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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
RELATED PARTY/CONNECTED TRANSACTION
REGARDING THE PRO RATA CAPITAL INCREASE OF
THE COMPANY IN GUANGJING XICHENG 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.

On 14 November 2024, the Company, China Merchants Expressway and Guangjing Xicheng Company entered into the Capital Increase Agreement in relation to the capital increase. Guangjing Xicheng Company will conduct a capital increase of RMB1,600,000,000. The shareholders of Guangjing Xicheng Company shall make capital contributions in proportion to their shareholdings, of which the Company shall subscribe for RMB409,702,283 of Guangjing Xicheng Company's registered capital at a consideration of RMB1,360,000,000, and China Merchants Expressway shall subscribe for RMB72,300,403 of Guangjing Xicheng Company's registered capital at a consideration of RMB240,000,000. Upon completion of the capital increase, the registered capital of Guangjing Xicheng Company will be increased to RMB2,982,002,686, of which RMB2,534,702,283 will be owned by the Company, representing an 85% shareholding, and RMB447,300,403 will be owned by China Merchants Expressway, representing a 15% shareholding.

The second largest shareholder of the Company, China Merchants Expressway, holds 15% equity interest in Guangjing Xicheng Company, which is a direct subsidiary of the Company (the accounts of which are consolidated in the accounts of the Company) jointly invested by the Company and the related party, and the joint capital increase by the Company and the related party constitutes a related party transaction under the Rules Governing the Listing of Stocks on the Shanghai Stock Exchange; as the second largest shareholder of the Company, China Merchants Expressway, holds more than 10% equity interest in both the Company and Guangjing Xicheng Company, the capital increase constitutes a connected transaction of the Company as Guangjing Xicheng Company is a connected subsidiary of the Company pursuant to Rules 14A.07 and 14A.16(1) of the Hong Kong Listing Rules.

The relevant ratio calculated pursuant to Rule 14.07 of the Hong Kong Listing Rules is more than 0.1% but less than 5% and therefore the Company's participation in the capital increase is only subject to the announcement requirement but is exempt from independent shareholders' approval requirement at general meeting under Rule 14A.76(2)(a) of the Hong Kong Listing Rules.

IMPORTANT NOTICE:

1. Summary of the transaction: Jiangsu Expressway Company Limited (hereinafter referred to as the “**Company**” or the “**Group**”) shall participate, on a pro rata basis, in the capital increase of Jiangsu Guangjing Xicheng Expressway Company Limited (江蘇廣靖錫澄高速公路有限責任公司) (“**Guangjing Xicheng Company**”), a direct subsidiary of the Company.
2. Amount for the capital contribution: RMB1,360,000,000
3. The transaction constitutes a related party transaction.
4. The transaction does not constitute a major assets reorganization.
5. During the past 12 months, the amount of transactions with the same related party and the similar transactions with different related parties are less than 5% of the Company's latest audited net assets.

I. OVERVIEW OF RELATED PARTY/CONNECTED TRANSACTION

In order to optimise the debt repayment and risk-resistant capability of the Company's direct subsidiary and to promote the healthy and sustainable development of the Group, on 14 November 2024, the sixth meeting of the eleventh session of the board of directors of the Company approved the Resolution on the Capital Increase by the Company to Guangjing Xicheng Company, A Direct Subsidiary of the Company, and approved the capital increase of the Company in Guangjing Xicheng Company, a direct subsidiary of the Company, with the use of the Company's own funds or other funds that meet the requirements of the capital contribution, at an amount of RMB1,360,000,000. China Merchants Expressway Network & Technology Holdings Co., Ltd. (招商局公路網絡科技控股股份有限公司) (hereinafter referred to as "**China Merchants Expressway**"), the other shareholder of Guangjing Xicheng Company, shall participate in the pro rata capital increase in accordance with its shareholding, i.e. RMB240,000,000. On 14 November 2024, the Company, China Merchants Expressway and Guangjing Xicheng Company entered into the Capital Increase Agreement in relation to the capital increase.

Pursuant to the Rules Governing the Listing of Stocks on the Shanghai Stock Exchange, the capital increase, within the scope of authorization of the board of directors, was approved at the sixth meeting of the eleventh session of the board of directors. The capital increase is not subject to shareholders' approval at the general meeting.

The relevant ratio calculated pursuant to Rule 14.07 of the the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Hong Kong Listing Rules**") is more than 0.1% but less than 5% and therefore the Company's participation in the capital increase is only subject to announcement requirement but is exempt from independent shareholders' approval requirement at general meeting under Rule 14A.76(2)(a) of the Hong Kong Listing Rules.

The capital increase constitutes a related party transaction but does not constitutes a major assets reorganization under the Measures for the Administration of Material Asset Reorganization of Listed Companies (《上市公司重大資產重組管理辦法》).

II. INFORMATION ON RELATED PARTIES/CONNECTED PERSONS

(I) Information on Relationships among Related Parties/Connected Persons

The second largest shareholder of the Company, China Merchants Expressway, holds 15% equity interest in Guangjing Xicheng Company, which is a direct subsidiary of the Company (the accounts of which are consolidated in the accounts of the Company) jointly invested by the Company and the related party, and the joint capital increase by the Company and the related party constitutes a related party transaction under the Rules Governing the Listing of Stocks on the Shanghai Stock Exchange; as the second largest shareholder of the Company, China Merchants Expressway, holds more than 10% equity interest in both the Company and Guangjing Xicheng Company, the capital increase constitutes a connected transaction of the Company as Guangjing Xicheng Company is a connected subsidiary of the Company pursuant to Rules 14A.07 and 14A.16(1) of the Hong Kong Listing Rules.

(II) Basic Information on Related Parties/Connected Persons

1. *Basic Information on Related Parties/Connected Persons*

China Merchants Expressway Network & Technology Holdings Co., Ltd.

Registered office:	Room 910, A3 Building, Dongjiang Business Center, 599 Ordos Road, Pilot Free Trade Zone (Dongjiang Bonded Port Area), Tianjin
Company type:	Joint stock Company (listed company) <i>(Note 1)</i>
Legal representative:	Bai Jingtao
Registered capital:	RMB6,178,211,497

Principal business: Investment, development, construction, and management of roads, bridges, docks, ports and waterway infrastructure; investment management; development, research and manufacturing of new technologies, new products and new materials for transportation infrastructure, and sales of products; sales of construction materials, electrical equipment, automobiles and accessories, hardware and electrical equipment and daily provisions; economic information consultation; and personnel training. (Projects subject to approval as required by laws shall only be conducted upon approval by the competent authority)

Total assets at the end of the latest accounting period (2023): RMB157,482,241,000 ^(Note 2)

Net assets at the end of the latest accounting period (2023): RMB65,053,321,000 ^(Note 2)

Revenue from operations for the latest accounting period (2023): RMB9,731,355,000 ^(Note 2)

Net profit for the latest accounting period (2023): RMB6,766,649,000 ^(Note 2)

Note 1: It is a company listed on the Shenzhen Stock Exchange and its stock code is 001965.

Note 2: In accordance with the Accounting Standards for Business Enterprises of the People's Republic of China

2. China Merchants Expressway is the second largest shareholder of the Company, holding 11.69% equity interest in the Company. China Merchants Expressway and the Company have jointly invested in the establishment of Guangjing Xicheng Company, a direct subsidiary of the Company, and China Merchants Expressway's shareholding in Guangjing Xicheng Company is 15%. Mr. Wu Xinhua and Ms. Zhou Wei, being directors of the Company; and Mr. Pan Ye, being a supervisor of the Company, are employees of China Merchants Expressway. There is no other relationship in terms of property rights, business, assets and personnel with the Company.
3. The Company, a joint stock limited company established in Nanjing, Jiangsu Province, the PRC, is mainly engaged in construction, management, maintenance and collection of tolls of roads and expressways in Jiangsu Province.

III. BASIC INFORMATION ON THE SUBJECT OF THE RELATED PARTY/ CONNECTED TRANSACTION

1. Transaction subject: The pro rata capital increase in the company jointly established by the related party/ connected person

2. Overview of the target

Transaction subject:	Jiangsu Guangjing Xicheng Expressway Co., Ltd.
Registered office:	No. 6 Xianlin Avenue, Nanjing, Jiangsu Province
Company type:	Limited liability company
Legal representative:	Lou Jun
Registered capital:	RMB2,500,000,000
Shareholders and their respective shareholding percentage:	Jiangsu Expressway Company Limited (85%) China Merchants Expressway Network & Technology Holdings Co., Ltd. (15%) ^(Note 1)
Principal business:	Construction, management, maintenance and toll collection of expressways

Total assets at the end of the latest accounting period (2023):	RMB16,073,287,000 ^(Note 2)
Net assets at the end of the latest accounting period (2023):	RMB9,138,138,000 ^(Note 2)
Revenue from operations for the latest accounting period (2023):	RMB2,641,293,000 ^(Note 2)
Net profit for the latest accounting period (2023):	RMB682,075,000 ^(Note 2)

Note 1: It is a company listed on the Shenzhen Stock Exchange and its stock code is 001965.

Note 2: In accordance with the Accounting Standards for Business Enterprises of the People's Republic of China

3. Ownership status of the target

The property rights of Guangjing Xicheng Company are clear, except that the toll rights of Guangjing Expressway, Changyi Expressway and Yichang Expressway are pledged to relevant banks for project loans, there is no mortgage or any other encumbrances on transfer, no arbitration matters or judicial measures such as seizures or freezes, or other circumstances that would hinder the transfer of ownership.

4. Key financial indicators

Key financial indicators of Guangjing Xicheng Company in the last two years and the latest period are as follows:

Item	<i>RMB0'000</i>		
	31 December 2022	31 December 2023	30 September 2024
Total assets	1,530,061.38	1,607,328.7	1,655,324.82
Net assets	844,302.41	913,813.79	952,692.24
			January – September 2024
	2022	2023	
Operating revenue	196,780.83	264,129.28	193,142.07
Profit before tax	87,300.33	89,424.56	87,270.86
Profit after tax	74,861.95	68,207.53	76,134.93

Note: The financial statements of Guangjing Xicheng Company for the years 2022 and 2023 have been audited by KPMG Huazhen LLP, which has issued the standard unqualified opinions and is an auditor in compliance with the requirements of the Securities Law. Financial statements from January to September 2024 have not been audited.

5. Guangjing Xicheng Company has not carried out any asset valuation, capital increase, capital reduction or restructuring during the past 12 months.

IV. CAPITAL INCREASE ARRANGEMENT

The capital increase project will be discounted on the basis of the latest audited net assets of Guangjing Xicheng Company. As at the end of December 2023, the total owner's equity of Guangjing Xicheng Company (under the separate accounts of Guangjing Xicheng Company) was approximately RMB8,299 million, equivalent to a net asset per share of approximately RMB3.3195, and the total amount of the capital increase is RMB1,600 million, which will increase the registered capital by a total amount of RMB482,002,686, with the remaining amount of RMB1,117,997,314 will be credited to the capital reserve, and the registered capital will amount to RMB2,982,002,686 upon completion of the capital increase. The Company shall participate in this capital increase with its own funds of RMB1.36 billion, of which RMB409,702,283 will be credited to the registered capital of Guangjing Xicheng Company and RMB950,297,717 will be credited to the capital reserve of Guangjing Xicheng Company.

Guangjing Xicheng Company intends to increase its registered capital to RMB482,002,686, of which the Company will subscribe for RMB409,702,283 of registered capital in cash and China Merchants Expressway will subscribe for RMB72,300,403 of registered capital in cash. Upon completion of the capital increase, the registered capital of Guangjing Xicheng Company will be increased to RMB2,982,002,686, of which RMB2,534,702,283 will be owned by the Company, representing an 85% shareholding, and RMB447,300,403 will be owned by China Merchants Expressway, representing a 15% shareholding.

The shareholding structure of Guangjing Xicheng Company before and after the capital increase is set out in the table below:

No.	Name of shareholders	Before the capital increase		Increase of registered capital (RMB)	Upon the capital increase		Consideration of the capital increase	
		Subscribed registered capital (RMB)	Shareholding ratio		Subscribed registered capital (RMB)	Shareholding ratio	Capital increase price* (RMB/share)	Total amount in cash to be contributed (RMB)
1	Jiangsu Expressway Company Limited (the Company)	2,125,000,000	85%	409,702,283	2,534,702,283	85%	3.3195	1,360,000,000
2	China Merchants Expressway Network & Technology Holdings Co., Ltd.	375,000,000	15%	72,300,403	447,300,403	15%	3.3195	240,000,000
	Total	<u>2,500,000,000</u>	<u>100%</u>	<u>482,002,686</u>	<u>2,982,002,686</u>	<u>100%</u>		<u>1,600,000,000</u>

V. MAJOR TERMS OF THE CAPITAL INCREASE AGREEMENT

1. Parties of the agreement

Target Company: Guangjing Xicheng Company

Original shareholder/capital contributor I: the Company

Original shareholder/capital contributor II: China Merchants Expressway

2. Capital increase scheme

To increase the registered capital of Guangjing Xicheng Company by RMB482,002,686. The two shareholders, namely the Company and China Merchants Expressway, agreed to complete the capital increase in proportion to their original shareholdings, and the total registered capital of the Guangjing Xicheng Company shall be adjusted from RMB2,500,000,000 to RMB2,982,002,686.

3. Allocation of the increase in capital contribution by shareholders

The amount of the increased capital contribution, the total amount of capital contribution after the capital increase and the proportion of capital contribution by each shareholder are as follows: the Company shall subscribe for RMB409,702,283 of registered capital, the total amount of capital contribution shall be RMB1.36 billion, which is 85% of the total capital contribution; and China Merchants Expressway shall subscribe for RMB72,300,403 of registered capital, the total amount of capital contribution shall be RMB240 million, which is 15% of the total capital contribution.

4. Capital contribution schedule

Before 30 June 2025, the capital increase under this agreement shall be transferred to the account of Guangjing Xicheng Company in one/multiple installment(s), and the specific time and amount of payment shall be subject to the payment notice issued by Guangjing Xicheng Company.

5. Other terms

When the cash flow of Guangjing Xicheng is sufficient, the accumulated undistributed profits of the parent company (the parent company refers to Guangjing Xicheng Company) in previous years shall be distributed as interim dividends. The amount of interim dividends to be distributed will be determined through negotiations among the shareholders. Annual undistributed profits of the parent company after making up losses and withdrawing reserves shall be distributed in proportion to the shareholders' actual paid-in capital, with the amount of the annual distribution being no less than 70% of the parent company's annual undistributed profits. During the period when Guangjing Xicheng Company has large capital expenditure exceeding RMB500 million, or equity investment exceeding RMB500 million or during the reconstruction and expansion period, the amount of the annual dividend distribution of Guangjing Xicheng Company may be reduced upon negotiations after taking into account the cash flow of Guangjing Xicheng Company required for its normal operations.

VI. EFFECTS OF THE CAPITAL INCREASE ON THE LISTED COMPANY

The capital increase is in line with the strategic planning of the Group and the operational and development needs of Guangjing Xicheng Company, which will help alleviate the pressure on the capital of the construction of the widening project of the section from Guangling Hub to Jingjiang Hub of the G2 Beijing-Shanghai Expressway under Guangjing Xicheng Company (Note), optimise its capital structure, promote its long-term sustainable development and is in line with the overall interests of the Group.

The related party/connected transaction is conducted on a voluntary, fair and reasonable basis and in accordance with the principle of consensus. Upon completion of the transaction, the Company's shareholding in Guangjing Xicheng Company will remain unchanged, which will not lead to any change in the scope of the consolidated statement of the listed company, will not adversely affect the Company's future financial position and of operating results, and will not prejudice the interests of the listed company and its shareholders, in particular the minority shareholders.

Note: For details, please refer to the announcement of the Company dated 28 August 2024 on Investment in Widening Construction of Section from Guangling Hub to Jingjiang Hub of G2 Beijing-Shanghai Expressway.

VII. APPROVAL PROCEDURES OF THE RELATED PARTY/CONNECTED TRANSACTION

(I) Considerations at the Special Meeting of the Independent Directors

On 13 November 2024, the Resolution on the Capital Increase by the Company to Guangjing Xicheng Company, A Direct Subsidiary of the Company was approved at the special meeting of the independent directors of the eleventh session of the board of directors of the Company, and all the independent directors unanimously agreed to submit this resolution to the board of directors for approval.

(II) Considerations of the Audit Committee of the Board of Directors

On 13 November 2024, the Resolution on the Capital Increase by the Company to Guangjing Xicheng Company, A Direct Subsidiary of the Company was approved at the audit committee of the eleventh session of the board of directors of the Company, and all the members unanimously agreed to submit this resolution to the board of directors for approval.

(III) Considerations of the Board of Directors

On 14 November 2024, the Company convened the sixth meeting of the eleventh session of the board of directors and approved the Resolution on the Capital Increase by the Company to Guangjing Xicheng Company, A Direct Subsidiary of the Company. Mr. Wu Xinhua and Ms. Zhou Wei, being employees of China Merchants Expressway and related party/connected directors, have abstained from voting, while the remaining directors voted in favour of the aforesaid resolution, and considered that the transaction was conducted on normal commercial terms and the terms of the transaction were fair and reasonable and in the interests of the Company and its shareholders as a whole.

By Order of the Board
Wang Feng
Executive Director

Nanjing, the PRC, 15 November 2024

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

Chen Yunjiang, Wang Yingjian, Wang Feng, Zhang Xinyu, Wu Xinhua, Zhou Wei, Ma Chung Lai, Lawrence, Xu Guanghua, Ge Yang*, Gu Zhaoyang*, Tan Shijun*, Sun Lijun**

* *Independent Non-executive Directors*