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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 IN RESPECT OF
TRANSFER OF CERTAIN EQUITY INTEREST IN AN INVESTEE
COMPANY BY THE COMPANY

On 28 September 2021, the Company entered into the Equity Transfer Agreement with Jiangsu Communications Holding, under which the Company shall transfer its 18 million shares in Target Company (representing 11.98% of the issued shares of Target Company) to Jiangsu Communications Holding by way of agreement at a tentative transfer price of RMB16,766,500 (subject to final adjustment based on the valuation results confirmed by the state-owned assets supervision and administration authority). Upon completion of the transfer, the Company's shareholding in Target Company will be reduced to 21.22% from the original 33.20%.

Jiangsu Communications Holding is a controlling shareholder of the Company, and therefore is a connected person of the Company under Rule 14A.07 of the Hong Kong Listing Rules. Accordingly, the Equity Transfer Agreement and the transaction contemplated thereunder constitute a connected transaction of the Company. The total consideration of the transfer is RMB16,766,500, and as the highest applicable percentage ratio (profit percentage ratio) calculated under Rule 14.07 of the Hong Kong Listing Rules is more than 0.1% but less than 5%, it is therefore only subject to announcement requirements but is exempt from independent shareholders' approval at general meeting under Rule 14A.76(2) (a) of the Hong Kong Listing Rules.

I. EQUITY TRANSFER AGREEMENT

On 28 September 2021, Jiangsu Expressway Company Limited (the “**Company**”) and Jiangsu Communications Holding Company Limited (“**Jiangsu Communications Holding**”) entered into the Equity Transfer Agreement, the main contents of which are as follows:

1. Parties to the agreement:

Party A (the transferor): the Company

Party B (the transferee): Jiangsu Communications Holding (the controlling shareholder of the Company)

2. Share transfer

Party A agreed to transfer its 18 million shares in Jiangsu Kuailu Motor Transport Co., Ltd. (江蘇快鹿汽車運輸股份有限公司) (hereinafter referred to as the “**Target Company**”) (representing 11.98% of the total shares of the Target Company, hereinafter referred to as the “**Underlying Shares**”, the Underlying Shares are not subject to third party rights and restrictions on transfer) to Party B.

The transfer price of the Underlying Shares was provisionally set at RMB16,766,500 (subject to final adjustment based on the valuation results confirmed by the state-owned assets supervision and administration authority).

Upon completion of the transfer of shares, the amount of capital contributed by each shareholder of the Target Company and their shareholding ratio in the Target Company are as follows:

No.	Name of shareholder	Capital contribution (RMB0'000)	Proportion of contribution (%)
1	Jiangsu Expressway Company Limited	3,189.96	21.22
2	Jiangsu Communications Holding Company Limited	1,800.00	11.98
3	Jiangsu Nanjing Coach Passenger Transport Group Co., Ltd. (江蘇南京長途汽車客運集團有限責任公司)	1,352.70	9.00

No.	Name of shareholder	Capital contribution (RMB0'000)	Proportion of contribution (%)
4	Jiangsu Zhenjiang Jiangtian Automobile Transportation Group Co., Ltd. (江蘇省鎮江江天汽運集團有限責任公司)	721.44	4.80
5	Changzhou Highway Transportation Group Co., Ltd. (常州公路運輸集團有限責任公司)	751.50	5.00
6	Wuxi Passenger Transport Group Co., Ltd. (無錫客運集團有限公司)	1,052.10	7.00
7	Suzhou Automobile Group Co., Ltd. (蘇汽集團有限公司)	1,052.10	7.00
8	Jiangsu Yanfu Highway Transportation Group Co., Ltd. (江蘇鹽阜公路運輸集團有限公司)	751.50	5.00
9	Xuzhou Highway Transportation Group Co., Ltd. (徐州公路運輸集團有限責任公司)	751.50	5.00
10	Nantong Automobile Transportation Industry Group Co., Ltd. (南通汽運實業集團有限公司)	751.50	5.00
11	Jiangsu Yangzhou Automobile Transportation Group Co., Ltd. (江蘇省揚州汽車運輸集團有限責任公司)	751.50	5.00
12	Huai'an Automobile Transportation Group Co., Ltd. (淮安汽車運輸集團有限公司)	751.50	5.00
13	Jiangsu Lianyungang Automobile Transportation Co., Ltd. (江蘇省連雲港汽車運輸有限公司)	601.20	4.00
14	Taizhou Changyun Automobile Transportation Co., Ltd. (泰州市長運汽車運輸有限公司)	450.90	3.00
15	Suqian Automobile Passenger Transport Group Co., Ltd. (宿遷汽車客運集團有限公司)	300.60	2.00
Total		15,030.00	100.00

3. Payment of transfer consideration and business filing

Party B shall make a lump sum payment to Party A for the transfer consideration of the Underlying Shares within 5 business days upon the completion of the filing of valuation results.

Party A and Party B shall cooperate with the Target Company to file the corresponding amendments to the articles of association of the Target Company with the business registration authority within 10 business days upon the completion of the payment of transfer consideration.

4. Liability for breach of contract

If Party B fails to pay the full amount of the transfer consideration in accordance with the Equity Transfer Agreement, it shall pay 0.3‰ of the overdue and unpaid amount as liquidated damages for each overdue day.

5. Settlement of disputes

Any dispute arising under or in connection with the Equity Transfer Agreement shall first be settled by the parties to the dispute through negotiation; if such negotiation fails, a lawsuit shall be filed with the People's Court of Qixia District, Nanjing in accordance with the law.

II. BASIC INFORMATION OF THE TARGET COMPANY

Company name: Jiangsu Kuailu Motor Transport Co., Ltd.

Registered capital: RMB150,300,000 (150,300,000 shares)

Date of establishment: 21 June 1996

Registered address: No. 96, Qijiawan, Jianye Road, Nanjing

Company type: Joint stock limited company (unlisted)

Business scope: road transport (operating according to Road Transport Licence). Sales of automobile spare parts, warehousing, automobile leasing, automobile transport technology consulting, domestic trading. (For items subject to approval in accordance with the laws, operating activities can only be conducted upon approval by relevant authorities)

Based on the 2019 and 2020 audited consolidated financial statements of Target Company

(RMB0'000)

	At the end of 2019	At the end of 2020
Total assets	24,910.73	21,798.37
Net assets	19,241.09	16,281.86
	2019	2020
Operating revenue	11,255.93	7,982.49
Total profits	337.37	-1,902.90
Net profits	-49.49	-1,959.68

According to the Asset Valuation Report (Huaya Zhengxin Ping Bao Zi [2021] No. A12-0014) issued by Beijing Huaya Zhengxin Assets Appraisal Co., Ltd. (北京華亞正信資產評估有限公司), the value of the 100% shareholder's equity interest of the Target Company as at the valuation benchmark date (i.e. 31 December 2020) was RMB140,000,500 by asset-based method. The transfer price of the Underlying Shares was tentatively determined at RMB16,766,500 in accordance with the proportion of the Underlying Shares to the shares of the Target Company.

III. BASIC INFORMATION OF THE PARTIES TO THE EQUITY TRANSFER AGREEMENT

Jiangsu Communications Holdings Company Ltd., being the transferee, is a controlling shareholder of the Company. It is a wholly state-owned limited liability company, the ultimate beneficial owner of which is the State-owned Assets Supervision and Administration Commission of the People's Government of Jiangsu Province. It is a provincial investment and financing platform for key transportation infrastructure construction projects in Jiangsu, and is mainly engaged in the operation and management of State-owned assets (within the scopes of authorization of the provincial government); investment, construction, operation and management of transport infrastructure, transportation and other related sectors; expressway toll collection; and industrial investment and domestic trading. (For items subject to approval in accordance with the laws, operating activities can only be conducted upon approval by relevant authorities).

The Company is mainly engaged in construction, management, maintenance and collection of tolls of roads and expressways in Jiangsu Province, as well as related supporting services.

IV. PURPOSE OF THE TRANSACTION AND ITS EFFECTS ON THE COMPANY

With the introduction of modern transportation means such as high-speed railway, Target Company's operations in Jiangsu Province need to be transformed. Jiangsu Communications Holding is a provincial investment and financing platform for key transportation infrastructure construction projects in Jiangsu, relying on its main transportation business and responsible for the operation and management of relevant competitive enterprises involving passenger transportation and intelligent transportation. After becoming a shareholder of Target Company, Jiangsu Communications Holding can promote the sustainable development of Target Company by giving full play to its advantages in resources. The Company has held the original 33.20% equity interest in Target Company since its establishment which does not have any substantial impact on the normal operations of the Company. The transfer of the 11.98% equity interest in Target Company held by the Company will not have any material impact on the assets and profit and loss position of the Company, will not result in any change in the scope of the Company's consolidated statements, and will not prejudice the interests of the Company and numerous shareholders.

The consideration of the disposal of the 11.98% equity interest in Target Company (i.e. RMB16,766,500) will be used as general working capital of the Company. The Company has made a capital contribution of RMB18,000,000 for the equity interest concerned which has a book value of RMB17,460,000 as of 31 August 2021. Since the capital contribution made, the total dividend received from such equity interest concerned was RMB20,611,300. The disposal will record a loss of RMB693,500 (subject to the valuation results confirmed by the state-owned assets supervision and administration authority and the final audited figure).

V. LISTING RULES IMPLICATIONS

Jiangsu Communications Holding is a controlling shareholder of the Company, and therefore is a connected person of the Company under Rule 14A.07 of the Rules Governing the Listing of Securities on the Stock Exchange ("**Hong Kong Listing Rules**"). Accordingly, the Equity Transfer Agreement and the transaction contemplated thereunder constitute a connected transaction of the Company. The total consideration of the transfer is RMB16,766,500, and as the highest applicable percentage ratio (profit percentage ratio) calculated under Rule 14.07 of the Hong Kong Listing Rules is more than 0.1% but less than 5%, and is therefore only subject to announcement requirements but is exempt from independent shareholders' approval at general meeting under Rule 14A.76(2) (a) of the Hong Kong Listing Rules.

Target Company has been providing the Company and its subsidiaries with transport rental services. Given Jiangsu Communications Holding will directly hold more than 10% of Target Company and will, counting the Company's holding, hold an aggregate of more than 30% of Target Company upon completion of the Equity Transfer Agreement, Target Company will become a connected person of the Company pursuant to Rules 14A.07(4), 14A.13(3) and 14A.14 of the Hong Kong Listing Rules and any transaction between the Company or any of its subsidiaries with Target Company or its subsidiaries will become a connected transaction or continuing connected transaction. Based on the current projection, the applicable percentage ratios of such aforementioned transactions are expected to be less than 0.1% for the period from the completion of the Equity Transfer Agreement to 31 December 2021 and shall be fully exempted from the announcement and shareholders' approval requirements according to Rule 14A.76(1)(a) of the Hong Kong Listing Rules.

VI. THE PROCEDURES FOR THE CONSIDERATION OF THE RELATED PARTY/CONNECTED TRANSACTION

It has been considered and approved at the third meeting of the tenth session of the Board of the Company on 27 August 2021. All the directors are of the view that the transfer of certain equity interest in Target Company held by the Company is in the interest of the Company and its shareholders as a whole. During the consideration of the resolution, Mr. Sun Xibin, Mr. Chen Yanli and Mr. Wang Yingjian, being related/connected directors, have abstained from voting on the resolution.

The five independent directors of the Company approved in advance before the consideration of the above resolution and agreed to submit the proposal for the related party/connected transaction at the third meeting of the tenth session of the Board for consideration and expressed independent opinions as follows: the related party/connected transaction of the transfer of certain equity interest in Target Company held by the Company is a normal commercial transaction, and transaction terms of which are fair and reasonable and the transaction is on normal commercial terms and in the ordinary and usual course of business of the Group. The transaction does not prejudice the interests of the Company and its unrelated/unconnected shareholders, especially the minority shareholders, and are in the interests of the Company and its shareholders as a whole.

The Audit Committee of the Board of the Company issued a written review opinion on the related party transaction as follows:

The related party/connected transaction of the transfer of certain equity interest in Target Company held by the Company is in compliance with the principles of objectivity, fairness and impartiality; the procedures for the consideration and voting of related party/connected transaction are in compliance with relevant laws and regulations and the Articles of Association, and there is no circumstance that the benefits of the unrelated/unconnected shareholders and the Company are impaired.

By order of the Board
Yao Yongjia
Secretary to the Board

Nanjing, the PRC, 29 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*