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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)

CONNECTED TRANSACTION
EMERGENCY REPAIR WORKS

On 27 August 2021, the Company and Huatong Engineering Company entered into a contract for the emergency repair works of the approach bridge of Weiting Bridge on Shanghai-Nanjing Expressway at a contract amount of RMB17 million.

As Communications Holding (the controlling shareholder of the Company) is a connected person of the Company, and controls, directly and indirectly, over 30% of the equity interest in Huatong Engineering Company, Huatong Engineering Company is also a connected person of the Company under Rule 14A.07 of the Hong Kong Listing Rules. As such, the contract between the Company and Huatong Engineering Company and the transaction thereunder constitute a connected transaction of the Company. As the highest applicable percentage ratio (revenue ratio) calculated under Rule 14.07 of the Hong Kong Listing Rules in respect of the transaction amount (accumulative amount of this transaction between the Group and Huatong Engineering Company for twelve months) is more than 0.1% but less than 5%, this transaction is only subject to announcement requirements but is exempt from the approval of independent shareholders at general meeting in accordance with Rule 14A.76(2) (a) of the Hong Kong Listing Rules.

I. EMERGENCY REPAIR WORKS CONTRACT

On 27 August 2021, Jiangsu Expressway Company Limited (the “**Company**”) and Jiangsu Huatong Engineering Testing Co., Ltd. (“**Huatong Engineering Company**”) entered into a contract for the emergency repair works of the approach bridge of Weiting Bridge on Shanghai-Nanjing Expressway (the “**Emergency Repair Works Contract**”).

(1) Contracting parties

Party A (Buyer): the Company

Party B (Seller): Huatong Engineering Company, a company whose equity interest is controlled as to more than 30% by Jiangsu Communications Holding Company Limited (“**Communication Holdings**”, the controlling shareholder of the Company)

(2) Contract price: RMB17 million (inclusive of value-added tax)

Based on the estimated quantity and unit price (determined with reference to the fair market price) of works listed in the Emergency Repair Works Contract, the tentative total price is RMB17 million. The final total contract price shall be determined based on the quantity of the completed work, agreed by Party A, Party B and an appointed supervisory entity, subject to the audit exercise to be conducted by an appointed auditing entity. If the final total contract price is more than RMB17 million, Party B shall obtain prior consent from Party A.

(3) Settlement:

1. The project shall be implemented by Party B within the scheduled construction period. No prepayment will be provided, and 97% of the final settlement amount shall be payable according to and after acceptance of the quality inspection of the delivered works and completion of audit of the final accounts of the relevant works.
2. Progress payment: During the progress of the project, Party A shall pay the progress payment according to the actual workload completed as appropriate, but the payment amount shall not exceed 80% of the completed works.
3. Retention amount: 3% of the actual total contract price shall be withheld and paid to Party B by Party A upon the expiry of the project quality defect liability period (24 months) and after Party A’s approval of repairs by Party B of any quality defect identified.

4. Party A shall pay value-added tax upon presentation of tax invoices in accordance with the laws and regulations.

(4) Duration of contract:

1 September 2021 to 31 December 2021. Specifically, the emergency inspection and testing and the monitoring work before reinforcement, the first stage of design for two beams with serious defects, four girders with concentrated defects and the cracked beams with supplementary grouting, and the reinforcement construction of a single beam of the two beams with serious defects are expected to be completed in September 2021; four girders with concentrated cracks and 32 single beams with relatively serious defects shall be tested, inspected, designed and constructed and the steel strands will be inspected one by one to distinguish their service status, and the construction works following the design for reinforcement based on the results of the inspection is expected to be completed in December 2021.

II. BASIC INFORMATION ON THE PARTIES

Jiangsu Huatong Engineering Testing Co., Ltd.

Company type: Limited liability company established in the PRC

Principal business: Inspection, design, construction and maintenance of roads, bridges, hydraulic structures, building structure and project management, technical service, software development and technical transfer, engineering inspection and measurement, development, promotion and sales of construction and road new materials; design and construction of municipal engineering

Shareholders (Shareholding percentage): Jiangsu Expressway Engineering Maintenance Company Limited (51%) (*Note 1*)

China Design Group Co., Ltd. (Shanghai Stock Exchange stock code: 603018) (49%)

Note 1: The shareholders (shareholding percentage) of Jiangsu Expressway Engineering Maintenance Company Limited are as follows:

Jiangsu Communications Holding Company Limited (44.00%), Jiangsu Jinghu Expressway Company Limited (8.00%) (*Note 2*), Jiangsu Lianxu Expressway Co., Ltd. (8.00%) (*Note 3*), Jiangsu Ningjingyan Expressway Co., Ltd.* (江蘇寧靖鹽高速公路有限公司) (8.00%) (*Note 4*), Jiangsu Ningsuxu Expressway Co., Ltd.* (江蘇寧宿徐高速公路有限公司) (8.00%) (*Note 5*), Jiangsu Suhuaiyan Highway Management Co., Ltd. (江蘇宿淮鹽高速公路管理有限公司) (8.00%) (*Note 6*), Jiangsu Eastern Expressway Management Co., Ltd. (江蘇東部高速公路管理有限公司) (8.00%) (*Note 6*) and Jiangsu Fenguan Expressway Management Co. Ltd. (江蘇汾灌高速公路管理有限公司) (8%) (*Note 6*)

Note 2: The ultimate beneficial owners are: Jiangsu Communications Holding Company Limited (55.27%) (*Note 6*), Jiangsu Yueda Investment Co., Ltd. (Shanghai Stock Exchange stock code: 600805) (21%), Yangzhou State-owned Assets Supervision and Administration Commission (11.77%), Huaian State-owned Assets Supervision and Administration Commission (5.54%), Suqian State-owned Assets Supervision and Administration Commission (4.54%), Xuzhou State-owned Assets Supervision and Administration Commission (1.69%) and the Department of Finance of Jiangsu Province (0.19%)

Note 3: The ultimate beneficial owners: Jiangsu Communications Holding Company Limited (92.32%) (*Note 6*), Xuzhou State-owned Assets Supervision and Administration Commission (4.60%), the Department of Finance of Jiangsu Province (0.68%) and Lianyungang State-owned Assets Supervision and Administration Commission (2.4%)

Note 4: The ultimate beneficial owners: Jiangsu Communications Holding Company Limited (74.07%) (*Note 6*), China Merchants Expressway Network & Technology Holdings Co., Ltd. (Shenzhen Stock Exchange stock code: 001965) (10.51%), Taizhou State-owned Assets Supervision and Administration Commission (7.86%), Nantong State-owned Assets Supervision and Administration Commission (2.81%), Yancheng State-owned Assets Supervision and Administration Commission (2.66%) and Yangzhou State-owned Assets Supervision and Administration Commission (2.09%)

Note 5: The ultimate beneficial owners: Jiangsu Communications Holding Company Limited (93.42%) (*Note 6*), Suqian State-owned Assets Supervision and Administration Commission (4.47%), Xuzhou State-owned Assets Supervision and Administration Commission (1.17%), the Department of Finance of Jiangsu Province (0.13%) and Huaian State-owned Assets Supervision and Administration Commission (0.81%)

Note 6: The ultimate beneficial owner is Jiangsu Communications Holding Company Limited, which is provincial enterprise under the State-owned Assets Supervision and Administration Commission of the Jiangsu Provincial Government.

The Company and its subsidiaries are mainly principally engaged in the construction, management, maintenance and toll collection of toll roads and expressways in Jiangsu Province, related supporting services and real estate development and sales.

III. REASON FOR AND BENEFITS

1. Purpose of the transaction: Ensuring road safety and smooth traffic and the structural safety of the bridge and extending the bridge's service life.
2. Impact on the Company: This transaction is an ordinary business contract of the Company. The contract price is determined with reference to the fair price on the market, subject to quality inspection by a supervisory entity and audit of the final accounts by an auditing entity to be appointed. By leveraging on synergies derived from the relevant experience of the related/connected companies in the Group, the Company can save costs and improve management efficiency to ensure effective operation of its principal businesses.

IV. HONG KONG LISTING RULES IMPLICATION

As Communications Holding (the controlling shareholder of the Company) controls, directly and indirectly, over 30% of the equity interest in Huatong Engineering Company, Huatong Engineering Company is also a connected person of the Company under Rule 14A.07 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (“**Hong Kong Listing Rules**”). As such, the Emergency Repair Works Contract and the transaction thereunder constitute a connected transaction of the Company. As the highest applicable percentage ratio (revenue ratio) calculated under Rule 14.07 of the Hong Kong Listing Rules in respect of the transaction amount (accumulative amount of this transaction the Group and Huatong Engineering Company for twelve months) is more than 0.1% but less than 5%, this transaction is only subject to announcement requirements but is exempt from the approval of independent shareholders at general meeting in accordance with Rule 14A.76(2) (a) of the Hong Kong Listing Rules.

V. THE PROCEDURES FOR THE CONSIDERATION OF THE TRANSACTION

At the third meeting of the tenth session of the board of directors of the Company held on 27 August 2021, all the directors considered, approved and were of the unanimous view that the terms of the transaction are fair and reasonable, and are in the interest of the Company and its shareholders as a whole. Mr. Sun Xibin, Mr. Chen Yanli and Mr. Wang Yingjian, all being related/connected directors, have abstained from voting on the related resolution.

Prior to considering the resolution, the five independent directors of the Company decided and agreed to submit the resolution for the transaction to the third meeting of the tenth session of the board of directors for consideration and expressed independent opinions at the board meeting considering the above resolution as follows: the transaction in respect of the entrustment of a related party/connected person to carry out emergency repair works is a transaction in the ordinary and usual course of business, transaction terms of which are fair and reasonable and are on normal commercial terms, and the transaction will not prejudice the interests of the Company and its non-related/connected shareholders, especially the minority shareholders, and is in the interests of the Company and its shareholders as a whole.

The audit committee of the board of directors of the Company issued a written review opinion on the related party/connected transaction as follows:

The related party/connected transaction in respect of the entrustment of a related party/connected person to carry out emergency repair works is an ordinary business activity in compliance with the principles of objectivity, equity and fairness; the procedures for the consideration of and voting on the related party/connected transaction are in compliance with relevant laws and regulations and the Articles of Association, and there is no circumstance under which the interests of the non-related/connected shareholders and the Company are impaired.

By Order of the Board
Yao Yongjia
Secretary to the Board

Nanjing, the PRC, 28 August 2021

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

Sun Xibin, Chen Yanli, Wang Yingjian, Cheng Xiaoguang, Yao Yongjia, Wu Xinhua, Li Xiaoyan, Ma Chung Lai, Lawrence, Lin Hui, Zhou Shudong*, Liu Xiaoxing*, Yu Mingyuan*, Xu Guanghua**

* *Independent non-executive Directors*