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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 IN
RESPECT OF EXTERNAL INVESTMENT**

The board of directors of the Company 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 jointly and severally accept responsibility for the truthfulness, accuracy and completeness of this announcement.

Reference is made to the Company's voluntary announcement dated 9 August 2021 that at the second meeting of the tenth session of the Board of the Company held on 6 August 2021, the "Resolution on the Company's Participation in the Capital Increase of Zijin Trust Co., Ltd." was considered and approved. The Company will invest not exceeding RMB2,000 million in Zijin Trust as a strategic investor, to be funded by its internal resources. The Company will hold 20% equity interest in Zijin Trust after its capital increase. On 1 September 2021, the Company entered into the Capital Increase Agreement with Zijin Trust and its shareholders.

According to the Rules Governing the Listing of Stocks on Shanghai Stock Exchange, the Articles of Association and other relevant provisions, the investment is within the scope of the authorization and decision of the Board and has been considered and approved at the second meeting of the tenth session of the Board. It is not subject to approval at the general meeting of the Company, but is subject to the approval by the state-owned assets supervision and administration authority, the China Banking and Insurance Regulatory Commission and their local offices.

According to the relevant provisions of the Rules Governing the Listing of Stocks on Shanghai Stock Exchange and the Measures for Administration of the Material Asset Reorganization of Listed Companies, the external investment does not constitute a material asset reorganization and is not a related party transaction.

As the highest applicable percentage ratio calculated in accordance with Rule 14.07 of Hong Kong Listing Rules exceeds 5% but is less than 25%, the transaction constitutes a discloseable transaction. In accordance with Hong Kong Listing Rules, the transaction is subject to the announcement requirement but exempt from shareholders' approval.

WARNING:

The transaction is subject to approval by the state-owned assets supervision and administration authority, the China Banking and Insurance Regulatory Commission and their local offices and the success of the transaction is subject to uncertainties, therefore it may or may not proceed. The shareholders and the potential investors are advised to exercise caution when dealing in the securities of the Company.

IMPORTANT NOTES:

- 1. Investment target:** 20% equity interest in Zijin Trust Co., Ltd. (紫金信託有限公司) (hereinafter referred to as “**Zijin Trust**”).
- 2. Investment amount:** The amount of investment by the Company is RMB1,989.582 million.
- 3. Special risk reminder:** The transaction is subject to approval by the state-owned assets supervision and administration authority, the China Banking and Insurance Regulatory Commission and their local offices. The success of the transaction is subject to uncertainties and the investors should be aware of the risks. The Company will make timely disclosure based on subsequent progress.

I. OVERVIEW OF THE EXTERNAL INVESTMENT

At the second meeting of the tenth session of the board of directors (hereinafter referred to as the “**Board**”) of Jiangsu Expressway Company Limited (hereinafter referred to as the “**Company**”) held on 6 August 2021, the “Resolution on the Company’s Participation in the Capital Increase of Zijin Trust Co., Ltd.” was considered and approved.

The Company will invest not exceeding RMB2,000 million in Zijin Trust as a strategic investor, to be funded by its internal resources. The Company will hold 20% equity interest in Zijin Trust after its capital increase. On 1 September 2021, the Company entered into the Capital Increase Agreement (hereinafter referred to as the “**Capital Increase Agreement**”) with Zijin Trust and its shareholders.

According to the Rules Governing the Listing of Stocks on Shanghai Stock Exchange, the Articles of Association and other relevant provisions, the investment is within the scope of the authorization and decision of the Board and has been considered and approved at the second meeting of the tenth session of the Board. It is not subject to approval at the general meeting of the Company, but is subject to the approval by the state-owned assets supervision and administration authority, the China Banking and Insurance Regulatory Commission and their local offices.

According to the relevant provisions of the Rules Governing the Listing of Stocks on Shanghai Stock Exchange and the Measures for Administration of the Material Asset Reorganization of Listed Companies, the external investment does not constitute a material asset reorganization and is not a related party transaction.

As the highest applicable percentage ratio calculated in accordance with Rule 14.07 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (hereinafter referred to as “**Hong Kong Listing Rules**”) exceeds 5% but is less than 25%, the transaction constitutes a discloseable transaction. In accordance with Hong Kong Listing Rules, the transaction is subject to the announcement requirement but exempt from shareholders’ approval.

II. BASIC INFORMATION ON THE INVESTMENT TARGET

1. Basic information on the investment target

Company name : Zijin Trust Co., Ltd. (紫金信託有限責任公司)

Registered capital : RMB2,453,000,000

Date of establishment : 25 September 1992

Corporate form : limited liability company (sino-foreign joint venture)

Principal businesses : capital trust; chattel trust; real estate trust; negotiable securities trust; trusts of other property or property rights; engaging in investment fund business as a promoter of investment fund or fund management company; reorganization, acquisition and merger of corporate assets and project finance, corporate finance and financial consulting and other services; operation of securities underwriting business approved by the relevant departments of the State Council as entrusted; intermediary, consulting, credit investigation services; custody and safe deposit box services; utilization of inherent properties through interbank deposits and lending, loans, leasing and investments; provision of guarantees for others with inherent properties; interbank lending and borrowing; and other business as prescribed by laws and regulations or approved by the China Banking Regulatory Commission. (With the proportion of foreign investment being less than 25%) (Projects which are subject to approval in accordance with the laws can only be conducted upon approval by relevant authorities)

2. Shareholding structure of the investment target

The controlling shareholder of Zijin Trust is Nanjing Zijin Investment Group Co., Ltd. (南京紫金投資集團有限責任公司) (hereinafter referred to as “Zijin Group”), which is established and wholly owned by the State-owned Assets Supervision and Administration Commission of Nanjing Municipal Government. Its shareholding structure is as follows:

Name of shareholder	Shareholders	
	Capital contribution (RMB0'000)	Proportion of contribution
Nanjing Zijin Investment Group Co., Ltd. (南京紫金投資集團有限責任公司)	147,204.53	60.01%
Sumitomo Mitsui Trust Bank, Limited (三井住友信託銀行股份有限公司)	49,035.47	19.99%
Nanjing Xingong Investment Group Co., Ltd. (南京新工投資集團有限責任公司)	18,000.00	7.34%
Sanpower Group Co., Ltd. (三胞集團有限公司)	12,530.00	5.11%
Nanjing Jiangbei New Area Industrial Investment Group Co., Ltd. (南京江北新區產業投資集團有限公司)	12,265.00	5.00%
Wiscom System Co., Ltd. (江蘇金智科技股份有限公司)	6,265.00	2.55%
Total	245,300.00	100.00%

3. Key financial data of the investment target

Zijin Trust recorded total assets of RMB5,222,250,600 and net assets of RMB4,510,334,700 as at the end of 2020, operating revenue of RMB1,103,247,100, net profit before taxation of RMB713,883,600 and net profit after taxation of RMB532,148,300 for the year 2019, and operating revenue of RMB1,165,173,000, net profit before taxation of RMB801,185,200 and net profit after taxation of RMB580,101,600 for the year 2020.

Zijin Trust recorded total assets of RMB6,284,509,400 and net assets of RMB5,206,991,700 as at 31 March 2021, and operating revenue of RMB986,143,500, net profit before taxation of RMB871,824,600 and net profit after taxation of RMB696,656,900 for the period from January to March 2021.

The annual financial statements for 2019 and 2020 and the financial statements for the first quarter of 2021 of Zijin Trust were audited by Lixinzhonglian CPAS (Special General Partnership), an auditing firm that complies with the requirements of the Securities Law.

4. Valuation and pricing

According to the valuation report (Jin Zheng Ping Bao Zi (2021) No. 0098) (hereinafter referred to as the “**Valuation Report**”) issued by Jinzheng (Shanghai) Asset Valuation & Consulting Co., Ltd. (金證(上海)資產評估有限公司), using the market approach, the appraisal value of the entire shareholders’ equity interests of Zijin Trust as at the valuation benchmark date, i.e. 31 March 2021, was valued at RMB7,460,000,000, representing an increase of RMB2,253,008,300 or a percentage increase of 43.27% over the audited book value of the owners’ equity interests.

The Company will pay RMB1,989.582 million for the subscription and contribution of RMB654,215,100 to the increase of registered capital of Zijin Trust at the appraisal price as filed with the state-owned assets supervision and administration authority, and its shareholding in Zijin Trust will be 20% after the capital increase.

In accordance with the Interim Measures for the Administration of Equity Interests of Trust Companies, the Company meets all the requirements for a domestic non-financial institution to be a shareholder of a trust company.

III. MAIN CONTENT OF THE CAPITAL INCREASE AGREEMENT

Date: 1 September 2021

1. Parties

- Party A: Jiangsu Expressway Company Limited
- Party B1: Nanjing Zijin Investment Group Co., Ltd. (南京紫金投資集團有限責任公司)
- Party B2: Sumitomo Mitsui Trust Bank, Limited (三井住友信託銀行股份有限公司)
- Party B3: Nanjing Xingong Investment Group Co., Ltd. (南京新工投資集團有限責任公司)
- Party B4: Sanpower Group Co., Ltd. (三胞集團有限公司)
- Party B5: Nanjing Jiangbei New Area Industrial Investment Group Co., Ltd. (南京江北新區產業投資集團有限公司)
- Party B6: Wiscom System Co., Ltd. (江蘇金智科技股份有限公司)
- Party C: Zijin Trust Co., Ltd.

2. The plan of capital increase

The registered capital of Zijin Trust will be increased to RMB3,271,075,500, representing an aggregate increase of registered capital by RMB818,075,500, of which, the Company will subscribe for and contribute RMB654,215,100 to the increase of registered capital of Zijin Trust, and the proportion of its shareholding in Zijin Trust will be 20% after the capital increase; Sumitomo Mitsui Trust Bank, Limited (hereinafter referred to as “**Sumitomo Mitsui**”) will subscribe for and contribute RMB163,860,400 to the increase of registered capital of Zijin Trust and the proportion of its shareholding in Zijin Trust will be 20% after the capital increase.

The Company has agreed to subscribe for RMB654,215,100 of the registered capital increase of Zijin Trust at the appraisal price of RMB1,989,582,000 filed with the state-owned assets supervision and administration authority, of which RMB654,215,100 will be included in the registered capital of Zijin Trust and the remaining balance of RMB1,335,366,900 will be included in the capital reserve of Zijin Trust; Sumitomo Mitsui has agreed to subscribe for RMB163,860,400 of the registered capital increase of Zijin Trust at the appraisal price of RMB498,328,000 filed with the state-owned assets supervision and administration authority, of which RMB163,860,400 will be included in the registered capital of Zijin Trust and the remaining balance of RMB334,467,600 will be included in the capital reserve of Zijin Trust.

Zijin Trust's shareholding structure after the capital increase is as follows:

Name of shareholder	Capital contribution before the capital increase (RMB0'000)	Proportion of contribution before the capital increase	Committed capital contribution (RMB0'000)	Capital contribution after the capital increase (RMB0'000)	Proportion of contribution after the capital increase
Nanjing Zijin Investment Group Co., Ltd. (南京紫金投資集團有限責任公司)	147,204.53	60.01%	N/A	147,204.53	45.00%
Sumitomo Mitsui Trust Bank, Limited (三井住友信託銀行股份有限公司)	49,035.47	19.99%	16,386.04	65,421.51	20.00%
Nanjing Xingong Investment Group Co., Ltd. (南京新工投資集團有限責任公司)	18,000	7.34%	N/A	18,000	5.50%
Sanpower Group Co., Ltd. (三胞集團有限公司)	12,530	5.11%	N/A	12,530	3.83%
Nanjing Jiangbei New Area Industrial Investment Group Co., Ltd. (南京江北新區產業投資集團有限公司)	12,265	5.00%	N/A	12,265	3.75%
Wiscom System Co., Ltd. (江蘇金智科技股份有限公司)	6,265	2.55%	N/A	6,265	1.92%
the Company	0	0%	65,421.51	65,421.51	20.00%
Total	245,300	100%	81,807.55	327,107.55	100%

3. Time limit for capital contribution

The Company and Sumitomo Mitsui shall make full payment in a lump sum for the subscription for the capital increase to Zijin Trust within five (5) working days upon approval of the capital increase by the state-owned assets supervision and administration authority, the China Banking and Insurance Regulatory Commission and their local offices and other competent authorities and receipt of the notice on payment for subscription for the capital increase from Zijin Trust.

4. Arrangement for equity interests during the period

The owners' equity interests in Zijin Trust during the period from the valuation benchmark date to the settlement date of the capital increase shall be enjoyed and borne by all the shareholders who had been entitled to shareholders' interests in proportion to their respective shareholdings from the settlement date for the capital increase in accordance with the Capital Increase Agreement.

5. Liability for breach of contract

The party at fault shall compensate for the losses caused to other parties whether on the entire or partial non-performance of the agreement. If all parties are at fault, each party shall compensate the other parties based on the extent of losses caused by their respective faults and shall compensate the others accordingly.

6. Dispute resolution

Any dispute arising from this agreement shall be resolved by all parties through friendly consultations. If no solution is reached within sixty (60) working days from the date of the dispute, either party has the right to bring a legal proceeding to the people's court where the subject company is located.

7. Others

None of the parties shall transfer any of its rights, interests or obligations under this agreement without prior written consents of other parties, and any attempt to conduct such transfer shall be invalid. Subject to the foregoing provisions, this agreement shall be binding on all parties and their successors.

The transaction is subject to approval by the state-owned assets supervision and administration authority, the China Banking and Insurance Regulatory Commission and their local offices and the success of the transaction is subject to uncertainties, therefore it may or may not proceed. The shareholders and the potential investors are advised to exercise caution when dealing in the securities of the Company.

IV. BASIC INFORMATION ON THE COMPANY AND THE COUNTERPARTIES

1. The Company

The principal business of the Company is construction, management, maintenance and toll collection of toll roads and expressways in Jiangsu Province.

2. Zijin Trust

Please see Part II of this announcement.

3. Zijin Group

The shareholder of Zijin Group is Nanjing State-owned Assets Investment Management Holdings (Group) Co., Ltd. (100%), and its ultimate beneficial owners are the State-owned Assets Supervision and Administration Commission of Nanjing Municipal Government (90%) and the Department of Finance of Jiangsu Province (10%).

The principal business of Zijin Group is equity investment, industrial investment, asset management, financial consulting and investment consulting.

4. Sumitomo Mitsui Trust Bank, Limited

Sumitomo Mitsui Trust Bank, Ltd engages in trust banking business as well as general banking business. Its holding company is Sumitomo Mitsui Trust Holdings, Inc. (stock code on the Tokyo and Nagoya Stock Exchanges: 83090).

5. Nanjing Xingong Investment Group Co., Ltd.

The shareholders of Nanjing Xingong Investment Group Co., Ltd. are the State-owned Assets Supervision and Administration Commission of Nanjing Municipal Government (90%) and the Department of Finance of Jiangsu Province (10%).

The business scope of Nanjing Xingong Investment Group Co., Ltd. is investment and operation of new industrialization projects; venture capital; industrial investment; asset management, capital operation and disposal of non-performing assets; entrusted asset management; business consulting; project development; property management; financial consulting.

6. Sanpower Group Co., Ltd.

The shareholders of Sanpower Group Co., Ltd. is Yuan Yafei (袁亞非) (97.5%) and Nanjing Xiangrui Technology Investment Co., Ltd. (南京翔銳科技投資有限公司) (2.5%, and its ultimate beneficial owner is Mao Linsen (毛林森) (100%).

The business scope of Sanpower Group Co., Ltd. is real estate development and operation; engineering design, construction, installation of electronic computer networks; development, research, production, sales of and after-sales service and consulting for electronic computer and accessories and communication equipment (excluding satellite ground receiving facilities); sales of photographic equipment, metal materials, building decoration materials, hardware and electrical equipment, plumbing equipment, ceramic products, electrical machinery, auto parts, general merchandise, knitwear and textiles, electronic dictionaries (non-publications), calculators and cultural, educational and office supplies; home appliances maintenance; industrial investment; investment management; proprietary import and export, and agency of import and export, of various commodities and technologies (excluding commodities and technologies that can be operated exclusively by certain companies designated by the State or are prohibited from being imported and exported); biomedical technology services; medical services; health management.

7. Nanjing Jiangbei New Area Industrial Investment Group Co., Ltd.

The shareholders of Nanjing Jiangbei New Area Industrial Investment Group Co., Ltd. are:

- a. Nanjing Yangzi State-Owned Assets Investment Group Co., Ltd. (45.59%), whose ultimate beneficial owner is the Nanjing Jiangbei New Area Management Committee (China (Jiangsu) Pilot Free Trade Zone Nanjing Area Management Committee) (100%);
- b. Nanjing Jiangbei New Area Management Committee (China (Jiangsu) Pilot Free Trade Zone Nanjing Area Management Committee) (42.84%);
- c. Nanjing Jiangbei ICBC Financial Investment No. 1 Debt-to-equity Swap Equity Investment Partnership (Limited Partnership) (南京江北工融金投一號債轉股股權投資合夥企業(有限合夥)) (6.81%), whose shareholders are:
 - i. Nanjing Jiangbei New District State-Owned Capital Management Co., Ltd (南京江北新區國有資產管理有限公司) (49.98%), whose ultimate beneficial owner is the Nanjing Jiangbei New Area Management Committee (China (Jiangsu) Pilot Free Trade Zone Nanjing Area Management Committee) (100%);
 - ii. ICBC Financial Asset Investment Co., Ltd. (工銀金融資產投資有限公司) (49.93%), whose ultimate beneficial owner is Industrial and Commercial Bank of China Limited (stock code on the Shanghai Stock Exchange: 601398) (100%);
 - iii. ICBC Capital Management Co., Ltd. (工銀資本管理有限公司) (0.05%), whose ultimate beneficial owner is Industrial and Commercial Bank of China Limited (stock code on the Shanghai Stock Exchange: 601398) (100%); and
 - iv. Nanjing Jiangbei New Area New Material Sci-Tech Investment Co., Ltd (0.05%), whose ultimate beneficial owners are Nanjing Jiangbei New Area Management Committee (China (Jiangsu) Pilot Free Trade Zone Nanjing Area Management Committee) (88.29%) and Industrial and Commercial Bank of China Limited (stock code on the Shanghai Stock Exchange: 601398) (9.33%); and
- d. CCB Financial Asset Investment Co., Ltd. (建信金融資產投資有限公司) (4.77%), whose ultimate beneficial owner is China Construction Bank Corporation (stock code on the Shanghai Stock Exchange: 601939) (100%).

The business scope of Nanjing Jiangbei New Area Industrial Investment Group Co., Ltd. is investment in and establishment of high-tech enterprises; venture capital for high-tech projects; high-tech consulting services; property management; sales of high-tech products in the development zone; supply of raw and auxiliary materials and supporting equipment necessary for production of enterprises in the development zone; exchange of redundant materials; sales of electromechanical products, mechanical equipment, instrumentation, hardware and electrical equipment (excluding mopeds), sales of chemical products (excluding dangerous goods) and communication equipment (excluding satellite ground receiving equipment) (the above scope of business does not include commodities under special control of the State and projects subject to special approval); real estate development (operating within the validity period with qualification certificates); land development and infrastructure construction in the high-tech zone; proprietary import and export, and agency of import and export, of various commodities and technologies; construction of urban roads, bridges, tunnels and public squares and landscape works and provision of labor services; sewage treatment, and sewage treatment projects; river improvement and maintenance projects; high-tech research and development; venture capital; investment management consulting and services.

8. Wiscom System Co., Ltd.

Wiscom System Co., Ltd. is a company which is listed on the Shenzhen Stock Exchange (stock code on the Shenzhen Stock Exchange: 002090).

The principal business of Wiscom System Co., Ltd. is smart energy business, including electric power product business, electric power design and turnkey project business, and new energy investment and operation business; and smart city business, including provision of smart city solutions and services comprising the provision of comprehensive solutions in respect of intelligent building, smart industrial park, safe city, intelligent transportation, smart heat supply network, enterprise interconnection, etc. for governments, energy, public security and enterprise and other customers.

To the knowledge, information and belief of the directors of the Company having made all reasonable enquiries, the counterparties and their ultimate beneficial owners are all third parties independent of the Company and its connected persons.

V. PURPOSE OF THE EXTERNAL INVESTMENT AND ITS IMPACT ON THE COMPANY

The Company's participation in the capital increase of Zijin Trust is in line with the sustainable development strategy of the Company. It will be conducive to the utilization of both parties' respective strength in their resources and to achieving a deep integration of the core businesses of both parties, and maintaining and enhancing the level of the Company's return on assets and comprehensive competitiveness.

The external investment will not have significant impacts on the Company's assets and profit and loss, or result in any changes to the scope of the consolidated statements of the Company, nor will it prejudice the interests of the Company and the shareholders.

Having considered the information about various trust companies, the Board of the Company believes that Zijin Trust has a relatively high level of return on assets, a management team with relatively strong professional capabilities, a relatively sound risk management mechanism and a relatively solid foundation for business transformation, and it is currently relatively appropriate time for allocation of financial assets in the trust industry, therefore, the investment will help diversify business risks and improve its profitability, and thus it is in line with the interests of all shareholders of the Company.

The directors (including independent non-executive directors) of the Company are of the view that the terms of the above transaction 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 are in the interests of the Company and its shareholders as a whole.

VI. RISK ANALYSIS ABOUT THE EXTERNAL INVESTMENT

1. The investment risks associated with the Company's participation in the capital increase of Zijin Trust mainly include trust market risks, business structure transformation risks, asset team building and business capability risks and shareholder liability risks. Moreover, the investment is subject to approval by the state-owned assets supervision and administration authority, the China Banking and Insurance Regulatory Commission and their local offices, and there is a risk that such approval may not be approved.

2. Risk prevention and control measures mainly include: appointing directors of Zijin Trust for effective participation in its corporate governance and business management; collecting comprehensive information about the risks in a timely manner; organizing experts to assess the risks on a regular basis and formulating post-investment emergency plans against trust business risks; promoting strategic synergy between the investment target and the Company in due course; delineating a bottom line for financial risks and conducting regular tests in a satisfactory manner.

With respect to the above-mentioned risk analysis and risk prevention and control measures, the Company has organized a meeting with experts and the experts at the meeting concurred that the investment risks of the project are controllable and the risk response measures are practicable and feasible.

VII. DOCUMENTS AVAILABLE FOR INSPECTION

1. The Resolutions of the second meeting of the tenth session of the Board of the Company.
2. The Capital Increase Agreement.
3. The Valuation Report.

By Order of the Board
Yao Yongjia
Secretary to the Board

Nanjing, the PRC, 2 September 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*