德基有限公司), Principal Accountant of Finance Department of Zhejiang Liantong Leasing Co., Ltd (浙江聯通租賃有限公司). Then he had served as Supervisor in the Financial Planning Department, Supervisor in the Internal Audit Department, Assistant Manager and Deputy Manager of the Legal Audit Department in the Company.

He serves as Manager of Discipline inspection and supervision department.

### **Other Members of Senior Management**

The following table sets forth information regarding the Company's other members of senior management as at the date of this Offering Circular:

<b>Name</b>	<b>Position</b>
Tony H. ZHENG . . . . .	Deputy General Manager and Company Secretary
LI Wei . . . . .	Deputy General Manager
ZHANG Xiuhua . . . . .	Deputy General Manager
WANG Bingjiong . . . . .	Deputy General Manager
WU Xiangyang . . . . .	Deputy General Manager
RUAN Liya . . . . .	Chief Financial Officer
XU Xiaoyan . . . . .	Chairman of Labor Union and Discipline Inspection Commission Secretary

The biographies of other members of senior management are set out below.

**Mr. Tony H. ZHENG**, born in 1969, Mr. Zheng graduated from University of California at Berkeley with a BS Degree in Civil Engineering in 1995.

Mr. Zheng joined the Company in June 1997, and had served as Deputy Director of the Secretarial Office to the Board, Assistant Company Secretary, Director of the Secretarial Office to the Board and Director of Hong Kong Representative Office of the Company.

Mr. Zheng is currently the Deputy General Manager and Company Secretary of the Company. He also serves as Director of Taiping Science and Technology Insurance Co., and Zhejiang International Hong Kong.

**Ms. LI Wei**, Born in 1969, a senior engineer, graduated from Lanzhou Jiaotong University with a Bachelor Degree in engineering. Mr. Li studied logistics management at Dresden University of Technology from 2004 to 2005.

Mr. Li started his career in July 1991, and served as Deputy Director of Jinhua Administrative Branch, Office Director and Vice Chairman of Labor Union of Zhejiang JinLiWen Expressway Co., Ltd. He also worked as Deputy General Manager in Zhejiang ShenSuZheWan Expressway Co., Ltd., Zhejiang ShenJiaHuHang Expressway Co., Ltd., Zhejiang Expressway Logistics Co., Ltd., Zhejiang Ningbo YongTaiWen Expressway Co., Ltd., Zhejiang Taizhou YongTaiWen Expressway Co., Ltd., Zhejiang Zhoushan Bay Bridge Co., Ltd., Zhejiang Zhoushan Northbound Expressway Co., Ltd., and Zhejiang JinLiWen Expressway Co., Ltd.

Mr. Li is currently the Deputy General Manager and Party Committee Member of the Company.

**Ms. ZHANG Xiuhua**, born in 1969, is a Senior Economist, the Deputy General Manager of the Company. Ms. Zhang graduated from Chongqing Jiaotong University majoring in transportation management with a bachelor's degree in science, and obtained a master's degree in business administration from Zhejiang University in 2006.

From July 1991 to February 1997, she worked in the Operation Division of the Zhejiang Provincial Expressway Executive Commission. She joined the Company since March 1997, and had served as Assistant manager, Deputy Manager, Manager of the Operation Department and Assistant to General Manager.

Ms. Zhang is the Deputy General Manager and Party Committee Member of the Company.

**Mr. WANG Bingjiong**, born in 1967, graduated from the Party School of the Communist Party of China majoring in business administration, an Engineer.

Mr. Wang had worked since 1989. He had served as Deputy General Manager at the Expressway Administration Department of Zhejiang Communications Investment Group Co., Ltd.

Mr. Wang is currently Deputy General Manager and Party Committee Member of the Company.

**Mr. WU Xiangyang**, born in 1972, a professor-level senior engineer, having a Master Degree in engineering from Chang'an University and a Bachelor Degree in engineering from Harbin University of Civil Engineering and Architecture.

Mr. Wu started his career in 1996, and served as Assistant Manager of the Project Maintenance Department and Assistant General Manager of the Traffic Operation Management Department of Zhejiang Communications Investment Group Co., Ltd., Deputy Chief Commissioner of Hangzhou Regional Construction Commission of Zhejiang Communications Investment Group Co., Ltd., Hangzhou-Shaoxing Sectional Construction Commission for West Parallel Expressway of Hangzhou Ring Road, Lin'an-Jiande Sectional Construction Commission of Lin'an-Jinhua Expressway and Construction Commission of Zhejiang Jiande-Jinhua Expressway. He also worked as Deputy General Manager in Hangzhou City Expressway Co., Ltd., Zhejiang LinJin Expressway Co., Ltd., and Zhejiang HangXuan Expressway Co., Ltd.

Mr. Wu is currently the Deputy General Manager and Party Committee Member of the Company.

**Ms. RUAN Liya**, born in 1983, an economist, graduated from Zhejiang University with a Master Degree in Science.

Ms. Ruan started her career in 2007, and served as Investment Director of Zhejiang Jinji Real Estate Co., Ltd. She also worked in Zhejiang Communications Investment Group Co., Ltd., as Director and Assistant Manager of Investment Development Department, as well as Assistant General Manager and Deputy General Manager of Strategic Development and Legal Affairs Department.

Ms. Ruan is currently the Chief Financial Officer and Party Committee Member of the Company.

**Mr. XU Xiaoyan**, born in 1974, a senior engineer, graduated from Wuhan University of Technology.

Mr. Xu started his career in 1997, and served as Deputy General Manager and Chief Engineer of the Eighth Contract Sectional Project of Hubei Xiangyang-Shiyan Expressway constructed by the subsidiary of Zhejiang Communications Investment Group Co., Ltd. He also served as Chief Economist, Office Director and Board Secretary of Zhejiang Jiaogong Road & Bridge Construction Co., Ltd., Vice Chairman of Labor Union, Director of Discipline Inspection and Supervision Department and HR Manager of Zhejiang Jiaogong Group Co., Ltd. He worked in Zhejiang JinLiWen Expressway Co., Ltd., as Chairman of Labor Union.

Mr. Xu is currently the Chairman of Labor Union, Discipline Inspection Commission Secretary and Party Committee Member of the Company.

## PRC REGULATIONS

*This section summarises the principal PRC laws and regulations which are relevant to the Group's businesses and operations. As this is a summary, it does not contain a detailed analysis of the PRC laws and regulations which are relevant to the Group's businesses and operations.*

### **The PRC Legal System**

The PRC legal system is based on the PRC Constitution and is made up of written laws, regulations, directives and local laws, laws of Special Administrative Regions and laws resulting from international treaties entered into by the PRC Government. In general, court judgments do not constitute binding precedents. However, they are used for the purposes of judicial reference and guidance.

The National People's Congress of the PRC (the "NPC") and the Standing Committee of the NPC are empowered by the PRC Constitution to exercise the legislative power of the State. The NPC has the power to amend the PRC Constitution and enact and amend basic laws governing State agencies and civil, criminal and other matters. The Standing Committee of the NPC is empowered to enact and amend all laws except for the laws that are required to be enacted and amended by the NPC.

The State Council is the highest organ of the State administration and has the power to enact administrative rules and regulations. The ministries and commissions under the State Council are also vested with the power to issue orders, directives and regulations within the jurisdiction of their respective departments. All administrative rules, regulations, directives and orders promulgated by the State Council and its ministries and commissions must be consistent with the PRC Constitution and the national laws enacted by the NPC. In the event that a conflict arises, the Standing Committee of the NPC has the power to annul such administrative rules, regulations, directives and orders.

At the regional level, the provincial and municipal congresses and their respective standing committees may enact local rules and regulations and the people's governments may promulgate administrative rules and directives applicable to their own administrative areas. These local rules and regulations must be consistent with the PRC Constitution, the national laws and the administrative rules and regulations promulgated by the State Council.

The State Council, provincial and municipal governments may also enact or issue rules, regulations or directives in new areas of the law for experimental purposes or in order to enforce the law. After gaining sufficient experience with experimental measures, the State Council may submit legislative proposals to be considered by the NPC or the Standing Committee of the NPC for enactment at the national level.

The PRC Constitution vests the power to interpret laws in the Standing Committee of the NPC. The Supreme People's Court, in addition to its power to give general interpretation on the application of laws in judicial proceedings, also has the power to interpret specific cases. The State Council and its ministries and commissions are also vested with the power to interpret rules and regulations that they have promulgated. At the regional level, the power to interpret regional rules and regulations is vested in the regional legislative and administrative bodies which promulgated such laws.

### **The PRC Judicial System**

Under the PRC Constitution and the Law of Organisation of the People's Courts, the judicial system is made up of the Supreme People's Court, the local courts, military courts and other special courts.

The local courts are comprised of the primary people's courts, the intermediate people's courts and the higher people's courts. The primary people's courts are organised into civil, criminal, economic, administrative and other divisions. The intermediate courts are organised into divisions similar to those of the primary people's courts, and are further organised into other special divisions, such as the intellectual property division. The higher level courts supervise the primary and intermediate people's courts. The people's procuratorates also have the right to exercise legal supervision over the civil proceedings of courts of the same level and lower levels. The Supreme People's Court is the highest judicial body in the PRC. It supervises the administration of justice by all other courts.

The courts employ a two-tier appellate system. A party may appeal against a judgment or order of a local court to the court at the next higher level. Second judgments or orders given at the next higher level and the first judgments or orders given by the Supreme People's Court are final. First judgments or orders of the Supreme People's Court are also final. If, however, the Supreme People's Court or a court at a higher level finds an error in a judgment which has been given by any court at a lower level, or the president of a court finds an error in a judgment which has been given in the court over which he presides, the case may then be retried in accordance with the judicial supervision procedures.

The Civil Procedure Law of the PRC, which was adopted on 9 April 1991 and amended on 28 October 2007, 31 August 2012 and 6 June 2017, sets forth the criteria for instituting a civil action, the jurisdiction of the courts, the procedures to be followed for conducting a civil action and the procedures for enforcement of a civil judgment or order. All parties to a civil action conducted within the PRC must comply with the Civil Procedure Law. Generally, a civil case is initially heard by a local court of the municipality or province in which the defendant resides. The parties to a contract may, by express agreement, select a jurisdiction where civil actions may be brought, provided that the jurisdiction is either the plaintiff's or the defendant's place of residence, the place of execution or implementation of the contract or the place of the object of the contract. However, such selection cannot violate the stipulations of grade jurisdiction and exclusive jurisdiction in any case.

A foreign individual or enterprise generally has the same litigation rights and obligations as a citizen or legal person of the PRC. If a foreign country's judicial system limits the litigation rights of PRC citizens and enterprises, the PRC courts may apply the same limitations to the citizens and enterprises of that foreign country within the PRC. If any party to a civil action refuses to comply with a judgment or order made by a court or an award granted by an arbitration panel in the PRC, the aggrieved party may apply to the court to request for enforcement of the judgment, order or award. The time limit imposed on the right to apply for such enforcement is two years calculated from the last day of the enforcement period stipulated in the judgment by the court. If a person fails to satisfy a judgment made by the court within the stipulated time, the court will, upon application by either party, mandatorily enforce the judgment.

A party seeking to enforce a judgment or order of a court against a party who is not located within the PRC and does not own any property in the PRC may apply to a foreign court with proper jurisdiction for recognition and enforcement of the judgment or order. A foreign judgment or ruling may also be recognised and enforced by a court in accordance with the PRC enforcement procedures if the PRC has entered into, or acceded to, an international treaty with the relevant foreign country, which provides for such recognition and enforcement, or if the judgment or ruling satisfies the court's examination in accordance with the principle of reciprocity, unless the court finds that the recognition or enforcement of such judgment or ruling will result in a violation of the basic legal principles of the PRC, its sovereignty or security, or for reasons of social and public interests.

## Foreign Exchange Controls

The lawful currency of the PRC is the Renminbi, which is subject to foreign exchange controls and is not freely exchangeable into foreign exchange at this time. SAFE, under the authority of PBOC, is empowered with the functions of administering all matters relating to foreign exchange, including the enforcement of foreign exchange control regulations.

Prior to 31 December 1993, a quota system was used for the management of foreign currency. Any enterprise requiring foreign currency was required to obtain a quota from the local SAFE office before it could exchange Renminbi into foreign currency through PBOC or other designated banks. Such conversion had to be effected at the official rate prescribed by SAFE on a daily basis. Renminbi could also be exchanged into foreign currency at swap centres. The exchange rates used by swap centres were largely determined by the demand for, and supply of, the foreign currency and the Renminbi requirements of enterprises in the PRC. Any enterprise that wished to buy or sell foreign currency at a swap centre had to obtain the prior approval of the SAFE.

On 28 December 1993, PBOC, under the authority of the State Council, promulgated the Notice of PBOC Concerning Further Reform of the Foreign Currency Control System, effective from 1 January 1994. The notice announced the abolition of the foreign exchange quota system, the implementation of conditional exchangeability of Renminbi in current account items, the establishment of the system of settlement and payment of foreign exchange by banks, the unification of the official Renminbi exchange rate and the market rate for Renminbi established at swap centres. On 26 March 1994, PBOC promulgated the Provisional Regulations for the Administration of Settlement, Sale and Payment of Foreign Exchange (the “**Provisional Regulations**”), which set out detailed provisions regulating the trading of foreign exchange by enterprises, economic organisations and social organisations in the PRC.

On 1 January 1994, the former dual exchange rate system for Renminbi was abolished and replaced by a controlled floating exchange rate system, which was determined by demand and supply of Renminbi. Pursuant to such system, PBOC set and published the daily Renminbi-U.S. dollar exchange rate. Such exchange rate was determined with reference to the transaction price for Renminbi-U.S. dollar in the inter-bank foreign exchange market on the previous day. Also, PBOC, with reference to exchange rates in the international foreign exchange market, announced the exchange rates of Renminbi against other major foreign currencies. In foreign exchange transactions, designated foreign exchange banks may, within a specified range, freely determine the applicable exchange rate in accordance with the rate announced by PBOC.

On 29 January 1996, the State Council promulgated Regulations of the PRC on Foreign Exchange Administration (the “**Foreign Exchange Administration Regulations**”) which became effective from 1 April 1996. The Foreign Exchange Administration Regulations classifies all international payments and transfers into current account items and capital account items. Most current account items are subject to the approval by relevant banks that are duly authorised by SAFE to do so, while capital account items are still subject to SAFE approval directly. The Foreign Exchange Administration Regulations was subsequently amended on 14 January 1997 and 5 August 2008. Such amendment affirms that the State shall not restrict international current account payments and transfers.

On 20 June 1996, PBOC promulgated the Regulations for Administration of Settlement, Sale and Payment of Foreign Exchange (the “**Settlement Regulations**”) which became effective on 1 July 1996. The Settlement Regulations superseded the Provisional Regulations and abolished the remaining restrictions on exchangeability of foreign exchange in respect of current account items while retaining the existing restrictions on foreign exchange transactions in respect of capital account items. On the basis of the Settlement Regulations, PBOC published the Announcement on the Implementation of Foreign Exchange Settlement and Sale through Banks by Foreign-invested Enterprises. The announcement

permits foreign-invested enterprises to open, on the basis of their needs, foreign exchange settlement accounts for current account receipts and payments of foreign exchange, and specialised accounts for capital account receipts and payments at designated foreign exchange banks.

On 25 October 1998, PBOC and SAFE promulgated the Notice Concerning the Discontinuance of Foreign Exchange Swapping Business pursuant to which and with effect from 1 December 1998, all foreign exchange swapping business in the PRC for foreign-invested enterprises shall be discontinued, while the trading of foreign exchange by foreign-invested enterprises shall be regulated under the system for the settlement and sale of foreign exchange applicable to banks.

On 8 January 2003, Interim Provision on Foreign Debts Management was promulgated by the NDRC, SAFE, and the PRC Ministry of Finance, according to which, the summation of the accumulated medium-term and long-term loans borrowed by a foreign invested entity and the balance of short-term shall not exceed the surplus between the total investment and the registered capital of the foreign-invested entity. Within the range of the surplus, the foreign invested entity may borrow foreign loans at its own will. If the loans exceed the surplus, the total investment of the foreign invested entity shall be re-examined by its original examination and approval authorities.

On 21 July 2005, PBOC announced that, beginning from 21 July 2005, the PRC will implement a regulated and managed floating exchange rate system based on market supply and demand and by reference to a basket of currencies. The Renminbi exchange rate is no longer pegged to the U.S. dollar. PBOC will announce the closing price of a foreign currency such as the U.S. dollar traded against the Renminbi in the inter-bank foreign exchange market after the closing of the market on each business day, setting the central parity for trading of the Renminbi on the following business day.

Save for foreign-invested enterprises or other enterprises which are specially exempted by relevant regulations, all entities in the PRC (except for foreign trading companies and production enterprises having import and export rights, which are entitled to retain part of foreign exchange income generated from their current account transactions and to make payments using such retained foreign exchanges in their current account transactions or approved capital account transactions) must sell their foreign exchange income to designated foreign exchange banks. Foreign exchange income from loans issued by organisations outside the territory or from the issuance of Securities and shares is not required to be sold to designated banks, but may be deposited in foreign exchange accounts with designated banks.

Enterprises in the PRC (including foreign-invested enterprises) which require foreign exchange for transactions relating to current account items, may, without the approval of SAFE, effect payment from their foreign exchange account or exchange and pay at the designated foreign exchange banks, upon presentation of valid receipts and proof. Foreign-invested enterprises which need foreign currencies for the distribution of profits to their shareholders, and Chinese enterprises which, in accordance with regulations, are required to pay dividends to shareholders in foreign currencies, may with the approval of board resolutions on the distribution of profits, effect payment from their foreign exchange account or exchange and pay at the designated foreign exchange banks.

Exchangeability of foreign exchange in respect of capital account items, like direct investment and capital contribution, is still subject to restriction, and prior approval from SAFE or its competent branch.

In January and April 2005, SAFE issued two regulations that require PRC residents to register with and receive approvals from SAFE in connection with their offshore return/round-trip investment activities. SAFE also announced that the purpose of these regulations is to achieve the proper balance of foreign exchange and the standardisation of all cross-border flows of funds.

On 21 October 2005, SAFE issued the Notice on Issues Relating to the Administration of Foreign Exchange in Fund-raising and Round-trip Investment Activities of Domestic Residents Conducted via Offshore Special Purpose Companies which became effective as at 1 November 2005. The notice replaced the two regulations issued by SAFE in January and April 2005 mentioned above. On 4 July 2014, SAFE issued the Notice of the State Administration of Foreign Exchange on the Administration of Foreign Exchange Involved in Overseas Investment, Financing and Return on Investment Conducted by Residents in China via Special-Purpose Companies (“**Circular 37**”), which became effective at the same day. This notice replaced the notice issued by SAFE in October 2005 mentioned above. According to the notice, “special purpose company” refers to the overseas enterprises that are directly established or indirectly controlled for the purpose of investment and financing by Mainland residents (including Mainland institutions and resident individuals) with their legitimate holdings of the assets or interests in Mainland enterprises, or their legitimate holdings of overseas assets or interests. Under the notice, a mainland resident can make contribution to a special purpose company with legitimate holdings of domestic or overseas assets or interests, and a mainland enterprise directly or indirectly controlled by a Mainland resident may, on the basis of real and reasonable needs, disburse loans to its registered special purpose companies pursuant to prevailing provisions, and, a mainland resident may, on the basis of real and reasonable needs, purchase foreign exchanges to remit funds overseas for the establishment, share repurchase, delisting, etc. of a special purpose company. Prior to the establishment or assumption of control of such special purpose company, each PRC resident, whether a natural or legal person, must complete the overseas investment foreign exchange registration procedures with the relevant local SAFE branch.

On 5 August 2008, the State Council issued the Regulation of the PRC on Foreign Exchange Administration (the “**New Forex Regulation**”). The New Forex Regulation came into effect with the intention to further limit the inbound of foreign currency while relaxing the requirement of outbound investment, taking into consideration the capital reserve structure of the PRC then. Under the New Forex Regulation, foreign currency received under the current account by domestic entities will not be asked to be settled into Renminbi automatically, while foreign currency under capital account may also be maintained upon approval. Unless otherwise required by laws and regulations, applicants may go to commercial banks directly for capital investment overseas without SAFE approval.

On 30 March 2015, SAFE issued the Notice of the State Administration of Foreign Exchange on Reforming the Administrative Approach Regarding the Settlement of the Foreign Exchange Capitals of Foreign-invested Enterprises (“**Circular 19**”), which became effective from 1 June 2015 and was amended on 30 December 2019. Circular 142 and Circular 88 have been replaced by Circular 19. Circular 19. Under Circular 19, Foreign-invested enterprises are allowed to settle their foreign exchange capitals on a discretionary basis, and a foreign-invested enterprise shall be facilitated to make domestic equity investment with the amount of foreign exchanges settled.

On 1 July 2009, PBOC, the PRC Ministry of Finance, the Ministry of Commerce of the PRC (“**MOFCOM**”), the General Administration of Customs, the State Administration of Taxation and the China Banking Regulatory Commission jointly promulgated the Measures for the Administration of Pilot Renminbi Settlement in Cross-border Trade, under which, eligible enterprises as designated by relevant authorities located in the cities or provinces which have been chosen by the State Council to execute the pilot Renminbi trade settlement scheme, are allowed to settle the cross-border trade transactions in Renminbi. PBOC, the PRC Ministry of Finance.



MOFCOM, the General Administration of Customs, the State Administration of Taxation and the China Banking Regulatory Commission jointly promulgated the Circular on Issues Concerning the Expansion of the Scope of the Pilot Programme of Renminbi Settlement of Cross-Border Trades on 17 June 2010 and the Circular on Expansion of the Region of Renminbi Settlement of Cross-Border Trades on 24 August 2011, which, together, extended the pilot scheme to the whole of the PRC and to make Renminbi trade and other current account item settlement available in all countries worldwide.

On 2 May 2012, the NDRC promulgated the Notice of the National Development and Reform Commission on Issues Concerning the Issuance of RMB-denominated Securities by Mainland Nonfinancial Institutions in the Hong Kong Special Administration Region, according to which, the foreign debts incurred by a non-financial institution in mainland China for issuing RMB-denominated securities in Hong Kong shall be subject to the registration of foreign debts, the repayment of principal interest, and other relevant procedures pursuant to the prevailing provisions on foreign debt management.

### **Regulations regarding Overseas Investment and Acquisition Activities.**

#### *NDRC Supervision*

According to Measures for the Administration of Overseas Investment of Enterprises issued on 26 December 2017, the approval administration and filing administration shall be respectively applied to different overseas investment projects. Specifically, if the project is related to the sensitive countries, areas or industries, regardless of the Investment amount, the projects shall be subject to the approval of the NDRC. Other than the projects specified above, the other projects shall be subject to the filing administration. Specifically, overseas investment projects carried out by enterprises under central management, and those carried out by local enterprises in which the amount of Chinese investment reaches or exceeds U.S.\$300 million shall be subject to the record-filing by the NDRC. Those carried out by local enterprises in which the amount of Chinese investment is below U.S.\$300 million shall be subject to the record-filing by competent investment departments of the provincial government.

According to the Notice on Issues Concerning the Implementation of Measures for the Administration of Approval and Filing of Overseas Investment Projects, the Circular of the NDRC on Properly Handling the Delegation of Approval Authority over Outbound Investment Projects to Lower-level Authorities terminated.

Investment projects to be carried out in the Hong Kong SAR and/or the Macao SAR shall be governed by Measures for the Administration of Approval and Filing of Overseas Investment Projects.

On 4 August 2017, NDRC, MOFCOM, PBOC and the Ministry of Foreign Affairs jointly issued the “Guiding Opinions on Further Orienting and Regulating Outbound Investment” (the “**Guiding Opinion**”), which classifies outbound investment into three groups: encouraged, restricted, and prohibited. The Guiding Opinion provides that the government will support enterprises to actively engage in outbound investment projects which promote the ‘One Belt, One Road’ strategy; deepen cooperation in international production capacity; promote the transfer of quality domestic production capacity, equipment, and applicable technologies overseas; enhance China’s technology R&D, production, and manufacturing capacity; help resolve the country’s energy shortage problems; and promote industrial upgrade.

Under the Guiding Opinion, the encouraged group includes:

- Projects that promote outbound investment in construction in the areas covered under the ‘One Belt One Road’ initiative, and basic infrastructure construction in the surrounding areas.
- Projects that steadily promote outbound investment that can facilitate the transfer of quality domestic production capacity, equipment, and applicable technology standards overseas.
- Projects that enhance investment cooperation with overseas high-tech and advanced manufacturing enterprises, and encourage domestic companies to set up R&D centres overseas.
- Projects that encourage domestic companies to actively participate in the exploration and development of oil, gas, and mineral projects overseas on the condition that a prudent assessment of economic benefits and interests has been conducted.
- Projects involving cooperation in agriculture.
- The government will promote outbound investment in trade and commerce, and culture and logistics, and support qualified financial institutions to establish branches and service networks overseas to carry out business lawfully.

The groups subject to restrictions include:

- Outbound projects in sensitive countries and regions that have no diplomatic relations with China; are currently at war with it; or have restrictions imposed in bilateral or multilateral agreements or conventions with China.
- Real estate, hotel, cinema, entertainment, and sports clubs.
- A stock investment fund or investment platform that does not invest in any real business overseas.
- Adopting technology standards that fall short of the required standards in the host country to manufacture production equipment.
- Failure to comply with the environmental protect, energy consumption or safety standards of the host country.

Investments falling into the first three areas listed above shall be subject to verification and approval by NDRC and other competent authorities in charge of outbound investment.

The prohibited category includes:

- Projects involving the export of core military technologies and products without the approval of the Chinese government.
- Projects involving the use of technologies, techniques, or products that are prohibited for exports.
- Projects involving gambling or pornography.
- Projects involving breach of international conventions which China is a signatory to.
- Other outbound investment projects that may endanger or potentially endanger national security.

Also, further measures will be taken to improve guidance on different types of outbound investments, including:

- Further raising government service levels to support outbound investment — such as in taxation, foreign exchange, insurance, customs, and information areas.
- Providing guidance and timely alerts to domestic enterprises on their intended investment in the restricted areas overseas.
- Imposing substantial control and regulation to prevent outbound investments in prohibited areas.

### *MOFCOM supervision*

MOFCOM issued the new version of the Administration of Overseas Investment on 6 September 2014, effective from 6 October 2014 (the “**New Overseas Investment Rules**”). Under the New Overseas Investment Rules, a domestic enterprise intending to carry out any overseas investment shall report to the competent department of commerce for verification or filing and shall, with regard to an enterprise so verified or filed, issue thereto an Enterprise Overseas Investment Certificate. If two or more enterprises make joint investment to establish an overseas enterprise, the larger (or largest) shareholder shall be responsible for the verification or filing procedure after soliciting written consent of other investing parties.

An enterprise that intends to invest in a sensitive country or region or a sensitive industry shall apply for the verification by MOFCOM. “**Sensitive countries and regions**” mean those countries without a diplomatic relationship with the PRC, or subject to the UN sanctions or otherwise under the list of verified countries and regions published by MOFCOM from time to time. “**Sensitive industries**” mean those industries involving the products and technologies which are restricted from being exported, or affecting the interests of more than one country (or region). In accordance with the New Overseas Investment Rules, a central enterprise shall apply to MOFCOM for verification and MOFCOM shall, within 20 working days of accepting such application, decide whether or not the verification is granted.

For a local enterprise, it shall apply through the provincial department of commerce to MOFCOM for such verification. The provincial department of commerce shall give a preliminary opinion within 15 working days of accepting such local enterprise’s application and report all application documents to MOFCOM, while MOFCOM shall decide whether or not the verification is granted within 15 working days of receipt of such preliminary opinion from the provincial department of commerce. Upon verification, the Enterprise Overseas Investment Certificate shall be issued to the investing enterprise by MOFCOM.

Other than those overseas investments subject to MOFCOM verification as described above, all other overseas investments are subject to a filing requirement. The investing enterprise shall fill and complete the filing form through the Overseas Investment Management System, an online system maintained by MOFCOM and print out a copy of such filing form for stamping with the company chop, and then submit such stamped filing form together with a copy of its business license, for filing at MOFCOM (for a central enterprise) or the provincial department of commerce (for a local enterprise) respectively. MOFCOM or the provincial department of commerce shall accept the filing and issue the Enterprise Overseas Investment Certificate within 3 working days of receipt of such filing form. The investing enterprise must carry out the investment within 2 years of the date of the relevant Enterprise Overseas Investment Certificate, otherwise such Certificate will automatically expire and a new filing or verification application has to be made by the investing enterprise after such expiry. In addition, if any item recorded in such Certificate is changed, the investing enterprise shall handle an updating process at MOFCOM or the provincial department of commerce (as the case may be).

If an overseas invested company carries out a re-investment activity offshore, the investing enterprise shall report such re-investment activity to MOFCOM or the provincial department of commerce (as the case may be) after the investment is completed offshore. The investing enterprise shall fill in and print out a copy of the Overseas Chinese-invested Enterprise Re-investment Report Form from the Overseas Investment Management System and stamp and submit such Report Form to MOFCOM or the provincial department of commerce.

The New Overseas Investment Rules specifically provide that an overseas invested company cannot use the words of “China” (“中國” or “中華”) in its name, unless otherwise approved.

### ***Foreign Exchange Administration***

According to Administrative on Foreign Exchange of PRC and Circular of the State Administration of Foreign Exchange on Promulgating the Administrative Provisions on Foreign Exchange of the Outbound Direct Investments of Domestic Institutions, corporations, enterprises or other economic organisations (domestic investors) that have been permitted to make outbound investment shall go through the procedures of registration to the Foreign Exchange Bureau. The Foreign Exchange Bureau shall issue the Foreign Exchange Registration Certificate for overseas direct investment or an IC card to the domestic institution. The domestic institution shall go through the formalities for outward remittance of funds for overseas direct investment at a designated foreign exchange bank by presenting the approval document issued by the department in charge of overseas direct investment and the Foreign Exchange Registration Certificate for overseas direct investment. The scope of foreign exchange funds for overseas direct investment of domestic institutions includes their own foreign exchange funds, domestic loans in foreign currencies in compliance with relevant provisions, foreign exchange purchased with Renminbi, material objects, intangible assets and other foreign exchange funds approved by the Foreign Exchange Bureau for overseas direct investment. The profits gained from overseas direct investment of domestic institutions may be deposited in overseas banks and used for overseas direct investment.

The SAFE promulgated Circular of the State Administration of Foreign Exchange on Further Simplifying and Improving the Direct Investment-related Foreign Exchange Administration Policies (the “**2015 SAFE Circular**”) on 13 February 2015. The 2015 SAFE Circular aims to deepen the reform of foreign exchange administration of capital accounts, promote and facilitate the capital operation of enterprises in making cross-border investments, regulate the direct investment-related foreign exchange administration business, improve the administration efficiency. The 2015 SAFE Circular set forth the following reformation: (i) cancel two administrative examination and approval items: verification and approval of foreign exchange registration under domestic direct investment, and verification and approval of foreign exchange registration under overseas direct investment; After the implementation hereof, a bank that has obtained the financial institution identification code assigned by the relevant Foreign Exchange Bureau and has activated the capital account information system with the Foreign Exchange Bureau at its domicile may handle Foreign Exchange Registration of Direct Investment for foreign-invested enterprises in the Mainland and the domestic investors of enterprises invested overseas directly through the capital account information system of the Foreign Exchange Bureau; (ii) cancel the confirmation and registration of foreign investors’ non-monetary contribution and the confirmation and registration of foreign investors’ contribution to purchasing the equity held by the Chinese party under domestic direct investment; (iii) the confirmation and registration of foreign investors’ monetary contribution is adjusted to book-entry registration of domestic direct investment monetary contribution.

The 2015 SAFE Circular, which is new regulation, has been promulgated to control the remittance of Renminbi for payment of transactions categorised as capital account items and such new regulation will be subject to interpretation and application by the relevant PRC authorities. Further, if any new PRC

regulations are promulgated in the future which have the effect of permitting or restricting (as the case may be) the remittance of Renminbi for payment of transactions categorised as capital account items, then such remittances will need to be made subject to the specific requirements or restrictions set out in such rules.

### ***State-owned Assets Supervision***

Relevant applicable laws and regulations include Interim Measures for Administration of Overseas State-owned Property Rights of Central Enterprises and Interim Measures for the Supervision and Administration of Overseas State-owned Assets of Central Enterprises and Interim Measures for the Supervision and Management of Overseas Investment of Central Enterprises.

If the domestic enterprise is a central enterprise, it shall establish and perform investment decision-making procedures and management control systems, shall establish and improve administration systems to be submitted to the SASAC for record-filing, and shall establish an annual investment plan and submit it to SASAC and make a copy of the project approval documents to SASAC.

Overseas enterprises which have completed overseas registration shall make state-owned assets ownership registration with SASAC.

### **Enterprise Income Tax Law**

Prior to 1 January 2008, under the then applicable PRC law and regulations (the “**Old EIT Law**”), entities established in the PRC were generally subject to a 33 per cent. enterprise income tax, or EIT. However, entities that satisfied certain conditions enjoyed preferential tax treatment. In accordance with the tax laws and regulations effective until 31 December 2007, foreign invested manufacturing enterprises scheduled to operate for a period not less than ten years were exempted from paying state income tax for two years starting from its first profit making year and were allowed a 50 per cent. reduction in its tax rate in the third, fourth and fifth years (“**two-year exemption and three-year reduction by half**”).

On 16 March 2007, the NPC enacted the EIT Law, which, together with its related implementation rules issued by the State Council on 6 December 2007, became effective on 1 January 2008. The EIT Law imposes a single uniform income tax rate of 25 per cent. on all Chinese enterprises, including foreign invested enterprises, and eliminates or modifies most of the tax exemptions, reductions and preferential treatments available under the previous tax laws and regulations. On 26 December 2007, the State Council issued a Notice on the Implementation of the Transitional Preferential Tax Policies (“**Circular 39**”). Further, as at 1 January 2008, the enterprises that previously enjoyed “two-year exemption and three-year reduction by half” of the enterprise income tax and other preferential treatments in the form of tax deductions and exemptions within specified periods may, after the implementation of the EIT Law, continue to enjoy the relevant preferential treatments until the expiration of the time period. However, if such an enterprise has not enjoyed the preferential treatments yet because of its failure to make profits, its preferential time period shall be calculated from 2008.

Under the EIT Law, the preferential tax treatment for encouraged enterprises located in western China and certain industry-oriented tax incentives are still available. The Chinese and foreign-invested enterprises within the state-encouraged industry located in western China may be taxed at a preferential income tax rate of 15 per cent. for years from 1 January 2011 to 31 December 2020 after being approved by the competent tax authority.

## **Value Added Tax**

According to the Tentative Regulations on the Value-added Tax of the PRC which was promulgated by the State Council on 10 November 2008 and came into effect on 1 January 2009 and was amended on 6 February 2016 and 19 November 2017, and the Detailed Implementation Rules of the Tentative Regulations on the Value-added Tax of the PRC promulgated by the PRC Ministry of Finance which came into effect on 1 January 2009 and was amended on 25 December 2008 and 28 October 2011, organisations or individuals who sell commodities, provide processing, repairing or replacement services, or import commodities within the PRC's territories are subject to value-added tax, and shall pay the value-added tax accordingly. The rate of the value-added tax shall be 17 per cent, 11 per cent or 6 per cent, depending on the commodities being sold. For taxpayers exporting commodities, the tax rate shall be zero per cent.

With the reform of Value-added Tax since 2012, the Ministry of Finance and the State Administration of Taxation promulgated a series of regulations and commenced pilot from the transport industry and part of the modern service industries which gradually expands to the scope of the pilot reform region and the applicable industry scope, and ultimately under the Notice of the Ministry of Finance and the State Administration of Taxation on Overall Implementation of the Pilot Program of Replacing Business Tax with Value-added Tax which was promulgated on 23 March 2016 and came into effect on 1 May 2016, the pilot program of replacing business tax with value-added tax shall be implemented nationwide effective since 1 May 2016 and all business tax payers in construction industry, real estate industry, finance industry and service industry, etc. shall be included in the scope of the pilot program and pay value-added tax instead of business tax.

## **Environmental Protection Laws**

The State Environmental Protection Administration is responsible for the overall supervision and management of environmental protection in the PRC. All manufacturers in the PRC must comply with environmental laws and regulations including the Environmental Protection Law of the PRC, Prevention and Control of Water Pollution Law of the PRC, Prevention and Control of Air Pollution Law of the PRC and Prevention and Control of Environmental Pollution by Solid Waste Law of the PRC, and relevant environmental regulations such as provisions regarding the treatment and disposal of pollutants and sewage, discharge of polluted fumes and the prevention of industrial pollution. Depending on the circumstances and the seriousness of the violation of the environmental regulations, the local authorities are authorised to impose various types of penalties on the persons or entities in violation of the environmental regulations. The penalties which could be imposed include the issue of warnings, suspension of operation or installation and use of preventive facilities which are incomplete and fail to meet the prescribed standards, reinstallation of preventive facilities which have been dismantled or left idle, administrative sanction against office-in-charge, suspension of business operations or shut-down of the enterprise or institution. Fines could also be levied together with these penalties. The relevant local authorities may apply to the court for compulsory enforcement of environmental compliance. The persons or entities in violation of the applicable laws and regulations may also be liable to pay damages to the victims and/or result in criminal liability.

Other major environmental protection laws applicable to the Group include: Regulations of Environmental Management on Project, Regulations of Environmental Protection Acceptance Inspection on Projects Completion and Environmental Impact Evaluation Law of the PRC.

## **NDRC**

On 14 September 2015, NDRC promulgated the NDRC Notice. According to the NDRC Notice, if a PRC enterprise or an offshore enterprise controlled by a PRC enterprise wishes to issue bonds outside of the PRC with a maturity of more than one year, such enterprise must, in advance of issuing such bonds, file certain prescribed documents with NDRC and procure a registration certificate from NDRC in respect of such issuance.

In addition, the enterprise must also report certain details of the bonds to NDRC within 10 working days of the completion of the bond issue. The Issuer has registered the issuance of the Bonds with NDRC and obtained the pre-issuance registration certificate on 25 February 2021.

## TAXATION

*The following summary of certain tax consequences of the purchase, ownership and disposition of the Bonds is based upon applicable laws, regulations, rulings and decisions in effect as at the date of this Offering Circular, all of which are subject to change (possibly with retroactive effect). This discussion does not purport to be a comprehensive description of all the tax considerations that may be relevant to a decision to purchase, own or dispose of the Bonds and does not purport to deal with consequences applicable to all categories of investors, some of which may be subject to special rules. Neither these statements nor any other statements in this Offering Circular are to be regarded as advice on the tax position of any holder of the Bonds or any persons acquiring, selling or otherwise dealing in the Bonds or on any tax implications arising from the acquisition, sale or other dealings in respect of the Bonds. Persons considering the purchase of the Bonds should consult their own tax advisers concerning the possible tax consequences of buying, holding or selling any Bonds under the laws of their country of citizenship, residence or domicile.*

### **Hong Kong**

#### ***Withholding Tax***

No withholding tax is payable in Hong Kong in respect of payments of principal or interest on the Bonds or in respect of any capital gains arising from the sale of the Bonds.

#### ***Profits Tax***

Hong Kong profits tax is chargeable on every person carrying on a trade, profession or business in Hong Kong in respect of profits arising in or derived from Hong Kong from such trade, profession or business (excluding profits arising from the sale of capital assets).

Interest on the Bonds may be deemed to be profits arising in or derived from Hong Kong from a trade, profession or business carried on in Hong Kong in the following circumstances:

- interest on the Bonds is derived from Hong Kong and is received by or accrues to a corporation carrying on a trade, profession or business in Hong Kong;
- interest on the Bonds is derived from Hong Kong and is received by or accrues to a person, other than a corporation, carrying on a trade, profession or business in Hong Kong and is in respect of the funds of that trade, profession or business;
- interest on the Bonds is received by or accrues to a financial institution (as defined in the Inland Revenue Ordinance (Cap. 112) of Hong Kong (the “**IRO**”)) and arises through or from the carrying on by the financial institution of its business in Hong Kong; or
- interest on the Bonds is received by or accrues to a corporation, other than a financial institution, and arises through or from the carrying on in Hong Kong by the corporation of its intra-group financing business (within the meaning of section 16(3) of the IRO).



Sums received by or accrued to a financial institution by way of gains or profits arising through or from the carrying on by the financial institution of its business in Hong Kong from the sale, disposal and redemption of the Bonds will be subject to Hong Kong profits tax. Sums received by or accrued to a corporation, other than a financial institution, by way of gains or profits arising through or from the carrying on in Hong Kong by the corporation of its intra-group financing business (within the meaning of section 16(3) of the IRO) from the sale, disposal or other redemption of Bonds will be subject to Hong Kong profits tax.

Sums derived from the sale, disposal or redemption of the Bonds will be subject to Hong Kong profits tax where received by or accrued to a person, other than a corporation, who carries on of a trade, profession or business in Hong Kong and the sum has a Hong Kong source unless otherwise exempted. The source of such sums will generally be determined by having regard to the manner in which the Bonds are acquired and disposed of.

### ***Stamp Duty***

No Hong Kong stamp duty will be chargeable upon the issue or transfer of a Bond.

### **PRC**

*The following summary describes certain PRC tax consequences of ownership and disposition of the Bonds by beneficial owners who, or which, are not residents of mainland China for PRC tax purposes. These beneficial owners are referred to as non-PRC Bondholders in this “Taxation – PRC” section. In considering whether to invest in the Bonds, investors should consult their own tax advisers with regard to the application of PRC tax laws to their particular situations as well as any tax consequences arising under the laws of any other tax jurisdiction.*

### ***EIT***

Pursuant to the EIT Law and its implementation regulations, enterprises that are established under laws of foreign countries and regions (including Hong Kong, Macau and Taiwan) but whose “de facto management body” are within the territory of China are treated as PRC tax resident enterprises for the purpose of the EIT Law and must pay PRC enterprise income tax at the rate of 25 per cent. in respect of their taxable income. Although the rules are not entirely clear, dividends from a PRC tax resident enterprise should be excluded from the taxable income of a recipient that is also a PRC tax resident enterprise. If relevant PRC tax authorities decide, in accordance with applicable tax rules and regulations, that the “de facto management body” of the Issuer is within the territory of PRC, the Issuer may be treated as a PRC tax resident enterprise for the purpose of the EIT Law, and the Issuer may be subject to PRC enterprise income tax at the rate of 25 per cent. on its taxable income. At the date of this Offering Circular, the Issuer has not been notified or informed by the PRC tax authorities that it is considered as a PRC tax resident enterprise for the purpose of the EIT Law.

However, there is no assurance that the Issuer will not be treated as a PRC tax resident enterprise under the EIT Law and related implementation regulations in the future. Pursuant to the EIT Law and its implementation regulations, any non-resident enterprise without an establishment within the PRC or whose income has no connection to its establishment inside the PRC must pay enterprise income tax on income sourced within the PRC, and such income tax must be withheld at source by the PRC payer. Accordingly, if the Issuer is treated as a PRC tax resident enterprise by the PRC tax authorities, the Issuer may be required to withhold income tax from the payments of interest in respect of the Bonds to any non-PRC Bondholder, and gain from the disposition of the Bonds may be subject to PRC tax, if the income or gain is treated as PRC-source. The tax rate is generally 10 per cent. for non-resident enterprise

Bondholders and 20 per cent. in the case of non-resident individuals, subject to the provisions of an applicable tax treaty. The Issuer has agreed to pay additional amounts to Bondholders, subject to certain exceptions, so that they would receive the full amount of the scheduled payment, as further set out in the Terms and Conditions of the Bonds.

### **VAT**

According to Circular 36, the entities and individuals providing services within PRC will be subject to VAT. Services are treated as being provided within the PRC where either the service provider or the service recipient is located in the PRC. Services subject to VAT include financial services, such as the provision of loans. It is further clarified under Circular 36 that “loans” refers to the activity of lending capital for another’s use and receiving the interest income thereon.

Therefore, starting from 1 May 2016, the VAT and surcharges may be deducted at the rate of 6.72 per cent. of, the interest payable by the Issuer on the Bonds to the holder of Bonds, if the PRC tax authorities view the recovery of such interest from the Issuer by the Bondholders would be deemed by the PRC tax authorities as providing taxable services in the PRC on part of the Bondholders under the Circular 36.

Where a holder located outside of the PRC resells Bonds to a buyer also located outside of the PRC, since neither buyer nor seller is located in the PRC, theoretically Circular 36 would not apply and the Issuer would not have the obligation to withhold VAT or local levies. However, there is uncertainty as to the applicability of VAT if either a seller or buyer of Bonds is located within the PRC.

Circular 36 has been issued recently and remains subject to further clarification and/or interpretations by the competent tax authority. There is uncertainty as to the application of the Circular 36 in the context of the issuance of the Bonds, payments thereunder, and their sale and transfer.

The Group confirms that, as at the date of this Offering Circular, the Issuer has not been notified or informed by the PRC tax authorities that it is considered as a PRC tax resident enterprise.

However, there is no assurance that the Issuer will not be treated as a PRC tax resident enterprise. Pursuant to the VAT reform detailed above, the Issuer may need to withhold VAT (should such tax apply) from the payments of interest in respect of the Bonds for any Bondholders located outside of the PRC. The Issuer has agreed to pay additional amounts to Bondholders, subject to certain exceptions, so that Bondholders would receive the full amount of the scheduled payment, as further set out in the Terms and Conditions of the Bonds.

### ***Stamp Duty***

No PRC stamp duty will be chargeable upon the issue or transfer of a Bond (for so long as the register of Bondholders is maintained outside the PRC).

### **FATCA**

Pursuant to certain provisions of the U.S. Internal Revenue Code of 1986, commonly known as FATCA, a “foreign financial institution” may be required to withhold on certain payments it makes (“**foreign pass-through payments**”) to persons that fail to meet certain certification, reporting, or related requirements. The Issuer may be a foreign financial institution for these purposes. A number of jurisdictions have entered into, or have agreed in substance to, intergovernmental agreements with the United States to implement FATCA (“**IGAs**”), which modify the way in which FATCA applies in their jurisdictions. Under the provisions of IGAs as currently in effect, a foreign financial institution in an

IGA jurisdiction would generally not be required to withhold under FATCA or an IGA from payments that it makes. Certain aspects of the application of the FATCA provisions and IGAs to instruments such as the Bonds, including whether withholding would ever be required pursuant to FATCA or an IGA with respect to payments on instruments such as the Bonds, are uncertain and may be subject to change. Even if withholding would be required pursuant to FATCA or an IGA with respect to payments on instruments such as the Bonds, such withholding would not apply prior to 1 January 2019. Holders should consult their own tax advisors regarding how these rules may apply to their investment in the Bonds.

## SUBSCRIPTION AND SALE

The Issuer has entered into a subscription agreement with the Joint Lead Managers dated 7 July 2021 (the “**Subscription Agreement**”), pursuant to which and subject to certain conditions contained therein, the Issuer has agreed to sell to the Joint Lead Managers, and the Joint Lead Managers have agreed to severally, but not jointly, subscribe and pay for, or to procure subscribers to subscribe and pay for, the Bonds at an issue price of 100.00 per cent. of their principal amount in the amount set forth below:

<b>Joint Lead Manager (in alphabetical order)</b>	<b>Principal amount of the Bonds to be subscribed</b>
	<b>(U.S.\$)</b>
Barclays Bank PLC . . . . .	100,000,000
China International Capital Corporation Hong Kong Securities Limited . . . . .	100,000,000
Citigroup Global Markets Limited . . . . .	100,000,000
Bank of China Limited, Singapore Branch . . . . .	21,250,000
BOCI Asia Limited . . . . .	21,250,000
China Everbright Bank Co., Ltd., Hong Kong Branch . . . . .	21,250,000
China Minsheng Banking Corp., Ltd., Hong Kong Branch . . . . .	21,250,000
ICBC International Securities Limited . . . . .	21,250,000
Industrial Bank Co., Ltd. Hong Kong Branch . . . . .	21,250,000
Shanghai Pudong Development Bank Co., Ltd., Hong Kong Branch . . . . .	21,250,000
Standard Chartered Bank . . . . .	21,250,000
 Total . . . . .	 470,000,000

The Subscription Agreement provides that the Issuer will indemnify the Joint Lead Managers against certain liabilities in connection with the offer and sale of the Bonds. The Subscription Agreement provides that the obligations of the Joint Lead Managers are subject to certain conditions precedent, and entitles the Joint Lead Managers to terminate it in certain circumstances prior to payment being made to the Issuer.

The Joint Lead Managers and certain of their subsidiaries or affiliates may have performed certain investment banking and advisory services for, and entered into certain commercial banking transactions with, the Issuer, and/or its subsidiaries, from time to time, for which they have received customary fees and expenses. The Joint Lead Managers, and their subsidiaries or affiliates, may from time to time, engage in transactions with and perform services for the Issuer and/or its subsidiaries in the ordinary course of business.

The Joint Lead Managers or their respective affiliates may purchase the Bonds for its or their own account and enter into transactions, including credit derivatives, such as asset swaps, repackaging and credit default swaps relating to the Bonds and/or other securities of the Issuer or its subsidiaries or associates at the same time as the offer and sale of the Bonds or in secondary market transactions. Such transactions would be carried out as bilateral trades with selected counterparties and separately from any existing sale or resale of the Bonds to which this Offering Circular relates (notwithstanding that such selected counterparties may also be purchasers of the Bonds).

The Joint Lead Managers or any of its affiliates may act as investors and place orders, receive allocations and trade the Bonds for their own account and such orders, allocations or trading of the Bonds may be material. Such entities may hold or sell such Bonds or purchase further Bonds for their own account in the secondary market or deal in any other securities of the Company, and therefore, they may offer or sell the Bonds or other securities otherwise than in connection with the offering of the Bonds. Accordingly, references herein to the Bonds being offered should be read as including any offering of the Bonds to the Joint Lead Managers and/or their respective affiliates for their own account.

No action has been or will be taken that would, or is intended to, permit a public offering of the Bonds, or the possession or distribution of this Offering Circular or any amendment or supplement thereto or any offering or publicity material relating to the Bonds, in any country or jurisdiction where action for that purpose is required.

Accordingly, the Bonds should not be offered or sold, directly or indirectly, and neither this Offering Circular nor any other offering material, circular, prospectus, form of application or advertisement in connection with the Bonds should be distributed or published in or from any jurisdiction, except in circumstances which will result in compliance with any applicable laws and regulations and will not, save as disclosed in this Offering Circular, impose any obligations on the Issuer or the Joint Lead Managers.

The distribution of this Offering Circular, or any offering material, and the offering, sale or delivery of the Bonds is restricted by law in certain jurisdictions. Therefore, persons who may come into possession of this Offering Circular, or any offering material, are advised to consult with their own legal advisers as to what restrictions may be applicable to them and to observe such restrictions. This Offering Circular may not be used for the purpose of an offer or invitation in any circumstances in which such offer or invitation is not authorised. If a jurisdiction requires that the offering be made by a licensed broker or dealer and any of the Joint Lead Managers, or any affiliate is a licensed broker or dealer in that jurisdiction, the offering shall be deemed to be made by such Joint Lead Manager, or such affiliate on behalf of the Issuer in such jurisdiction.

## **General**

No action has been or will be taken in any jurisdiction that would permit a public offering of the Bonds, or possession or distribution of this Offering Circular or any amendment or supplement thereto or any other offering or publicity material relating to the Bonds, in any country or jurisdiction where action for that purpose is required. The Group will have no responsibility for, and each Joint Lead Manager will obtain any consent, approval or permission required by it for, the acquisition, offer, sale or delivery by it of the Bonds under the laws and regulations in force in any jurisdiction to which it is subject or in or from which it makes any acquisition, offer, sale or delivery. None of the Joint Lead Managers is authorised to make any representation or use any information in connection with the issue, subscription and sale of the Bonds, other than as contained in this Offering Circular or any amendment or supplement thereto.

## **United States**

The Bonds have not been and will not be registered under the Securities Act and, subject to certain exceptions, may not be offered or sold within the United States.

The Bonds are being offered and sold outside of the United States in reliance on Regulation S.

In addition, until 40 days after the commencement of the offering of the Bonds, an offer or sale of the Bonds within the United States by any dealer (whether or not participating in the offering) may violate the registration requirements of the Securities Act.

### **Prohibition of Sales to EEA Retail Investors**

Each of the Joint Lead Managers has represented and agreed that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Bonds which are the subject of the offering contemplated by this offering circular in relation thereto to any retail investor in the EEA. For the purposes of this provision, the expression “retail investor” means a person who is one (or more) of the following:

- (a) a retail client as defined in point (11) of Article 4(1) of MiFID II; or
- (b) a customer within the meaning of Directive (EU) 2016/97 (the “Insurance Distribution Directive”), where that customer would not qualify as a professional client as defined in point(10) of Article 4(1) of MiFID II.

### **Prohibition of Sales to UK Retail Investors**

Each of the Joint Lead Managers has represented and agreed that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Bonds to any retail investor in the UK. For the purposes of this provision:

- (c) the expression “retail investor” means a person who is one (or more) of the following:
  - (i) a retail client, as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of domestic law by virtue of the EUWA; or
  - (ii) a customer within the meaning of the provisions of the FSMA and any rules or regulations made under the FSMA to implement Directive (EU) 2016/97, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the EUWA.

## **United Kingdom**

Each of the Joint Lead Managers has represented, warranted and undertaken that:

- (a) it has only communicated or caused to be communicated, and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the Financial Services and Markets Act 2000 (the “FSMA”)) received by it in connection with the issue or sale of the Bonds in circumstances in which Section 21(1) of the FSMA does not apply to the Issuer; and
- (b) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the Bonds in, from or otherwise involving the United Kingdom.

## **The People's Republic of China**

Each of the Joint Lead Managers has represented, warranted and undertaken that the Bonds are not being offered or sold and may not be offered or sold, directly or indirectly, in the PRC, except as permitted by applicable laws of the PRC.

## **Hong Kong**

Each of the Joint Lead Managers has represented, warranted and undertaken that:

- (i) it has not offered or sold and will not offer or sell in Hong Kong, by means of any document, any Bonds other than (a) to “professional investors” as defined in the Securities and Futures Ordinance (Cap. 571) of Hong Kong (the “SFO”) and any rules made under the SFO; or (b) in other circumstances which do not result in the document being a “prospectus” as defined in the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) of Hong Kong (the “C(WUMPO)”) or which do not constitute an offer to the public within the meaning of the C(WUMPO); and
- (ii) it has not issued or had in its possession for the purposes of issue, and will not issue or have in its possession for the purposes of issue, whether in Hong Kong or elsewhere, any advertisement, invitation or document relating to the Bonds, which is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to the Bonds which are or are intended to be disposed of only to persons outside Hong Kong or only to “professional investors” as defined in the SFO and any rules made under the SFO.

## **Singapore**

Each of the Joint Lead Managers has acknowledged that this offering circular has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, each of the Joint Lead Managers has represented and agreed that it has not offered or sold any Bonds or caused the Bonds to be made the subject of an invitation for subscription or purchase and will not offer or sell any Bonds or cause the Bonds to be made the subject of an invitation for subscription or purchase, and has not circulated or distributed, nor will it circulate or distribute, this offering circular or any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the Bonds, whether directly or indirectly, to any person in Singapore other than (i) to an institutional investor (as defined in Section 4A of the Securities and Futures Act (Chapter 289) of Singapore, as modified or amended from time to time (the “SFA”)) pursuant to Section 274 of the SFA, (ii) to a relevant person (as defined in Section 275(2) of the SFA) pursuant to Section 275(1) of the SFA, or any person pursuant to Section 275(1A) of the SFA, and in accordance with the conditions specified in Section 275 of the SFA, or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Where the Bonds are subscribed or purchased under Section 275 of the SFA by a relevant person which is:

- (a) a corporation (which is not an accredited investor (as defined in Section 4A of the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or
- (b) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor,

securities or securities-based derivatives contracts (each term as defined in Section 2(1) of the SFA) of that corporation or the beneficiaries' rights and interest (howsoever described) in that trust shall not be transferred within six months after that corporation or that trust has acquired the Bonds pursuant to an offer made under Section 275 of the SFA except:

- (i) to an institutional investor or to a relevant person defined in Section 275(2) of the SFA, or to any person arising from an offer referred to in Section 275(1A) or Section 276(4)(i)(B) of the SFA;
- (ii) where no consideration is or will be given for the transfer;
- (iii) where the transfer is by operation of law;
- (iv) as specified in Section 276(7) of the SFA; or
- (v) as specified in Regulation 37A of the Securities and Futures (Offers of Investments) (Securities and Securities-based Derivatives Contracts) Regulations 2018.

*Singapore SFA Product Classification: In connection with Section 309B of the SFA and the Securities and the CMP Regulations 2018, the Issuer has determined, and hereby notifies all relevant persons (as defined in Section 309A(1) of the SFA), that the Bonds are "prescribed capital markets products" (as defined in the CMP Regulations 2018) and Excluded Investment Products (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products).*

## **Japan**

The Bonds have not been and will not be registered under the Financial Instruments and Exchange Act of Japan (Act No. 25 of 1948, as amended, the "Financial Instruments and Exchange Act"). Accordingly, each of the Joint Lead Managers has represented and agreed that it has not, directly or indirectly, offered or sold and will not, directly or indirectly, offer or sell any Bonds in Japan or to, or for the benefit or, any resident of Japan (which term as used herein means any person resident in Japan, including any corporation or other entity organised under the laws of Japan) or to others for re-offering or re-sale, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the Financial Instruments and Exchange Act and other relevant laws and regulations of Japan.

## **Switzerland**

The Offering Circular is not intended to constitute an offer or solicitation to purchase or invest in the Bonds. The Bonds may not be publicly offered, sold or advertised, directly or indirectly, in, into or from Switzerland and will not be listed on the SIX Swiss Exchange or on any other exchange or regulated trading facility in Switzerland. None of the Offering Circular and any other offering or marketing material relating to the Bonds constitutes a prospectus as such term is understood pursuant to article 652a or article 1156 of the Swiss Code of Obligations, and none of the Offering Circular and any other offering or marketing material relating to the Bonds may be publicly distributed or otherwise made publicly available in Switzerland.



## GENERAL INFORMATION

1. **Clearing Systems:** The Bonds have been accepted for clearance through Euroclear and Clearstream with Common Code 235424860 and ISIN XS2354248606.
2. **LEI:** The Issuer's Legal Entity Identifier ("LEI") is 91330000142942095H.
3. **Authorisations:** The Issuer has obtained all necessary consents, approvals and authorisations in connection with the issue and performance of its obligations under the Bonds, the Trust Deed and the Agency Agreement. The issue of the relevant series of the Bonds was approved by the resolutions of the Board of Directors of the Company passed on 21 December 2020 and by the Shareholders at the extraordinary general meeting of the Company held on 20 January 2021.
4. **No Material Adverse Change:** Except for those as disclosed in this Offering Circular, there has been no material adverse change in the financial or trading position or prospects of the Issuer and the Group since 31 December 2020.
5. **Litigation:** From time to time, the Company and other members of the Group may be involved in litigations or other disputes that arise in the ordinary course of business. However, none of the Company or any other member of the Group is involved in any litigation, dispute or arbitration proceedings that the Issuer believes are material in the context of the Bonds, nor is the Company aware that any such proceedings are pending or threatened.
6. **Available Documents:** As long as any of the Bonds are outstanding, copies of the following documents will be available for inspection and, in the case of the documents referred to in paragraph (b) below, copies may be obtained during normal business hours at the Company's representative office in Hong Kong at Room 1710B, Office Tower, Convention Plaza, 1 Harbour Road, Wan Chai, Hong Kong, and in the case of the documents referred to in paragraphs (c) and (d) below, copies may be obtained following prior written request and satisfactory proof of holding at the specified office of the Principal Paying Agent (currently at One Canada Square, London E14 5AL, United Kingdom) during normal business hours:
  - (a) Articles of Association of the Company;
  - (b) Copies of the audited consolidated financial statements of the Company as at and for the years ended 31 December 2019 and 2020;
  - (c) The Agency Agreement; and
  - (d) The Trust Deed
7. **Independent Auditors:** The Company's consolidated audited financial statements as at and for the year ended 31 December 2019 and 2020, which are incorporated by reference in this Offering Circular, have been audited by Deloitte Touche Tohmatsu, the independent auditors of the Company.
8. **Listing:** Application has been made to the Hong Kong Stock Exchange for the listing of, and permission to deal in, the Bonds by way of debt issues to Professional Investors only.

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