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**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  
AGREEMENTS IN RELATION TO  
THE PROPOSED LISTING OF ZHEJIANG OCEANKING**

**AGREEMENTS IN CONNECTION WITH THE PROPOSED LISTING OF  
ZHEJIANG OCEANKING**

The Board announces that on July 31, 2020 (after trading hours), Zheshang Securities, a non-wholly owned subsidiary of the Company, entered into the Agreements with, among others, Zhejiang Oceanking, a non-wholly owned subsidiary of Communications Group, in relation to the proposed Listing of Zhejiang Oceanking on Shanghai Stock Exchange.

Pursuant to the Agreements, Zheshang Securities was engaged by Zhejiang Oceanking as a sponsor and a lead underwriter in respect of the proposed Listing in accordance with the terms and conditions of the Agreements to provide securities sponsorship and underwriting services. Pursuant to the Sponsorship Agreement, the total amount of sponsorship fees payable by Zhejiang Oceanking to the sponsors is RMB500,000. Pursuant to the Underwriting Agreement, the aggregate underwriting fees that Zhejiang Oceanking has agreed to pay to the lead underwriters are 4% of the actual amount of capital raised from the proposed Listing with a minimum amount of RMB22 million.

## **LISTING RULES IMPLICATIONS**

As at the date of this announcement, Communications Group is a controlling shareholder of the Company. Zhejiang Oceanking, being an approximately 65.44% owned subsidiary of Communications Group, is a connected person of the Company. Zheshang Securities is a non-wholly owned subsidiary of the Company. As a result, the transactions contemplated under the Agreements constitute connected transactions of the Group.

As one or more of the applicable percentage ratios (other than the profits ratio) as calculated with reference to the minimum underwriting fees payable under the Underwriting Agreement in accordance with the Listing Rules are more than 0.1% but all of them are less than 5%, the transactions contemplated under the Agreements are therefore subject to the reporting and announcement requirements but exempted from the independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

In the event that Zheshang Securities will receive an amount of underwriting fee that renders any one of the applicable ratios exceeds 5% or it will be required to underwrite the A Shares offered in the Listing by way of standby commitment underwriting, the Company will comply with the then applicable requirements under the Listing Rules as appropriate, including but not limited to publishing a further announcement and/or obtaining approval from the Shareholders where applicable.

**The Agreements are conditional upon the satisfaction of various conditions precedent set out therein and accordingly, the completion of the Agreements and the transactions contemplated thereunder may or may not proceed. Shareholders and potential investors are reminded to exercise caution in dealing in the securities of the Company.**

## **AGREEMENTS IN RELATION TO THE PROPOSED LISTING OF ZHEJIANG OCEANKING**

The Board announces that on July 31, 2020 (after trading hours), Zheshang Securities, a non-wholly owned subsidiary of the Company, entered into the Agreements with, amongst others, Zhejiang Oceanking, a non-wholly owned subsidiary of the Communications Group in relation to proposed Listing of Zhejiang Oceanking on Shanghai Stock Exchange.

## THE SPONSORSHIP AGREEMENT

The principal terms of the Sponsorship Agreement are as follows:

- Date: July 31, 2020
- Parties:
- (1) Zhejiang Oceanbanking as issuer;
  - (2) Zheshang Securities as a sponsor; and
  - (3) Zhongtai Securities as a sponsor.
- Subject: Pursuant to the Sponsorship Agreement, Zheshang Securities, among others, has been engaged as a sponsor to provide securities sponsorship services for the proposed Listing.
- Service Fees
- Total amount of sponsorship fees payable by Zhejiang Oceanbanking to the sponsors under the Sponsorship Agreement is RMB500,000.
- RMB250,000 of the total sponsorship fees will be paid upon application filing of the Listing with the CSRC. The remaining RMB250,000 of the total sponsorship fees will be paid upon completion of the Listing to be deducted from the proceeds raised from the Listing.
- Conditions Precedent: The sponsorship obligations of Zheshang Securities under the Sponsorship Agreement are subject to the following conditions precedent:
- (1) obtaining approval from the shareholders of Zhejiang Oceanbanking in connection with the Listing;
  - (2) obtaining Zheshang Securities' internal approval in connection with the Listing;
  - (3) obtaining the approval of Ningbo Regulatory Bureau of the CSRC in respect of the Listing;
  - (4) satisfaction of all relevant requirements and regulations for the Listing in particular with sustainable profitability;
  - (5) maintenance of business, asset, personnel, organisational and financial independence between the promotor, substantial shareholders and controlling shareholders of Zhejiang Oceanbanking;

- (6) there being no material deficiency in the corporate governance, financial and accounting systems of the company that would hinder the operation of Zhejiang Oceanking;
- (7) sufficient training to have the company's directors, supervisors, senior management, shareholders with more than 5% interests and the controlling shareholder or its legal representative of Zhejiang Oceanking fully aware of the relevant laws and regulations, and their roles and responsibilities for the Listing; and
- (8) other requirements from the CSRC in relation to the Listing.

Termination:

Prior to the publication of any offering documents in relation to the Listing, the Sponsorship Agreement can be terminated by any party in writing, with consent of the other parties (other than sub-clause (1) below), in the event:

- (1) of non-performance or any material breach of the terms of the Sponsorship Agreement which renders the Sponsorship Agreement unenforceable and which would result in a foreseeable material loss to the other party;
- (2) that it is impossible to continue the performance of the Sponsorship Agreement caused by untrue, inaccurate or misleading representations, warranties and undertakings provided by the other party;
- (3) any breach of the confidentiality obligations contained in the Sponsorship Agreement.

Other principal terms: The Sponsorship Agreement shall be read and construed in conjunction with the Underwriting Agreement.

## THE UNDERWRITING AGREEMENT

The principal terms of the Underwriting Agreement are as follows:

- Date: July 31, 2020
- Parties:
- (1) Zhejiang Oceanbanking as issuer;
  - (2) Zheshang Securities as a lead underwriter; and
  - (3) Zhongtai Securities as a lead underwriter.
- Subject: Pursuant to the Underwriting Agreement, Zheshang Securities has been engaged as one of the lead underwriters to provide securities underwriting services for the proposed Listing.
- Conditions Precedent: The obligation of Zheshang Securities to perform as a lead underwriter in relation to the proposed Listing is subject to the fulfillment and continuous satisfaction on the date of the Listing of the relevant conditions precedent under the Underwriting Agreement, which include:
- (1) the issuance of legal opinions by the legal counsel of Zhejiang Oceanbanking, the format and context of which is in compliance with the requirements under relevant laws, regulations and regulatory documents;
  - (2) the issuance of audit report and other necessary financial statements by auditor of Zhejiang Oceanbanking, the format and context of which is in compliance with the requirements under relevant laws, regulations and regulatory documents;
  - (3) obtaining approvals from the board of directors and the shareholders of Zhejiang Oceanbanking and filing with the CSRC for the proposed Listing;
  - (4) obtaining approval from the CSRC on Zhejiang Oceanbanking's application for the proposed Listing and the proposed issue of offering shares;

- (5) obtaining confirmation from Zhejiang Oceanking that from the date of the Underwriting Agreement to the date of the proposed Listing, there is no material breach of the law; no change in its financial position, equity structure, major properties owned, major business; no change in its personnel which has a material impact on the management and operation of Zhejiang Oceanking; no material litigation, arbitration and equity disputes relating to Zhejiang Oceanking and its chairman, general manager and major shareholders; no incident in which Zhejiang Oceanking reasonably believes would lead to adverse effects in its foreseeable future;
- (6) publication of the relevant documents for the proposed Listing on the website of Zhejiang Oceanking and in the press designated by the CSRC; and
- (7) with sufficient proof to the lead underwriters, the obtaining of all of the necessary permit(s) and approval(s), completion of all procedures, compliance with all applicable rules and regulations for the proposed Listing.

Underwriting  
Commitment:

The A Shares to be offered in the Listing will be issued at par with a nominal value of RMB1.00 each. The number of A Shares to be issued in the proposed Listing is subject to (i) the determination of Zhejiang Oceanking and the lead underwriters, (ii) the market conditions and (iii) the approval of the CSRC. The insufficient portion of the subscription amount of the proposed Listing will be underwritten by the lead underwriter(s).

Upon satisfaction of the conditions precedent of the Underwriting Agreement, Zheshang Securities, together with other lead underwriters, shall underwrite the A Shares to be offered at the proposed Listing by way of standby commitment underwriting in accordance with the terms of the Underwriting Agreement.

Underwriting  
Service Fees:

The aggregate underwriting fees that Zhejiang Oceanking has agreed to pay to the lead underwriters are 4% of the actual amount of capital raised from the proposed Listing with a minimum amount of RMB22 million.

The underwriting commission rate is determined based on the arm's length negotiation between the parties and is consistent with market rates. The underwriting fees will be deducted from the proceeds of the proposed Listing.

Termination: The Underwriting Agreement can be terminated by a party, upon the occurrence of any of the following events:

- (1) the non-performance or any material breach of the terms of the Sponsorship Agreement which renders the Sponsorship Agreement unenforceable and which would result in a foreseeable material loss to the other party;
- (2) that it is impossible to continue the performance of the Sponsorship Agreement caused by untrue, inaccurate or misleading representations, warranties and undertakings provided by the other party; or
- (3) any breach of the confidentiality obligations contained in the Underwriting Agreement.

Other principal terms: The Underwriting Agreement shall be read and construed in conjunction with the Sponsorship Agreement.

## **REASONS FOR AND THE BENEFITS OF ENTERING INTO THE AGREEMENTS**

One of the principal businesses of Zheshang Securities is securities underwriting and securities sponsorship. The transactions contemplated under the Agreements fall within the principal business activities of Zheshang Securities. Zheshang Securities and Zhongtai Securities were finally determined by Zhejiang Oceanking through procedures of competitive negotiations by invitation to carry out the role of sponsor and underwriter in the proposed Listing of Zhejiang Oceanking. Other than Zheshang Securities and Zhongtai Securities, the other two participants in the competitive negotiations are independent third party service providers. Zhejiang Oceanking considered various factors including but not limited to the pass rate of IPO review, team members' credentials, working proposal and past performance on IPO projects. The Directors consider that such transactions will have a positive income contribution to the Group and are financially beneficial to the Group and the Shareholders as a whole. The Directors consider that the terms of the Agreements were reached on an arm's length basis between the parties and not less favourable than those provided by other financial institutions under similar agreements.

The Directors (including the independent non-executive Directors) are of the view that the Agreements are entered into in the ordinary and usual course of business of the Group and the terms contained therein are normal commercial terms and the Agreements are fair and reasonable and in the interests of the Group and the Shareholders as a whole.

Mr. Yu Zhihong, Mr. Dai Benmeng, Mr. Yuan Yingjie and Mr. Yu Ji (as at the time when the Board considered the Agreements), being Directors, are deemed to have material interests in the Agreements as they are currently also employed by the Group and have abstained from voting on the relevant Board resolutions. Other than those Directors mentioned above, none of the Directors have a material interest in the transactions contemplated under the Agreements, and none are required to abstain from voting on the relevant resolutions of the Board.

### **INFORMATION ON THE PARTIES**

The Company is a joint stock company established under the laws of the PRC with limited liability on March 1, 1997, the H Shares of which are listed on the Main Board of the Hong Kong Stock Exchange (Stock Code: 0576), principally engaged in investing in, developing and operating high-grade roads in the PRC. The Group also carries on certain other businesses such as securities brokerage, investment banking, asset management, margin financing and securities lending through Zheshang Securities.

Zheshang Securities is a joint stock limited company established under the laws of the PRC, the shares of which are listed on the Shanghai Stock Exchange (Stock Code: 601878). It is a non-wholly owned subsidiary owned as to approximately 62.61% by Shangsang Co, a company owned as to approximately 73.63% by the Company. Zheshang Securities is principally engaged in the provision of security brokerage, securities margin trading, security lending, security underwriting, asset management, advisory services and security trading.

Zhejiang Ocean King is a joint stock limited company established under the laws of the PRC. It is a non-wholly owned subsidiary owned as to approximately 65.44% by Communications Group. Zhejiang Ocean King is primarily engaged in the production of organic chemicals and chemicals materials.



## **LISTING RULES IMPLICATIONS**

As at the date of this announcement, Communications Group is a controlling shareholder of the Company. Zhejiang Oceanbank, as an approximately 65.44% owned subsidiary of Communications Group, is a connected person of the Company. Zheshang Securities is a non-wholly owned subsidiary of the Company. As a result, the transactions contemplated under the Agreements constitute connected transactions of the Group.

As one or more of the applicable percentage ratios (other than the profits ratio) as calculated with reference to the minimum underwriting fees payable under the Underwriting Agreement in accordance with the Listing Rules are more than 0.1% but all of them are less than 5%, the transactions contemplated under the Agreements are therefore subject to the reporting and announcement requirements but exempted from the independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

In the event that Zheshang Securities will receive an amount of underwriting fee that renders any one of the applicable ratios exceeds 5% or it will be required to underwrite the A Shares offered in the Listing by way of standby commitment underwriting, the Company will comply with the then applicable requirements under the Listing Rules as appropriate, including but not limited to publishing a further announcement and/or obtaining approval from the Shareholders where applicable.

**The Agreements are conditional upon the satisfaction of various conditions precedent set out therein and accordingly, the completion of the Agreements and the transactions contemplated thereunder may or may not proceed. Shareholders and potential investors are reminded to exercise caution in dealing in the securities of the Company.**

## DEFINITIONS

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

“A Share(s)”	A share(s) of Zhejiang OceanKing, which is(are) proposed to be listed on the Shanghai Stock Exchange
“Agreements”	collectively the Sponsorship Agreement and the Underwriting Agreement, which shall be read and construed in conjunction with each other
“Board”	the board of Directors
“Communications Group”	Zhejiang Communications Investment Group Go., Ltd. * (浙江省交通投資集團有限公司), a wholly State-owned enterprise established in the PRC and the controlling shareholder of the Company and Zhejiang OceanKing
“Company”	Zhejiang Expressway Co., Ltd. (浙江滬杭甬高速公路股份有限公司), a joint stock limited company incorporated in the PRC with limited liability
“connected person(s)”	has the same meaning ascribed to it under the Listing Rules
“controlling shareholder(s)”	has the same meaning ascribed to it under the Listing Rules
“CSRC”	China Securities Regulatory Commission
“Director(s)”	the director(s) of the Company, including the independent non-executive directors
“Group”	the Company and its subsidiaries
“H Share(s)”	the overseas listed foreign ordinary share(s) in the share capital of the Company with a nominal value of RMB1.00 each, which are listed on the Main Board of the Hong Kong Stock Exchange
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC

“Listing”	the listing of A Shares of Zhejiang Oceanking on the Shanghai Stock Exchange
“Listing Rules ”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“PRC”	the People’s Republic of China which, for the purpose of this announcement, excluding Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“RMB”	Renminbi, the lawful currency of the PRC
“Shangsan Co”	Zhejiang Shangsan Expressway Co., Ltd. * (浙江上三高速公路有限公司), an approximately 73.63% owned subsidiary of the Company
“Shareholder(s)”	the shareholder(s) of the Company
“Shanghai Stock Exchange”	The Shanghai Stock Exchange
“Sponsor Agreement”	the agreement dated July 31, 2020 entered into between Zhejiang Oceanking and, among others, Zheshang Securities, pursuant to which Zhejiang Oceanking has engaged Zheshang Securities as a sponsor in respect of the proposed Listing
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Underwriting Agreement”	the agreement dated July 31, 2020 entered into between Zhejiang Oceanking and, among others, Zheshang Securities, pursuant to which Zhejiang Oceanking has engaged Zheshang Securities as a lead underwriter in respect of the proposed Listing
“Zhejiang Oceanking”	Zhejiang Oceanking Development Co., Ltd (浙江鎮洋發展股份有限公司), a limited liability company established under the laws of the PRC and an approximately 65.44% owned subsidiary of the Communications Group

“Zheshang Securities”	Zheshang Securities Co., Ltd. (浙商證券股份有限公司), a limited liability company established under the laws of the PRC in May 2002 and an approximately 62.61% owned subsidiary of Shangsang Co
“Zhongtai Securities”	Zhongtai Securities Company Limited (中泰證券股份有限公司), a limited liability company established under the laws of the PRC in 2001
“%”	per cent

\* *For identification purpose only.*

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

Hangzhou, the PRC, July 31, 2020

*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 Ms. LUO Jianhu; the other non-executive Directors of the Company are: Mr. DAI Benmeng, Mr. YUAN Yingjie and Mr. FAN Ye; and the independent non-executive Directors of the Company are: Mr. PEI Ker-Wei, Ms. LEE Wai Tsang, Rosa and Mr. CHEN Bin.*