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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 DISCLOSEABLE TRANSACTION
AGREEMENT ON CAPITAL CONTRIBUTION TO
JIANGSU XITAI EXPRESSWAY CO., LTD.

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.

Further to the announcement of the Company dated 27 December 2023, on 12 April 2024, the Company entered into a capital contribution agreement with Wuxi Transport Infrastructure and Suzhou Xitai Investment, agreeing to jointly contribute capital to establish Xitai Company, which will be responsible for the investment, construction and operation management of the Xitai Project. The Company will initially contribute RMB3,250,000,000, with a shareholding percentage of 50%; Wuxi Transport Infrastructure will initially contribute RMB2,352,610,000, with a shareholding percentage of 36.194%; and Suzhou Xitai Investment will initially contribute RMB897,390,000, with a shareholding percentage of 13.806%.

IMPLICATIONS UNDER THE LISTING RULES

As two applicable percentage ratios in respect of the proposed maximum financial injection made by the Company under the capital contribution agreement exceed 5% but are less than 25%, the entering into of the capital contribution agreement constitutes a discloseable transaction of the Company under Chapter 14 of the Hong Kong Listing Rules and is therefore subject to the announcement requirement but is exempt from the shareholders' approval requirement.

Reference is made to the announcement of the Company dated 27 December 2023 in relation to the proposed investment in the Wuxi to Suzhou Section of Wutai Expressway project (hereinafter referred to as the “**Xitai Project**”).

On 12 April 2024, the Company entered into a capital contribution agreement with Wuxi Transport Infrastructure Investment and Development Co. Ltd.* (無錫交通基礎設施投資發展有限公司) (hereinafter referred to as “**Wuxi Transport Infrastructure**”), the investor of Wuxi City, and Suzhou Xitai Expressway Investment Co. Ltd.* (蘇州市錫太高速公路投資有限公司) (hereinafter referred to as “**Suzhou Xitai Investment**”), the investor of Suzhou City, agreeing to jointly contribute capital to establish Jiangsu Xitai Expressway Co., Ltd. (hereinafter referred to as “**Xitai Company**”), the main contents of which are as follows:

I. MAIN CONTENTS OF THE CAPITAL CONTRIBUTION AGREEMENT

(1) Parties to the agreement and the agreed capital contribution

The initial registered capital of Xitai Company is tentatively set at RMB6.5 billion and its shareholding structure is shown as below:

	<i>RMB0'000</i>	
Parties to the agreement/Investors	Registered capital	Shareholding percentage
Jiangsu Expressway Company Limited	325,000	50%
Wuxi Transport Infrastructure Investment and Development Co., Ltd.*	235,261	36.194%
Suzhou Xitai Expressway Investment Co., Ltd.*	89,739	13.806%
	<u>650,000</u>	<u>100.0%</u>
Total	<u>650,000</u>	<u>100.0%</u>

(2) Project construction

The scope of construction of the proposed Xitai Project is agreed as follows: Originating from the Wuxi North Hub, which is located at the intersection of the Hurong Expressway, connecting to Xiyi Expressway (which construction has already been completed). It will extend eastward, passing through Wuxi Huishan New Town, Xibei, Donggang and Yangjian. After crossing the Wangyu River, it will continue eastward through Suzhou Xinzhuang and west of Yangchenghu, and will end at the Xiangcheng West Hub, where it will intersect with the Sutai Expressway. The total length of the route is 50.04 kilometers, with a Wuxi section of 31.765 kilometers and a Suzhou section of 18.275 kilometers.

(3) Total investment, capital and composition of capital contribution for the project

According to the “Jiangsu Provincial Development and Reform Commission’s Approval on the Preliminary Design of the Wuxi to Suzhou Section of the Wutai Expressway” (Su Fa Gai Ji Chu Fa [2022] No. 1411), the approved estimated total investment for the Xitai Project is approximately RMB24.1981911 billion, of which the project capital is approximately RMB12.0990956 billion (accounting for 50% of the total investment), the balance of the investment amount will be funded with bank borrowings of Xitai Company, and Xitai Company shall be liable for its debts with all its assets. No guarantee is required from the parties to the agreement.

The investors shall, based on the actual progress of construction, increase their capital contributions to Xitai Company in proportion to their respective shareholding upto the registered capital of Xitai Company reaches the approved project capital. In the event that the final account of the project exceeds the approved budget, the investors shall increase capital contributions to the extent of their respective subscribed shareholding proportion in the project.

RMB6.5 billion (54%) of the project capital shall be available for use at the time of registration of Xitai Company (no later than 31 May 2024). The capital contribution by each shareholder must be made in full and on time in accordance with the requirements set out in the capital contribution notice, otherwise, it shall not be entitled to dividends and the right to dividends and the right to vote on dividends for the period before its capital contribution is actually made, and shall also be liable for the liquidated damages to other shareholders who have made capital contributions in full and on time, which shall be calculated on the basis of the amount of the uncontributed capital at the LPR interest rate for loans with the same maturity from the date on which capital contribution should have been made until the date of the actual contribution in full. The balance of capital contribution shall be provided by way of instalments based on the actual progress of the construction of the project, and the steps, requirements and default liabilities relating to the capital contributions shall be implemented in accordance with the requirements accordingly.

Upon the establishment of Xitai Company, the investors shall be liable to Xitai Company to the extent of the amount of their respective capital contribution and shall have corresponding rights and interests.

During the course of the establishment of Xitai Company, the related start-up costs will be temporarily advanced by the Company, which will be included into the “unamortized costs” of Xitai Company after its establishment. In case the establishment of Xitai Company fails out of any reason, the investors will be jointly liable for the costs incurred for the establishment of Xitai Company in proportion to the capital contribution they have subscribed respectively.

(4) Management of the project company

According to the articles of association, Xitai Company’s board of directors shall consist of seven members, six of whom are elected by shareholders at shareholders’ meeting. Among them, four are recommended by the Company, one is recommended by Wuxi Transport Infrastructure, one is recommended by Suzhou Xitai Investment, and the remaining one is a representative of the employees, who is elected at the employees’ representatives meeting. The board of directors shall have a chairman, who shall be the legal representative of Xitai Company and shall be recommended by the Company and elected by the board of directors of Xitai Company. The quorum of a meeting of the board of directors must be more than one-half of the directors, and to be valid, decisions on matters to be discussed should be voted on and approved by more than one-half of the total number of directors.

Xitai Company shall have one manager, who shall be appointed or dismissed by the board of directors, and the manager shall be accountable to the board of directors.

Xitai Company’s supervisory committee shall consist of three supervisors, two of whom are elected by shareholders at shareholders’ meeting: one of whom is recommended by the Company, and one of whom is jointly recommended by Wuxi Transport Infrastructure and Suzhou Xitai Investment. The remaining one is the employee representative supervisor, who is elected at the employees’ representatives meeting. The supervisory committee has a chairman, who shall be recommended by the Company and elected by a majority of all supervisors.

Any resolution made at a shareholders’ meeting to amend the articles of association, to increase or reduce the registered capital, or to merge, demerge, dissolve or change the form of Xitai Company must be passed by shareholders representing more than two-thirds of the voting rights, and other resolutions of the shareholders’ meeting must be passed by shareholders representing more than one-half of the voting rights.

III. BASIC INFORMATION OF THE INVESTORS UNDER THE CAPITAL CONTRIBUTION AGREEMENT

(I) Jiangsu Expressway Company Limited

Registered office:	6 Xianlin Avenue, Nanjing, Jiangsu Province, the PRC
Business nature:	Joint-stock limited company
Date of establishment:	August 1992
Legal representative:	Chen Yunjiang
Registered capital:	RMB5,037,747,500
Principal business:	Construction, management, maintenance and toll collection of toll roads and expressways in Jiangsu Province
Total assets at the end of the latest accounting period [#] (2023):	RMB78,661,444,000
Net assets at the end of the latest accounting period [#] (2023):	RMB40,888,508,000
Revenue from operations for the latest accounting period [#] (2023):	RMB15,192,010,000
Net profit for the latest accounting period [#] (2023):	RMB4,609,626,000

(II) Wuxi Transport Infrastructure Investment and Development Co., Ltd.*

Registered office:	1/F, 109 Renmin West Road, Wuxi
Business nature:	Limited company
Date of establishment:	April 2023
Legal representative:	Kong Wei
Registered capital:	RMB3,000,000,000
Shareholders (shareholding percentage):	Wuxi Communications Industry Group Co., Ltd.* (無錫市交通產業集團有限公司) (100%) (Note 1)
Principal business:	Construction; highway management and maintenance (For projects subject to approval in accordance with the law, approved by the relevant departments shall be obtained before commencement of business activities, and the specific business projects are subject to the results of approval)
Total assets at the end of the latest accounting period [#] (2023):	RMB1,000,368,750
Net assets at the end of the latest accounting period [#] (2023):	RMB1,000,118,750
Revenue from operations for the latest accounting period [#] (2023):	RMB0
Net profit for the latest accounting period [#] (2023):	RMB118,750

(III) Suzhou Xitai Expressway Investment Co., Ltd.*

Registered office:	1 South Ring East Road, Suzhou
Business nature:	Limited company
Date of establishment:	October 2023
Legal representative:	Wang Deping
Registered capital:	RMB1,670,500,000
Shareholders (shareholding percentage):	Changshu City Transport Public Assets Management Co. Ltd.* (常熟市交通公有資產經營有限公司) (62.19096%) (Note 2); Suzhou Raocheng Expressway Co., Ltd (33.33134%)* (蘇州繞城高速公路有限公司) (Note 3); Suzhou Xiangcheng Municipal Construction Investment (Group) Co. Ltd.* (蘇州市相城市政建設投資(集團)有限公司) (4.4777%) (Note 4)
Principal business:	Engaging in investment activities with self-owned funds (Carrying out business activities independently in accordance with laws by business licence except for special projects that require approval in accordance with laws)
Total assets at the end of the latest accounting period [#] (2023):	RMB0
Net assets at the end of the latest accounting period [#] (2023):	RMB0
Revenue from operations for the latest accounting period [#] (2023):	RMB0
Net profit for the latest accounting period [#] (2023):	RMB0

in accordance with the Accounting Standards for Business Enterprises of the PRC

* English name is for reference only.

Note 1: The ultimate beneficial owner is: The People's Government of Wuxi City (100%).

Note 2: The ultimate beneficial owner is: Changshu Municipal Finance Bureau (86.40%), and no other person owns more than 3% interest according to public information.

Note 3: The ultimate beneficial owners are: State-owned Assets Supervision and Administration Commission of the Suzhou Municipal Government (64.39%) and Department of Finance of the Tibet Autonomous Region (35.61%).

Note 4: The ultimate beneficial owner is: State-owned Assets Supervision and Management Office of People's Government of Xiangcheng District, Suzhou (100%).

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, Wuxi Transport Infrastructure and Suzhou Xitai Investment and their respective ultimate beneficial owners are third parties independent of the Company and its connected persons and their respective associates.

IV. IMPACT OF EXTERNAL INVESTMENT ON THE LISTED COMPANY

The Xitai Expressway will connect with the Sukuntai Expressway, forming a new east-west expressway between Wuxi and Shanghai, and serves as a crucial interprovincial access between Suzhou and Shanghai. The investment in the Xitai Project can facilitate a further focus on the Company's main responsibilities and principal business, improve and optimize the road network construction, ease the traffic pressure on the Wuxi-Suzhou section of the Shanghai-Nanjing Expressway, and eliminate the impact of traffic diversion from parallel roads in the region, which is of great significance in further consolidating the Company's dominant position in the south Jiangsu road network.

The directors of the Company are of the view that the project has investment value. The directors (including the independent non-executive directors) of the Company consider that the capital contribution agreement was entered into on normal commercial terms, which are fair and reasonable, and the investment in the Xitai Project is in the interests of the shareholders of the Company as a whole.

The Company will use its self-owned funds to invest in the Xitai Project.

V. RISKS ANALYSIS FOR THE EXTERNAL INVESTMENT

(I) Risk of less-than-expected traffic volume

Traffic volume is the primary factor affecting the toll revenue. If the actual traffic volume undertaken by the project is lower than the predicted scale, the expected cash flow to cover operating expenses, create profits and repay the principal and interest of the financing will not be able to be generated, which may pose a financial risk.

Measures: The Company will pay close attention to the progress of the subsequent construction of the road network, propose measures to address corresponding risk of changes in the relevant external conditions at the preliminary stage, and clarify the risk-bearing mechanism for the loss of revenue in the event that the conditions of the road network are inconsistent with the expected assumptions.

(II) Risks of toll road policies not being adjusted as assumed

According to the legislative work plan of the Ministry of Communications, the revision of the new Regulation will be completed during the “14th Five-Year Plan” period. Meanwhile, a study on the pricing mechanism of expressways for the “15th Five-Year Plan” is being carried out in Jiangsu Province. At present, the relevant proposal is at discussion stage and needs to be further improved in conjunction with the revision progress of the Regulation, etc.

Measures: Firstly, the Company will apply to the competent government authorities for approval of favourable toll operation policies and toll standards in due course before the project commissioning, based on the actual investment and projected operation status of the project and the development trend of high-speed traffic flow in the province. Secondly, the Company will strive for the longest possible toll concession period when applying for the toll approval.

(III) Risks of project financing constraints and interest rate adjustments

The project involves a large investment, and the financial institutions’ assessment of its own return of the project may affect the scale of the financing and the level of interest rates. In addition, the current market interest rate is at a relatively low level and the LPR rate may have further fluctuation and adjustment during the operating period. Therefore, there are certain risks associated with the financing and cost of the project.

Measures: The Company will make reasonable use of multiple financial instruments to improve financing structure and enhance liquidity of its assets. At the same time, as expressway assets are generally characterised by stable cash flows, low financing costs and long recovery periods, and have a good basis for asset securitisation, which is capable of using scientific and diverse means to enhance operational flexibility and reduce financial risks.

VI. IMPLICATIONS UNDER THE LISTING RULES

As one or more of the applicable percentage ratios in respect of the proposed maximum financial injection made by the Company under the capital contribution agreement (being upto 50% of the approved project capital) exceed 5% but are less than 25%, the entering into of the capital contribution agreement constitutes a discloseable transaction of the Company under Chapter 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (hereinafter referred to as the “**Hong Kong Listing Rules**”) and is therefore subject to the announcement requirement but is exempt from the shareholders’ approval requirement.

By Order of the Board
Yao Yongjia
Company Secretary

Nanjing, the PRC, 12 April 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*