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江蘇寧滬高速公路股份有限公司
JIANGSU EXPRESSWAY COMPANY LIMITED

(Established in the People's Republic of China as a joint-stock limited company)

(Stock Code: 00177)

**ANNOUNCEMENT ON THE PROGRESS OF DISCLOSEABLE AND
RELATED PARTY/CONNECTED TRANSACTION IN RELATION
TO THE ACQUISITION OF 65% EQUITY INTEREST IN JIANGSU
SUXICHANG SOUTH EXPRESSWAY CO., LTD.
BY THE COMPANY**

Financial Advisor to the Company



The board of directors and all directors of the Company warrant that there are no false representations or misleading statements contained in, or material omissions from, this announcement, and accept legal responsibilities for the truthfulness, accuracy and completeness of its contents.

Reference is made to the announcement (the “**Announcement**”) of Jiangsu Expressway Company Limited (the “**Company**”) dated 29 January 2024 in relation to the Company’s acquisition of 65% Equity Interest in Suxichang South Expressway Company. Unless otherwise defined, terms used in the Announcement shall have the same meanings as those defined in this announcement.

I. OVERVIEW OF RELATED PARTY TRANSACTION

On 26 January 2024, with a view to further expand its asset scale in the southern Jiangsu road network, improve the layout of its principal business and the sustainability of its development, the Company (as the purchaser and transferee) entered into the Equity Transfer Agreement with Jiangsu Communications Holding (as the vendor and transferor) to acquire 65% of the equity interest held by Jiangsu Communications Holding in Suxichang South Expressway Company at a consideration of RMB5,200,650,000 (such consideration is calculated on a pro-rata basis based on the appraised value set out in the Valuation Report), the final consideration is subject to the valuation filed with the relevant state-owned assets supervision and administration department. Upon the completion of the acquisition, the Company will hold 65% equity interest in Suxichang South Expressway Company. For details, please refer to the Announcement.

II. PROGRESS OF DISCLOSEABLE AND RELATED PARTY/CONNECTED TRANSACTION

On 30 January 2024, the Company received the Regulatory Work Letter on Matters Relating to the Large Cash Acquisition of Controlling Shareholder's Assets by Jiangsu Expressway Company Limited (Shanghai Stock Exchange Official Letter [2024] No. 0086) (hereinafter referred to as the "**Regulatory Work Letter**") from the Listed Company Management Department One of Shanghai Stock Exchange. The Company and the relevant parties have carefully reviewed, analyzed and studied the issues mentioned in the Regulatory Work Letter, and have replied to the Shanghai Stock Exchange on the relevant issues in the Regulatory Work Letter on 2 March 2024. For details, please refer to the Announcement of the Reply to Regulatory Work Letter from Shanghai Stock Exchange on Matters Relating to the Company's Large Cash Acquisition of Controlling Shareholder's Assets published by the Company on 2 March 2024.

On 1 March 2024, the twenty-fifth meeting of the tenth session of the board of directors of the Company was convened to consider and approve the Resolution in relation to the Entering into of the Supplemental Agreement on the Transfer of 65% Equity Interest in Jiangsu Suxichang South Expressway Co., Ltd., whereby the Supplemental Agreement to the Equity Transfer Agreement was entered into between the Company and Jiangsu Communications Holding in respect of the performance compensation undertaking and the payment terms of the consideration for the transfer of 65% equity interest in Suxichang South Expressway Company.

As at the date of this announcement, the Company has obtained the waivers from Wuxi Transportation Industry Group Co., Ltd. (無錫市交通產業集團股份有限公司) and Changzhou Expressway Investment Development Co., Ltd. (常州高速公路投資發展有限公司), concerning their pre-emptive rights and the relevant exercise period of such rights in respect of the 65% equity interest in Suxichang South Expressway Company.

III. MAIN CONTENTS OF THE SUPPLEMENTAL AGREEMENT

(i) Consideration Payment Method

The terms of the “Consideration Payment Method” under the “Determination Mechanism and Payment Method of the Transfer Consideration” in the Equity Transfer Agreement shall be adjusted as follows:

1. On the premise that all the conditions precedent for the payment of the consideration as agreed in the Equity Transfer Agreement have been fulfilled, the transferee shall pay the first installment of the consideration to the Transferor within 5 business days after all the aforesaid conditions precedent have been fulfilled, and the first installment of the consideration shall be 40% of the consideration of the Target Equity, i.e., RMB2,080.26 million.

The consideration of the Target Equity shall be determined in the manner as agreed in the “Consideration Determination Mechanism” clause of the Equity Transfer Agreement. If there is any adjustment to the current consideration of the Target Equity of RMB5,200.65 million, the consideration payable for each installment shall be adjusted accordingly.

2. The second to sixth installments of the Consideration are 20%, 10%, 10%, 10% and 10% of the Consideration of the Target Equity, respectively. This amounts to RMB1,040.13 million, RMB520.065 million, RMB520.065 million, RMB520.065 million and RMB520.065 million, respectively. The installments shall be paid as follows: after the issuance of the special report on annual performance compensation during the performance undertaking period, if the performance undertakings are met, the payment shall be made within 5 business days from the date of the issuance of the special report; if the performance undertakings are not met, the Company has the right to pay the balance after deducting the amount of compensation required to be made by Jiangsu Communications Holding to the Company based on the agreement; and if the amount of compensation is higher than the current installment of the consideration, Jiangsu Communications Holding is required to pay the balance of the amount of performance compensation for the current period after deducting the current installment of the Consideration to the Company.

Interest shall be incurred for the deferred payment of the second to sixth installments of the Consideration, with the period of interest calculation commencing from the day following the expiry of the agreed payment period of the first installment of the Consideration to the date of actual payment of the current installment of the Consideration. The interest shall be determined on the basis of the prevailing 1-year loan prime rate (“LPR”) published by the National Interbank Funding Center authorised by the People’s Bank of China, which is applicable on the date of actual payment of the current installment of the Consideration, and the interest on the deferred payment for each installment of the Consideration shall be payable concurrently with that installment (or the balance thereof in accordance with the foregoing, where applicable) of the Consideration.

(ii) Performance Compensation Undertakings

To facilitate the conduct of the transaction, the transferor has made the following performance compensation undertakings in favour of the transferee by consensus between the transferor and the transferee:

1. The performance undertaking period refers to the five complete accounting years starting from 1 January 2024 after the valuation date of the transaction, i.e., 2024, 2025, 2026, 2027 and 2028.
2. Jiangsu Communications Holding undertakes that the net profit of the Target Company in 2024, 2025, 2026, 2027 and 2028 shall not be less than RMB155.0362 million, RMB348.4382 million, RMB360.7341 million, RMB348.3509 million and RMB477.4364 million, respectively, save and except the aforementioned net profits cannot be achieved due to force majeure reasons.

The determination of the specific amount of the net profit undertaken shall be based on the valuation report filed with the state-owned assets supervision and administration department. If the aforementioned amount of the net profit undertaken is inconsistent with the approved or filing results, the transferor and the transferee mutually agree to make performance compensation based on the actual approved or filing results.

3. The Company shall commission an accounting firm after the end of each accounting year of the performance undertaking period to issue a special report on the difference between the net profit achieved by the Target Company in that year and the net profit undertaken of the Target Company.

If the cumulative net profit achieved by the Target Company as of the end of the accounting year is less than the cumulative net profit undertaken as of the end of the accounting year, Jiangsu Communications Holding shall compensate the Company based on the total consideration and the proportion of the shortfall to the cumulative net profit undertaken as of the end of the accounting year.

Current performance compensation amount = A – B

A = (cumulative net profit undertaken as of the end of the accounting year during the performance undertaking period – cumulative net profit achieved as of the end of the accounting year during the performance undertaking period) ÷ total net profit undertaken by the Target Company during the performance undertaking period × the consideration of the Target Equity

B = the amount of performance compensation already paid by Jiangsu Communications Holding.

If the amount of the performance compensation for the current period calculated by the above formula is less than or equal to 0, the value will be taken as 0.

In the event that the performance goal cannot be achieved due to force majeure, matters such as partial or total exemption of responsibility according to the impact of force majeure shall be dealt with by the transferor and the transferee through negotiation in accordance with the law.

4. Where the condition for the performance compensation for a period is triggered, Jiangsu Communications Holding shall pay the performance compensation within 10 business days from the date of issue of the special report and the consideration and approval of the annual financial report of the Company by the shareholders' meeting.
5. Upon the expiry of the last accounting year of the performance undertaking period, if the amount of compensation calculated by the above formula is less than 0, the Company shall refund the overpaid amount by Jiangsu Communications Holding within 10 business days from the date of issue of the special report and the consideration and approval of the annual financial report of the Company by the shareholders' meeting (without calculating the interest on the date of actual payment and the scheduled refund date).
6. A party failing to pay or return the compensation amount in accordance with the above two paragraphs shall pay interest to the other party in accordance with the Equity Transfer Agreement.

By Order of the Board

Yao Yong Jia

Executive Director and Company Secretary

Nanjing, the PRC, 2 March 2024

As at the date of this announcement, the Directors of the Company are:

Chen Yunjiang, Xu Haibei, Wang Yingjian, Wang Feng, Yao Yongjia, Wu Xinhua, Li Xiaoyan, Ma Chung Lai, Lawrence, Zhou Shudong, Liu Xiaoxing*, Yu Mingyuan*, Xu Guanghua*, Ge Yang**

* *Independent Non-executive Directors*