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

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)

CONNECTED TRANSACTION IN RELATION TO THE ACQUISITION OF 11.6733% EQUITY INTEREST IN THE TARGET COMPANY BY CAPITAL INJECTION

THE ACQUISITION

On December 31, 2025, the Company entered into the Capital Injection Agreement with the Target Company and Commercial Group for the injection of RMB225,999,968.04 for acquisition of 11.6733% equity interest in the enlarged registered capital of the Target Company. Upon completion of the Capital Injection Agreement, the Company will hold 11.6733% equity interest in the Target Company which will not become a subsidiary of the Company.

LISTING RULES IMPLICATIONS

As at the date of this announcement, the Target Company is an indirect wholly-owned subsidiary of Communications Group, being the controlling shareholder of the Company. Therefore, the entering into of the Capital Injection Agreement and the transaction contemplated thereunder constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules.

As the highest applicable percentage ratio calculated pursuant to the Listing Rules in respect of the Capital Injection Agreement and the transaction contemplated thereunder is more than 0.1% but less than 5%, the Capital Injection Agreement and the transaction contemplated thereunder are subject to the reporting and announcement requirements but exempt from the independent Shareholders' approval requirement under Chapter 14A of the Listing Rules.

INTRODUCTION

On December 31, 2025, the Company entered into the Capital Injection Agreement with the Target Company and Commercial Group for the injection of RMB225,999,968.04 for acquisition of 11.6733% equity interest in the enlarged registered capital of the Target Company. Upon completion of the Capital Injection Agreement, the Company will hold 11.6733% equity interest in the Target Company which will not become a subsidiary of the Company.

THE CAPITAL INJECTION AGREEMENT

The principal terms of the Capital Injection Agreement are set out below:

Date : December 31, 2025

Parties : (i) the Company

(ii) the Target Company

(iii) Commercial Group (the original shareholder of the Target Company)

Subject matter : The Company has agreed to inject RMB225,999,968.04 for acquisition of 11.6733% equity interest in the enlarged registered capital of the Target Company.

Payment : The Company shall transfer the capital injection amount being RMB225,999,968.04 in total to a designated account of ZPSE (the "**Capital Injection Amount**") within 10 business days upon the Capital Injection Agreement having taken effect.

The ZPSE shall issue the transaction certificate (the "**Transaction Certificate**") within three business days upon (i) receiving the signed Capital Injection Agreement; (ii) completion of transfer of the Capital Injection Amount; and (iii) the service fees of ZPSE have been settled.

The ZPSE shall transfer the Capital Injection Amount to the account of the Target Company within five business days upon the issuance of Transaction Certificate.

The Company and the Target Company shall complete change registration before March 31, 2026.

Basis of Consideration

The consideration of RMB225,999,968.04 for acquisition of 11.6733% equity interest of the Target Company was determined by the Company, the Target Company and Commercial Group with reference to (i) the appraised value of the Target Company being RMB1,580,000,000 as at June 30, 2025 (being the "**Valuation Benchmark Date**") before any capital injection, as valued (the "**Valuation**") by an independent valuer, Beijing Huaya Zhengxin Asset Appraisal Co., Ltd.* (北京華亞正信資產評估有限公司), using the income approach; (ii) with the Target Company publicly listed its capital injection project on the ZPSE, approximately RMB355,999,965.84 (including RMB225,999,968.04 to be injected by the Company pursuant to the Capital Injection Agreement) to be injected by new investors who have won the bidding during the public bidding process (except for the Company, other new investors are independent of the Group); and (iii) the benefits as further explained in the paragraphs headed "REASONS FOR AND BENEFITS OF THE CAPITAL INJECTION" below.

THE VALUATION REPORT

The Key Valuation Assumptions

The valuation was based on certain key major assumptions summarized as follow: (i) the Target Company will continue operating and any sale happens in an open, competitive market between willing, informed parties; (ii) no major changes in the macroeconomy, industry policies, or tax rules after the Valuation Benchmark Date; (iii) management remains stable and compliant; (iv) the information provided to the valuer is true, complete, and lawful; (v) no force majeure events occur after the Valuation Benchmark Date; (vi) accounting policies and the business model of the Target Company stay consistent after the Valuation Benchmark Date; (vii) operating scope and efficiency of the Target Company are broadly unchanged after the Valuation Benchmark Date; (viii) the Target Company has recorded annual net cash inflows evenly during each year after the Valuation Benchmark Date; (ix) data relied by the valuer are reliable; and (x) leases for solar projects can be renewed at expiry.

Further to the major assumptions set out above, certain additional assumptions are set out below: (i) the explicit forecast period runs from July 2025 to December 2030, with a perpetual period thereafter; (ii) during the forecast period, revenue is assumed to be driven primarily by the photovoltaic (the "**PV**") and electric vehicle charging segments, together contributing over 80% of total revenue. PV generation is projected based on planned installed capacity and historical specific yields, with annual performance degradation reflected in the model. Pricing for existing PV projects follows the average realized tariff in the first half of 2025, while new projects are priced at Zhejiang's on grid benchmark of RMB0.37/kWh. Under these inputs, the average sales prices are assumed to be RMB0.43/kWh for distributed PV in 2026–2027, RMB0.42/kWh in 2028–2029, and RMB0.41/kWh in 2030 and thereafter, and RMB0.36/kWh for residential PV. EV charging volumes are tied to the growth of the new energy vehicle

fleet, assumed at approximately 20% in 2025–2026, 10% in 2027–2028, and 5% from 2029 onwards. Average realized charging prices are set at RMB1.27/kWh for self operated sites and RMB0.23/kWh for State Grid revenue sharing sites; and (iii) major costs include depreciation, site rent, and operations and maintenance (the "**O&M**"). Depreciation is calculated in accordance with accounting policies, with PV assets depreciated over 20 years and charging assets over 10 years; rent is projected based on current lease terms and planned capacity additions; and O&M is projected using historical cost ratios.

Valuation Method

The income approach refers to the appraisal method that capitalises or discounts the expected income of the valuation target to determine its value. The market approach refers to the appraisal method that determines the value of the valuation target by comparing the valuation target with comparable listed companies or comparable transaction cases. The asset-based approach refers to the appraisal method that assesses the value of various on-sheet and identifiable off-sheet assets and liabilities to determine the value of the valuation target based on the balance sheet of the valuation target as at the valuation date.

For solar assets, much of the value comes from the combination of equipment, resource quality, operations, and long-term power purchase contracts while asset-based approach only focuses on the on-sheet and identifiable off-sheet assets and liabilities and would miss important factors including operations of the business. Thus it is not applicable for the Valuation. For market approach, although the selected comparable companies are generally comparable to the Target Company, there remain differences in scale, growth prospects, and operating risk. The valuer made adjustments to the value multiples to address these differences; however, the information available to measure and evidence these differences was insufficient, resulting in limited support for the adjustments and thereby reducing the reliability of the market approach indications.

As a result, the income approach provides a more objective and reasonable indication of the shareholder equity value of the Target Company. Therefore, the income approach result is adopted as the final valuation conclusion.

The Income Approach and Key Inputs

The cash flow discount method (the "**DCF**") under the income approach is adopted for the Valuation. The overall value of the enterprise consists of the value of operating assets arising from normal operating activities and the value of non-operating assets unrelated to normal operating activities. The enterprise free cash flow (the "**FCF**") discount model is adopted to determine the value of operating assets, thus, the value is calculated based on the FCF for several years in the future, discounting at appropriate discounting rate and adding the sum.

The calculation model is as follows:

Value of total equity interests of shareholders = overall value of the enterprise – value of the interest-bearing debts

- Overall value of the enterprise refers to the sum of value of total equity interests of shareholders and value of the interest-bearing debts. The overall value of the enterprise is calculated as follows: overall value of the enterprise = value of operating assets + value of non-operating assets unrelated to normal operating activities + value of surplus assets – value of non-operating liabilities.

  - Value of operating assets

    Operating assets refers to assets and liabilities in relation to the production and operation of the Target Company, involved in the enterprise free cash flow forecast after the Valuation Benchmark Date. The value of operating assets is calculated as follows:

$$P = \sum_{i=1}^{n} \frac{F_i}{(1+r)^i} + \frac{F_n \times (1+g)}{(r-g) \times (1+r)^n}$$

    P: value of operating assets of the enterprise as at the Valuation Benchmark Date

    F_i: expected FCF in the i year after the Valuation Benchmark Date

    F_n: expected FCF for the final year of the forecast period

    r: discount rate (herein refers to the weighted average cost of capital (the "**WACC**")

    n: forecast period

    i: year i of the forecast period

    g: perpetual growth rate

FCF = after-tax profit + depreciation and amortization + after-tax interest – capital expenditures – changes in working capital

The discount rate (WACC) is calculated as follows:

$$WACC = K_e \times \frac{E}{D+E} + K_d \times \frac{D}{D+E} \times (1-T)$$

K_e: cost of equity capital

E: market value of equity

k_d: cost of the interest-bearing debts capital

D: market value of the interest-bearing debts

T: tax rate

where, the cost of equity capital is calculated by using the capital asset pricing model (CAPM) as follows:

$$K_e = R_f + \beta \times ERP + R_c$$

R_f: risk-free interest rate (e.g., sovereign yield near the Valuation Benchmark Date).

ERP: equity risk premium for the market

R_c: the company specific risk adjustment coefficient (only for risks not captured by β)

β: the expected market risk coefficient of the Target Company's share capital

- As value of the non-operating assets unrelated to normal operating activities, the surplus assets, the non-operating liabilities are not relevant to the production and operation of the Target Company, they are separately measured by their book value recorded on the account.

- The interest-bearing debts refers to debts with interest payable on account of the Target Company as at the Valuation Benchmark Date.

As of the Valuation Benchmark Date, under the stated assumptions and using the income approach with WACC in the range of 6.01%–6.55% and a cost of equity capital in the range of 11.71%–12.21%, the indicated market value of the Target Company is RMB1,580,000,000.

INFORMATION ON THE TARGET COMPANY

As at the date of this announcement, the Target Company is a wholly-owned subsidiary of Commercial Group and is principally engaged in digital integrated energy management and investment and operation of new-energy assets, distributed PV, energy storage and EV charging. The Target Company was established by Commercial Group on March 17, 2016, there was no original acquisition cost. As at the date of this announcement, the registered capital of the Target Company is RMB600,000,000.

The following are the financial information of the Target Group based on its audited consolidated financial statements prepared in accordance with generally accepted accounting principles of the PRC for the two years ended December 31, 2023 and 2024, and for the six months ended June 30, 2025 respectively:

	For year ended December 31, 2023	**For year ended December 31, 2024**	**For six months ended June 30, 2025**
	RMB'000	*RMB'000*	*RMB'000*
	(audited)	*(audited)*	*(audited)*
Net profit before taxation	51,485	103,044	81,380
Net profit after taxation	49,350	101,103	73,747

The total assets and net assets of the Target Company based on its audited consolidated accounts as at June 30, 2025 were approximately RMB3,498 million and RMB877 million respectively. Upon completion of the Capital Injection Agreement, the Company will hold 11.6733% equity interest in the Target Company which will not become a subsidiary of the Company.

REASONS FOR AND BENEFITS OF THE CAPITAL INJECTION

The Target Company is a digital integrated energy service provider that links solar generation, the grid, energy storage and flexible loads into one smart ecosystem. Its strategy centres on comprehensive energy services and investment in new energy assets, with a practical focus on distributed PV for industrial and residential rooftops, electric vehicle charging networks, and storage systems that enhance efficiency and value. The Target Company targets high-value scenarios such as transport hubs and industrial parks, builds low carbon demonstration projects, and uses long-term service contracts, energy as a service models and a virtual power plant platform to deliver stable, scalable returns. Looking ahead, national decarbonization policy, the rapid adoption of new energy vehicles, and the integration of storage with power market reform create strong tailwinds, while the Target Company mitigates market pricing volatility by prioritizing on site consumption, smart scheduling and "solar-storage-charging" synergy. The Capital Injection is tightly aligned with national strategy and directly cultivates new green growth drivers by embedding clean energy solutions into transportation scenarios, thereby accelerating the green, low carbon transformation of the Company and enhancing its ESG profile and policy resonance. Backed by Communications Group, with a proven project pipeline, scenario resources in transportation, and a balanced mix of self-owned and partnership models, the Target Company has clear growth visibility, resilient cash flow characteristics and competitive advantages in execution, digital operations and risk control. With the Capital Injection, the Group is also expected to empower its capital market strategy by exploring green energy assets, growth visibility and investor recognition.

Entering into the Capital Injection Agreement would allow the Group with immediate access and rapid deployment across the high growth green energy sector. It would also diversify the Group's earnings with resilient cash inflows and create operational synergies with existing transportation assets, enhancing long-term value creation. Thus the Directors (including the independent non-executive Directors) are of the view that the terms of the Capital Injection Agreement are on normal commercial terms, not entered in the ordinary and usual course of business of the Group but are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

INFORMATION ON OTHER PARTIES

The Company

The Company is a joint stock company established in the PRC on March 1, 1997, the H Shares of which are listed on the Main Board of the Stock Exchange. It is principally engaged in investing in, developing and operating high-grade roads in the PRC. The Group is also engaged in the expressway related development and operation, as well as securities business.

Commercial Group

Commercial Group is a company established in the PRC and a wholly-owned subsidiary of Communications Group. Commercial Group is principally engaged in service area planning and design, investment operation and construction, integrated energy supply and management, retail chains, catering and other related businesses.

LISTING RULES IMPLICATIONS

As at the date of this announcement, the Target Company is an indirect wholly-owned subsidiary of Communications Group, being the controlling shareholder of the Company. Therefore, the entering into of the Capital Injection Agreement and the transaction contemplated thereunder constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules.

As the highest applicable percentage ratio calculated pursuant to the Listing Rules in respect of the Capital Injection Agreement and the transaction contemplated thereunder is more than 0.1% but less than 5%, the Capital Injection Agreement and the transaction contemplated thereunder are subject to the reporting and announcement requirements but exempt from the independent Shareholders' approval requirement under Chapter 14A of the Listing Rules.

Among the existing Directors, Mr. Yuan Yingjie, Mr. Fan Ye and Mr. Huang Jianzhang are deemed to have material interests in the Capital Injection Agreement as they are currently also employed by Communications Group and have abstained from voting on the relevant Board resolution. Other than the Directors mentioned above, none of the existing Directors have material interests in the transaction contemplated under the Capital Injection Agreement, and none are required to abstain from voting on the relevant resolution of the Board.

DEFINITIONS

In this announcement, the following expressions shall have the meanings set out below unless the context requires otherwise:

"Board"	the board of Directors of the Company
"Capital Injection Agreement"	the capital injection agreement dated December 31, 2025, entered into among the Company, the Target Company and Commercial Group
"Capital Injection"	the capital injection as contemplated under the Capital Injection Agreement
"Commercial Group"	Zhejiang Provincial Commercial Group Co., Ltd.* (浙江省商業集團有限公司), a company established under the laws of the PRC with limited liability
"Communications Group"	Zhejiang Communications Investment Group Co., Ltd.* (浙江省交通投資集團有限公司), a state-controlled enterprise established in the PRC on December 29, 2001 and the controlling shareholder of the Company
"Company"	Zhejiang Expressway Co., Ltd. (浙江滬杭甬高速公路股份有限公司), a joint stock limited company established in the PRC on March 1, 1997, whose H Shares are listed on the main board of the Stock Exchange
"connected person(s)"	has the meaning ascribed to it under the Listing Rules
"controlling shareholder"	has the meaning ascribed to it under the Listing Rules
"Director(s)"	the director(s) of the Company
"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 May 15, 1997
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC

"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange, as amended, supplemented or otherwise modified from time to time
"percentage ratio"	has the meaning ascribed to it under Rule 14.04(9) of the Listing Rules
"PRC"	the People's Republic of China which, for the purpose of this announcement only, excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
"RMB"	Renminbi, the lawful currency of the PRC
"Shareholder(s)"	holder(s) of the share(s) of the Company
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"subsidiary(ies)"	has the meaning ascribed to it under the Listing Rules
"Target Company"	Zhejiang Jiaotou Carbon Environmental Technology Co., Ltd.* (浙江交投中碳環境科技有限公司) a company established under the laws of the PRC with limited liability
"Target Group"	Target Company and its subsidiaries
"ZPSE"	Zhejiang Property & Stock Exchange Co., Ltd.* (浙江產權交易所有限公司), a comprehensive property right exchange institution
"%"	per cent

* *For identifications only.*

On behalf of the Board
Zhejiang Expressway Co., Ltd.
YUAN Yingjie
Chairman

Hangzhou, the PRC, December 31, 2025

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