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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

**Discloseable and Connected Transaction in respect of
the acquisition of 100% of Jiangsu Yunshan
Green Energy Investment Holding Company, Limited
And
Continuing Connected Transactions upon Completion**

Acquisition of 100% equity interest of YS Energy Company

On 29 April 2022, with a view to optimize the Company's industrial structure layout, open up new profit growth points, and achieve sustainable development, the Company (as the transferee) entered into the Equity Transfer Agreement with Jiangsu Communications Holding (as the transferor), and agreed to acquire 100% equity interests of YS Energy Company held by Jiangsu Communications Holding at a consideration of RMB2,457 million. Upon completion of the transfer, YS Energy Company and its subsidiaries will become subsidiaries of the Company. In addition, (i) the Company has undertaken to replace Jiangsu Communications Holding as the guarantor of the loan advanced by the State Development Bank, Jiangsu Branch, to Rudong Company (total credit facility is RMB4 billion, and the loan withdrawn amount is RMB2,363 million) within 1 year from the Completion Date, and (ii) the Company will provide financial assistance to YS Energy Company to replace loans advanced by Jiangsu Communications Holding and its associates, if all loans are repaid in full (except for the RMB300 million loan by Jiangsu Communications Holding to Rudong Company from designated use of proceeds of an issue of green bonds), such shareholder loans will amount to RMB560.7161 million.

According to Article 6.3.3 of the Shanghai Listing Rules: the counterparty of this transaction is a related party of the Company, the transaction constitutes a related party transaction. The transaction should be calculated cumulatively according to the “principle of cumulative calculation within 12 consecutive months” to meet the disclosure requirements as required under Article 6.3.7 of the Shanghai Listing Rules. The proportion of the total amount to the absolute value of the Company’s latest audited net assets is higher than 5%. Therefore, this transaction shall be submitted to the shareholders’ meeting for approval where Jiangsu Communications Holding is required to abstain from voting.

This related party transaction does not constitute a major asset reorganization as stipulated in the Measures for the Administration of Major Asset Restructuring of Listed Companies.

As Jiangsu Communications Holding is the controlling shareholder of the Company, it is a connected person of the Company pursuant to Rule 14A.07 of the Hong Kong Listing Rules. Hence, the Equity Transfer Agreement and the transaction contemplated thereunder constitute a connected transaction of the Company. As the highest applicable percentage ratio calculated according to Rule 14.07 of the Hong Kong Listing Rules is above 5% but below 25%, the Equity Transfer Agreement and the transaction contemplated thereunder also constitute a discloseable transaction. As such, the transaction is subject to the notification, announcement, circular and independent shareholders’ approval requirements under Rules 14.33, 14A.35 and 14A.36 of the Hong Kong Listing Rules.

Potential Continuing Connected Transactions

Upon Completion of the transfer of Target Equity, YS Energy Company and its subsidiaries will become subsidiaries of the Company, and the following transactions conducted in the ordinary and usual course of business of the Target Group with Jiangsu Communications Holding and its associates and will constitute related parties transactions/continuing connected transactions of the Company.

Exempted Continuing Connected Transactions

1. Loan services and guarantee services – Jiangsu Communications Holding provides Rudong Company a loan of RMB300 million and provides guarantee not exceeding RMB4 billion. As such financial assistances are on normal commercial terms or better and are not secured by assets of the Group, they should be fully exempt from continuing connected transactions requirements pursuant to Rule 14A.90 of the Hong Kong Listing Rules.

2. Electricity supplies and canteen services – are purchases of services by YS Energy Company from connected persons, it is estimated that the transaction values for the second half of 2022 will not exceed RMB1.4 million and RMB0.191 million, respectively. These services are provided on normal commercial terms or better, they should be fully exempt from the continuing connected transaction requirements pursuant to Rules 14A.73(7) and 14A.97 of the Hong Kong Listing Rules.
3. Office and parking spaces leasing services – are leasing of office premises and parking space by YS Energy Company from connected person, it is estimated that the rentals for the second half of 2022 shall not exceed RMB1.9475 million and RMB4,800, respectively, as all applicable percentage ratios (calculated together with the services obtained by the Group) are less than 0.1%, they should be fully exempt from continuing connected transaction requirements pursuant to Rule 14A.76(1)(a) of the Hong Kong Listing Rules.
4. The Target Group provides electricity supplies services to companies directly or indirectly owned or controlled as to 30% or more by Jiangsu Communications Holding – it is expected that the aggregate transaction value in the second half of 2022 will not exceed RMB2.8 million. As these services are conducted on normal commercial terms or better and all applicable ratios of the transactions are less than 0.1%, such services should be fully exempt from continuing connected transaction requirements pursuant to Rule 14A.76(1)(a) of the Hong Kong Listing Rules.

Continuing Connected Transactions subject to disclosure

5. Long-distance vehicle leasing and training services – services provided by associates of Jiangsu Communications to the Target Group, it is estimated that the transaction values for the second half of 2022 will not exceed RMB88,000 and RMB147,700, respectively.
6. Deposit Services – As at the date of this announcement, the deposit amount of YS Energy Company and its subsidiaries is RMB137 million. From the Completion Date, the Group's quota will be used by YS Energy Company and its subsidiaries.

As the highest applicable percentage ratio (other than the profit ratio) (together with services provided to the Group) are more than 0.1% but less than 5%, the long-distance vehicle leasing, the training services and the deposit service are subject to the announcement requirement under Rule 14A.76(2)(a) of the Hong Kong Listing Rules, but are exempt from the requirement of independent shareholders approval at general meeting.

Continuing Connected Transactions with tenure more than 3 years

The lease of land and rooftop of buildings to YS Energy Company by associates of Jiangsu Communications Holding for the construction and operation of photovoltaic power generation business – Following industry practice, the term of the agreements are more than 3 years. Pursuant to Rule 14A.52 of the Hong Kong Listing Rules, the Company must appoint an independent financial adviser to explain why the agreement requires a longer period and to confirm that it is normal business practice for agreements of this type to be of such duration. It is expected that the aggregate transaction value in the second half of 2022 will not exceed RMB200,000 and the annual aggregate transaction value of the remaining term of the leases will not exceed RMB500,000.

As such leases are conducted on normal commercial terms or better and all applicable ratios of aggregate annual transaction value for the remaining terms are less than 0.1%, such leases should be fully exempt from continuing connected transaction requirements pursuant to Rule 14A.76(1)(a) of the Hong Kong Listing Rules.

The above transactions constitute related party transactions of the Company. Given the total amount of all the above related parties transactions after the Completion (together with the same type of business provided to the Group) would not reach 0.5% of the absolute value of the Company's latest audited net assets, they do not trigger and are exempt from the related parties transaction disclosure requirements of the Shanghai Listing Rules.

Independent financial advisor and shareholders meeting

The Company will appoint an as independent financial adviser as soon as possible to provide advice to the independent board committee and independent shareholders on this transaction and to confirm that it is normal business practice for agreements with more than three years to be of such duration. It is expected that a circular containing, among other things, details of the transaction and other information required by the Hong Kong Listing Rules will be despatched to H Shareholders on or before 17 May 2022.

It is expected the transactions contemplated under the Equity Transfer Agreement will be considered by shareholders at the annual general meeting of the Company to be held on 17 June 2022.

Important Notes:

- 1. Name of investment target: 100% equity of Jiangsu Yunshan Clean Energy Investment Holding Co., Ltd.*
- 2. Investment amount: RMB2,457 million.*
- 3. This transaction constitutes a related party transaction. Jiangsu Expressway Co., Ltd. (hereinafter referred to as the “**Company**”) and Jiangsu Communications Holding Co., Ltd. (hereinafter referred to as “**Jiangsu Communications Holding**”) have not had similar transactions in the past 12 months.*
- 4. This related party transaction does not constitute a major asset reorganization as stipulated in the Administrative Measures for Major Asset Restructuring of Listed Companies.*
- 5. Risk warning: There may be business development risks, policy risks and other related risks in this transaction. Investors are advised to pay attention to investment risks.*

I. EQUITY TRANSFER AGREEMENT

On 29 April 2022, with a view to optimize the Company's industrial structure layout, open up new profit growth points, and achieve sustainable development, the Company (together with its subsidiaries, collectively referred to as the “**Group**”) (as the transferee) and Jiangsu Communications Holding (as the transferor) entered into the Equity Transfer Agreement, the main terms of which are as follows:

1. Parties to the Agreement

Transferor:	Jiangsu Communications Holding (the controlling shareholder of the Company)
Transferee:	the Company
Target Company:	Jiangsu Yunshan Green Energy Investment Holding Company, Limited (hereinafter referred to as “ YS Energy Company ”)

2. **Equity Transfer**

Jiangsu Communications Holding agreed to transfer its holding of 100% equity interests in YS Energy Company (hereinafter referred to as “**Target Equity**”) to the Company. After completion of the transfer, YS Energy Company (together with its 10 subsidiaries and 3 associated companies collectively referred to as the “**Target Group**”) will become a subsidiary of the Company. For information on the Target Group, please refer to Section III “Information on the Target Group” of this announcement.

3. **Transfer Consideration and Bases of Pricing**

The consideration for the transfer of the Target Equity shall be RMB2,457 million (hereinafter referred to as the “**Consideration**”).

According to the requirements of the Measures for the Supervision and Administration of the Transaction on State-Owned Assets of Enterprises, the Company and Jiangsu Communications Holding adopted non-public agreement transfer method to execute the transfer of title of assets, and the consideration for the transfer of property rights between the Company and Jiangsu Communications Holding shall not be lower than the valuation result approved by or filed with the state-owned assets supervision and management department. Jiangsu Communications Holding appointed Beijing Tianjian Xingye Assets Valuation Co., Ltd. (a valuation agency with corresponding qualifications) to conduct an asset valuation of the Target Equity as of 31 December 2021 (hereinafter referred to as the “**Valuation Date**”). According to the asset valuation report (Tianxing Pingbao Zi (2022) No. 0652) (hereinafter referred to as the “**State-owned Asset Valuation Report**”), the value of the Target Equity is RMB2,346.million. The transfer consideration is based on the above-mentioned appraised value, and adjusted upward with the capital contribution of RMB111 million remitted by Jiangsu Communications Holding to YS Energy Company on 14 January 2022.

The Company appointed Kroll (HK) Limited (hereinafter referred to as “**Kroll**”, an independent valuation agency, formerly known as D&P China (HK) Limited) to assess the value of the Target Equity in accordance with international standards and requirements (hereinafter referred to as the “**Valuation Report**”). The preliminary assessment of the fair value of the Target Equity as of the Valuation Date is RMB2,355 million, which is slightly more than the appraised value in the State-owned Asset Valuation Report. The Valuation Report will be set out in the circular despatched to H Shareholders.

The profit and loss realized by YS Energy Company during the transaction transition period (from the Valuation Date to the Completion Date) and the increase or decrease in net assets due to reasons other than profit and loss are all attributed to the Company.

4. Conditions Precedent for Completion of the Transfer of the Target Equity

Completion of the transfer of Target Equity is subject to the fulfilment (or waiver, as applicable) of the conditions precedent (the “**Conditions Precedent to Completion**”) set out below:

- (i) The Target Equity transfer having been internally approved (except Condition Precedent to Completion (ii)) by parties to the Equity Transfer Agreement;
- (ii) The Target Equity transfer having been approved by the Company’s shareholders at general meeting (where Jiangsu Communications Holding and its associates (as defined under the Hong Kong Listing Rules) shall abstain from voting); and
- (iii) State Development Bank, Jiangsu Branch, not having demanded for early repayment of the loan advanced to Rudong Company (as defined in Section III “Information on Target Group” below) due to the change of control of YS Energy Company.

The Company may waive item (iii) of the Conditions Precedent on Completion above. The parties to the Equity Transfer Agreement shall try their best to complete their respective tasks and endeavour to confirm the completion date on or before 31 December 2022 and to complete.

5. Payment of the Consideration

The Consideration shall be paid in cash and will be funded by the Group's own funds or financing funds in line with the use of funds.

If, prior to 31 July 2022, all Conditions Precedent to Completion are satisfied (or waived, if applicable), then the Company shall pay 30% of the Consideration (i.e. RMB737.1 million (hereinafter referred to as the “**First Transfer Payment**”) to Jiangsu Communications Holding within 5 business days after all Conditions Precedent to Completion are satisfied. Pursuant to the Equity Transfer Agreement, the parties to the agreement agreed that the date the Company pays the First Transfer Payment to Jiangsu Communications Holding is the completion date (hereinafter referred to as the “**Completion Date**”).

The latest date for payment of the remaining Consideration (i.e. 70% of the Consideration) (hereinafter referred to as the “**Second Transfer Payment**”) is 31 December 2022. Interest shall be payable on the Second Transfer Payment at the prevailing 1-year loan prime rate market quotation published by the National Interbank Funding Center (authorised by the People’s Bank of China) on the 20th day of each month during the deferred payment period which commences from the Completion Date and ends on the actual payment date of the Second Transfer Payment.

6. Completion

Completion of the Target Equity transfer shall take place within 5 working days after all Conditions Precedents to Completion are satisfied (or waived (if applicable)). The Completion Date shall be the date on which the First Transfer Payment is remitted to the designated bank account of Jiangsu Communications Holding by the Company.

7. Arrangement on Related/Connected Loans

The Company undertakes that, from the Completion Date, it will take necessary measures, including but not limited to providing shareholder loans to YS Energy Company for its early repayment of the related/connected loans, so as to reduce the relevant related party/connected transactions of the Target Group, Jiangsu Communications Holding shall provide necessary cooperation in this regard.

As at the date of this announcement, the aggregate loan amount is RMB560.716 million. The Company will provide YS Energy Company with a shareholder loan of RMB560.716 million on the Completion Date.

8. Arrangement on Related/Connected Guarantee to Third Party

Jiangsu Communications Holding agreed to continue the provision of a guarantee in favour of State Development Bank, Jiangsu Branch in respect of a loan (with total credit of RMB4 billion) granted to Rudong Company, a 72%-owned subsidiary of YS Energy Company, on the original terms.

The Company undertakes that it will use its best commercial endeavour to replace Jiangsu Communications Holding as the guarantor of such loan within 1 year of the Completion Date. In case the creditor imposes additional obligations on the Company, YS Energy Company or its subsidiaries, the Company will comply with the relevant approval requirements and disclosure obligations.

9. Non-compete Obligations

Non-compete Undertakings

Jiangsu Communications Holding undertakes that for so long as it remains a shareholder of the Company, Jiangsu Communications Holding (including its subordinates but excluding the Group) shall not acquire any holding or make any investment or participate in any other capacity within the Jiangsu Province, any business related to all existing and future operations or investments in clean energy businesses in which the Target Group involves (hereinafter referred to as “**Clean Energy Businesses**”). However, Jiangsu Communications Holding (including its subordinates) is not restricted from holding less than 5% of the issued share capital or securities of other listed companies whose main business is Clean Energy Businesses.

For the avoidance of doubt, Jiangsu Communications Holding shall have the rights to continue its holding of 31.08% equity interests in Nantong Tiansheng Port Electricity Company Limited (hereinafter referred to as “**Nantong Tiansheng Port Company**”) which engages in thermal power and Clean Energy Businesses, subject to Jiangsu Communications Holding’s compliance of the obligations on Business Opportunity Preference and Preferred Acquisition Rights.

Business Opportunity Preference

Jiangsu Communications Holding undertakes that for so long as it remains a shareholder of the Company, Jiangsu Communications Holding (including its subordinates but excluding the Group and Nantong Tiansheng Port Company) shall promptly inform the Company and YS Energy Company upon having knowledge that the business in which it participates constitutes direct or indirect competition with the Clean Energy Business of the Target Group, or discovers any potential business opportunities. If the Company and YS Energy Company decide to invest within 7 working days after receiving such notice, the Company and YS Energy Company shall have priority to invest, and Jiangsu Communications Holding should actively co-ordinate. Nevertheless, the participation in competitive allocation of clean energy projects (such as offshore wind power projects) in the name of Jiangsu Communications Holding ultimately for YS Energy Company’s investment is excluded.

Preferred Acquisition Rights

Jiangsu Communications Holding undertakes that for so long as it remains a shareholder of the Company, when Jiangsu Communications Holding (including its subordinates but excluding the Group and Nantong Tiansheng Port Company) intends to sell its equity in any energy company (including but not limited to equities related to clean energy business and Nantong Tiansheng Port Company), Jiangsu Communications Holding shall notify the Company and YS Energy Company of the proposed acquirer, the price and main terms of the proposed sale of equity in a written notice, and the Company and YS Energy Company shall have the right to purchase the equity on the same terms, subject to the waiver of pre-emption by other shareholders of the relevant company.

10. Dispute Resolution

All disputes arising out of the implementation of or related to the Equity Transfer Agreement shall be settled through friendly negotiation by all parties to the agreement. If any dispute cannot be resolved through negotiation within thirty (30) working days after the dispute arises, any party has the right to initiate a proceeding with the People's Court where the Company is located.

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

1. The Company

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

2. Jiangsu Communications Holding

The basic information of Jiangsu Communications Holding is as follows:

Registered Address:	No. 291 Zhongshan Eastern Road, Nanjing City/A2/F, Zijin Finance Zone, No. 399 Jiangdong Central Road, Nanjing City
Business Nature:	Limited liability company (wholly state-owned)*
Legal Representative:	Cai Renjie
Registered Capital:	RMB16,800,000,000
Business Scope:	Engaged in the operation and management of state-owned assets within the scope of authorization of the provincial government; investment, construction, operation and management of transport infrastructure, transportation and other related sectors; collection of tolls from vehicles; and industry investment and domestic trading. (For projects subject to approval according to law, business activities can only be carried out after approval by relevant departments)
Total assets at the end of the latest accounting period (2021):	RMB695,684,989,000 [#]
Net assets at the end of the latest accounting period (2021):	RMB279,317,112,000 [#]

Revenue from operations in the
latest accounting period (2021): RMB57,417,140,000[#]

Net profit in the latest accounting
period (2021): RMB16,765,631,000[#]

* The ultimate owner of Jiangsu Communications Holding is the State-owned Assets Supervision and Administration Commission of the People's Government of Jiangsu Province

[#] Jiangsu Communications Holding's audited financial statements dated 25 April 2022 by Zhongxinghua Certified Public Accountants LLP in accordance with the Accounting Standards for Business Enterprises of the PRC

Jiangsu Communications Holding is Jiangsu Province's provincial investment and financing platform for key transportation infrastructure construction projects. It mainly undertakes four responsibilities: first, to be responsible for the investment and financing of key transportation infrastructure construction projects such as expressways, railways, airports, and ports in the province. By the end of 2021, the accumulative completed investment tasks amounted to RMB412.2 billion; of which, RMB326 billion for expressways, RMB72.3 billion for railways, and RMB13.9 billion for ports, airports and others. Second, is to be responsible for the investment tasks of the provincial railway group, the provincial port group and the eastern airport group. Currently, accounting for 96.25% of the provincial railway group; 29.64% of the provincial port group; and 27.3% of the eastern airport group. Third, to be responsible for the province's expressways, the operation and management of bridges across the river. Managing 88% of expressways in the province, with a mileage of 4,381 k.m., including 7 cross-river bridges (respectively Jiangyin Bridge, Sutong Bridge, Runyang Bridge, Taizhou Bridge, Chongqi Bridge, Shanghai-Sutong Yangtze River Railway Bridge, Wufengshan Yangtze River Bridge), 364 toll stations and 97 pairs of service areas. Fourth, is to make use of the main business of transportation, and be responsible for the asset and market operation and management of relevant competitive enterprises involving financial investment, power and energy, passenger transportation, smart transportation, cultural media, etc.. At present, there are 33 enterprises and institutions under its supervision, with about 28,000 employees; and it holds 2 listed companies, namely the Company (600377.SH; 0177.HK), Jiangsu Financial Leasing Co., Ltd. (600901.SH). As of the end of 2021, the group's total assets and net assets were RMB695.7 billion and RMB279.3 billion, representing an increase of 11.86% and 10.53% respectively over the previous year. In 2021, the group's operating income and total profit will be RMB57.4 billion and RMB16.8 billion respectively, an increase of 30.16% and 61.54% respectively over the previous year.

Jiangsu Communications Holding is the controlling shareholder of the Company, holding approximately 54.44% of the Company's equity. The outstanding loan due from the Company, Jiangsu Guangjing Xicheng Expressway Co., Ltd. and Wufengshan Bridge Co., Ltd., subsidiaries of the Company to Jiangsu Communications Holding are RMB500 million, RMB1.65 billion and RMB550 million, respectively. Save as set out in the published announcements of the Company, there is no other relationship between the Group and Jiangsu Communications Holding and its associates, whether in terms of property rights, business, assets, personnel or otherwise.

3. YS Energy Company

YS Energy Company (i.e. the Target Company) is a limited liability company established in the People's Republic of China on 29 November 2016, the basic information of which is as follows:

Registered Address:	18th Floor, Building 2, No. 399, Middle Jiangdong Road, Jianye District, Nanjing
Business Nature:	limited liability company (sole proprietorship invested or controlled by a non-natural person)
Legal Representative:	Li Jianfeng
Registered Capital:	RMB2,000,000,000 (paid-in capital of RMB1,724,000,000)
Business Scope:	Photovoltaic power generation, wind power generation; investment, development and operation management of photovoltaic power generation and wind power generation; energy saving technology, new energy technology investment, development, technology transfer, technical consultation; investment, research and development and sales of power equipment and electrical equipment; investment consulting; asset management. (For projects subject to approval according to law, business activities can only be carried out after approval by relevant departments)

Total assets at the end of the latest accounting period (2021): RMB6,475,943.360[#]

Net assets at the end of the latest accounting period (2021): RMB2,251,954,910[#]

Revenue from operations in the latest accounting period (2021): RMB441,053,120[#]

Net profit in the latest accounting period (2021): RMB118,353,680[#]

[#] in accordance with the Accounting Standards for Business Enterprises of the PRC

III. INFORMATION ON THE TARGET GROUP

1. The Target Group

YS Energy Company and its subsidiaries are engaged in photovoltaic, offshore wind power and other clean energy power generation. The Target Group operates 4 ground-mount photovoltaic power stations (with total installed capacity of 66 MW) in the cities of Xuzhou and Yancheng, Jiangsu, and 62 distributed photovoltaic power facilities in the cities of Xuzhou, Yancheng, Lianyungang, Huaian, Suqian, and Changzhou, Jiangsu (with total installed capacity of 50.6 MW), and operates an offshore wind power station in Nantong City, Jiangsu Province, with an installed capacity of 300MW. Of the 62 distributed photovoltaic power facilities, 54 are operated by YS Energy Company (with total installed capacity of 22.35 MW, of which 3.89 MW connected to grid in 2017 and 18.46 MW connected to grid in 2018).

The basic information of the Target Company is set out in Subsection 3 “YS Energy Company” to Section II “Basic Information on the Parties to the Equity Transfer Agreement” of this announcement. The subsidiaries of the Target Company are all limited liability companies established in the PRC, the basic information of which is as follows:

Subsidiaries	Shareholding Percentage	Core Business	Grid-Connection Date
Suxiaokong New Energy Technology Fengxian Co., Ltd.	100%	Operating a 20 MW ground-mount on-grid photovoltaic power generation station in the City of Xuzhou, Jiangsu (being agri-photovoltaic complementary power facilities)	21 January 2017
Suxiaokong Clean Energy Tongshan Co., Ltd.	100%	Operating 2 distributed photovoltaic power generation facilities on rooftop of buildings in the City of Xuzhou, Jiangsu with 5.5 MW and 1 MW respectively	5.5MW: 12 August 2017 1MW: 25 January 2017
Suxiaokong Clean Energy Jiangsu Co., Ltd.	100%	In the process of planning investment in transport related and photovoltaic power projects	Not applicable
Suxiaokong Clean Energy Xuzhou Co., Ltd.	100%	Operating 2 distributed photovoltaic power generation facilities on rooftop of buildings in the City of Xuzhou, Jiangsu with 0.6 MW and 0.3 MW respectively	0.6MW: 29 July 2016 0.3MW: 14 February 2017
Suxiaokong Fengxian Agricultural Science and Technology Co., Ltd.	100%	Leasing of agriculture land of the agri-photovoltaic complementary power facilities of Suxiaokong New Energy Technology Fengxian Co., Ltd. and Suxiaokong Fengxian Renewal Energy Co., Ltd.	Not applicable

Subsidiaries	Shareholding Percentage	Core Business	Grid-Connection Date
Liyang Youke Energy Co., Ltd.	90%	Operating an aggregate of 4.68 MW distributed photovoltaic power generation facilities on rooftop of buildings in the City of Changzhou, Jiangsu	Phase I – 3.424MW: 18 November 2017 Phase II – 1.261MW: 1 December 2019
Yancheng Yuanshan Photovoltaic Power Co., Ltd.	80%	Operating 26 MW ground-mount on-grid photovoltaic power station in the City of Yancheng, Jiangsu	29 June 2018
Suxiaokong Rudong Offshore Wind Power Co. Ltd. (hereinafter referred to as “ Rudong Company ”)	72%	Operating a 300 MW offshore wind power plant in Nantong, Jiangsu	First turbine: 19/12/2020 All turbines: 31/10/2021
Changzhou Jintan Heyi New Energy Technology Co. Ltd.	70%	Operating 10.79 MW distributed photovoltaic power generation facilities on rooftop of buildings in the City of Changzhou, Jiangsu	Phase I – 4.8 MW: July 2020 Phase II – 5.99 MW: October 2020
Suxiaokong Fengxian Renewal Energy Co., Ltd.	70%	Operating two 10 MW ground-mount photovoltaic power stations (being agri-photovoltaic complementary power facilities) and a 0.8 MW distributed photovoltaic power generation facility in the Fengxian of Xuzhou, Jiangsu	Phase I – 10 MW on grid photovoltaic power station: 21 January 2017 Phase II – 10 MW distributed photovoltaic power station: 15 June 2018 0.8 MW distributed photovoltaic power station: 20 November 2017

As at the date of this Announcement, YS Energy Company has invested in the following companies which are established in the PRC:

Associated Companies	Shareholding Percentage	Core Business	Grid-Connection Date
Jiangsu Nengtou Xincheng Photovoltaic Power Co., Ltd.	49%	Operating 7.2 MW distributed photovoltaic power generation facilities on rooftop of buildings in the City of Xuzhou, Jiangsu	23 November 2017
Longyuan Donghai Wind Power Co., Ltd.	30%	Operating a 100 MW ground wind power plant in the City of Lianyungang, Jiangsu	Phase I – December 2014 Phase II – December 2015
Three Gorges New Energy Nantong Co., Ltd. (hereinafter referred to as “ Three Gorges Nantong Company ”)	20%	Operating a 400 MW offshore wind power plant in Nantong, Jiangsu	First turbine: 16 November 2020 All turbines: 25 December 2021

2. Financial Information

Set out below is the financial information of the Target Group for the two financial years ended 31 December 2020 and 2021, which were audited by ShineWing Certified Public Accountants LLP, the Target Group's statutory auditors (who has issued a standard unqualified opinion), and for the unaudited financial information for the three months ended 31 March 2022, prepared by the Target Group:

(RMB0'000)

	As at the end of 2020 (audited)	As at the end of 2021 (audited)	As at the end of the first quarter of 2022 (unaudited)
Total Assets*	433,779.90	647,594.34	655,005.07
Net Assets*	204,623.12	225,195.49	241,717.37

	For the year 2020 (audited)	For the year 2021 (audited)	For the first quarter of 2022 (unaudited)
Operating Income	10,614.01	44,105.31	15,170.56
Profit before taxation	3,419.74	12,114.10	5,431.06
Profit after taxation	3,226.52	11,835.37	5,372.97
Net profits attributable to shareholders of YS Energy Company	2,894.42	8,270.47	4,441.60

* In 2021, Jiangsu Communications Holding made capital contribution of RMB40 million and minority shareholders of subsidiaries made capital contribution of RMB47.37 million.

On January 14, 2022, Jiangsu Communications Holding made capital contribution of RMB111 million, and special reserve for safety production increased by RMB490,000.

3. Key Clean Energy Projects

The Target Group has invested in 67 clean energy projects. As of 31 December 2021, the total installed capacity of the grid-connected projects was 526.6 MW (including equity share of installed capacity), of which: 300 MW of offshore wind power with controlling interests, 113.1 MW of photovoltaic power with controlling interests, 3.5 MW of photovoltaic power with equity participation and 110 MW of wind power with equity participation. In 2021, amongst projects which YS Energy Company has a controlling interests, the total power generation was 623,177,800 kWh, of which: 143,862,100 kWh of photovoltaic and 479,315,700 kWh of wind power; the total on-grid power was 601,602,300 kWh, completing 106.86% of the annual target on-grid power, of which: 143,168,500 kWh of photovoltaic, completing 108.05% of the annual target on-grid electricity, and 458,433,800 kWh of wind power, completing 106.49% of the annual target on-grid electricity.

Target Group's equity interest in power stations and the corresponding electricity generation in recent 3 years are as follows:

Year	Equity Share of the Capacity of Power Stations (MW)	Equity Share of On-Grid Electricity Generation (Million kWh)
2019	136.0	134
2020	146.0	139
2021	526.6	601

Key Clean Energy Business Projects of the Target Group are as follows:

(1) Wind power plant in which the Target Group has a controlling interest – Jiangsu Rudong H5# Offshore Wind Farm project

Project company	Rudong Company
Type of Project	Offshore wind power generation
Site of Construction	North-eastern side of Pufferfish Sandbar, Rudong Sea, Rudong County, Nantong, Jiangsu (Centre of the farm being 48 k.m. from the shore)
Mode of Power Generation	All electricity connected to grid
Estimated Investment Amount	RMB5,565.66 million
Capital Ratio	Capital ratio 25% Loan financing ratio 75%
Project Final Accounts	Pending
Filed Capacity	300MW
Installed Capacity	300MW
Progress of Work	Grid-connected

Project Overview

The wind farm is rectangular in shape, with a length of about 12 km from east to west, and a width of about 4.4 km from north to south. The planned sea area is 52 sq. km. The planned installed capacity is 300 MW, with 75 wind turbines (each with a capacity of 4 MW), and a 220 kV offshore booster station for the wind farm. The annual on-grid electricity is 940.81 million kWh. The construction period of this project is 34 months. The project commenced construction in July 2019.

In 2021, power generation was 479,315,700 kWh, utilization hours were 3,138.75 hours, and on-grid electricity was 458,433,500 kWh. Loss of power generation was 72,436,900 kWh (including: 31,546,800 kWh failures loss, 1,601,700 kWh planned maintenance loss, 3,037,400 kWh on-site loss, 36,220,200 kWh off-site loss, and 30,900 kWh wind abandonment loss). Average wind speed was 6.56m/s. The average utilization rate of the generator set was 93.4%, the utilization rate of the wind farm was 92.48%, and the comprehensive field power consumption rate* was 5.59%.

Grid-connection Date

The first wind turbine: 19 December 2020

All wind turbines: 31 October 2021

On-grid Electricity Price	RMB0.3910/kWh
Subsidized Electricity Price	RMB0.4590/kWh
Electricity business licence	Granted
Sea Use Right	Up to 19 February 2048

* The comprehensive field power consumption rate is the proportion of the power consumed by equipment and facilities in the power generation production process.

(2) Wind power plant in which the Target Group invests – Jiangsu Rudong H6# Offshore Wind Farm project

Project Company	Three Gorges Nantong Company
Type of Project	Offshore wind power generation
Site of Construction	Rudong, Nantong, Jiangsu, (Centre of the farm being 50 k.m. from the shore)
Mode of Power Generation	All electricity connected to grid
Estimated Investment Amount	RMB7,123.16 million
Capital Ratio	Capital ratio 25%
	Loan financing ratio 75%
Project Final Accounts	Pending
Filed Capacity	400 MW
Installed Capacity	400 MW
Progress of Work	Grid-connected

Project Overview

The wind farm is trapezoidal in shape, with an average east-west length of about 13.7 km and a maximum width of about 8.2 km from north to south. The planned sea area is about 66 sq. km. The planned total installed capacity of the project is 400 MW with 100 wind turbines (each with a capacity of 4 MW), a 220 kV offshore booster station, an offshore converter station and an onshore converter station. According to the estimation of feasibility study, the annual on-grid electricity will be 1,269.26 million kW, and the annual equivalent full-load hours will reach 3,173 hours after the completion of the project. It can save 0.381 million tons of standard coal and reduce carbon dioxide emissions by 1.058 million tons per year.

The project is the first offshore wind power project in China that adopts a long-distance, high-voltage 400 kV flexible DC transmission scheme. It is also the first project using DC submarine cable in China. The transmission distance of the DC submarine cable exceeds 100 km. The hard joints, soft joints and terminals were newly developed. The construction scale of the offshore converter platform of the project is the largest in China, and it would be the first time float-over method applied to the offshore converter platform.

In March 2022, power generation was 226.1403 million kWh, utilization hours were 565.35 hours, and on-grid electricity was 218.0103 million kWh.

Grid-connected Date

The installation of the first wind turbine was completed on 26 July 2020, the installation of all wind turbines was completed on 25 September 2021, the grid-connected production commenced on 29 November 2021, and full-capacity grid-connected power generation on 25 December 2021.

On-grid Electricity Price

RMB0.3910/kWh

Subsidized Electricity Price

RMB0.4590/kWh

Electricity Business Licence

Granted

(3) Photovoltaic power station in which the Target Group has a controlling interest – Photovoltaic project in Bufeng Town, Yan City, Jiangsu Province

Project Company Name	Yancheng Yuanshan Photovoltaic Power Company, Limited
Type of Project	Ground Photovoltaic
Site of Construction	Yancheng Development Zone, Bufeng Town, Yancheng, Jiangsu
Mode of Power Generation	All electricity connected to grid
Estimated Investment Amount	RMB181.54 million
Capital Ratio	Capital ratio 30% Loan financing ratio 75%
Project Final Accounts	RMB55.36 million
Filed Capacity	26 MW
Installed Capacity	26 MW
Progress of Work	Grid-connected
Project Overview	<p>The single-unit rated power of 285Wp polysilicon photovoltaic elements in this project is installed with a fixed inclination angle of 24 degrees, using 12 500-KW inverters, 32 630-KW inverters, and 22 step-up transformers. The project commenced construction on 15 March 2018.</p> <p>During the 25-year operation period of the project, the annual average on-grid electricity is estimated to be 29.1877 million kWh, and the annual average power generation and utilization hours is estimated to be 1,069.15 hours.</p>

Grid-connected Date	29 June 2018
On-grid Electricity Price	RMB0.3910/kWh
Subsidized Electricity Price	RMB0 0.4590/kWh
Electricity Business licence	Granted
Project Operation Period	25 years

As at 28 April 2022, the power stations of Target Group have been in operation for a total of 2,100 days and 1,275 million kWh, the green energy electricity generation has saved the usage of 387,600 tons of standard coal and reduced emissions of 1,061,000 tons of carbon dioxide, 37,600 tons of sulfur dioxide, and 18,800 tons of nitrogen oxides.

4. Valuation Report

The Company appointed Kroll, an independent valuation agency, to assess the value of the Target Equity in accordance with international standards and requirements. The preliminary assessment of the fair value of the Target Equity as of the Valuation Date was RMB2,355 million, which is slightly higher than the appraised value in the State-owned Asset Valuation Report.

To develop its opinion of value, Kroll has considered three generally accepted approaches to value: cost, market and income*. While useful for certain purposes, the cost approach is generally not considered applicable to the valuation of a going concern business, as it does not capture future earning potential of the business. Thus, cost approach is not utilized in the valuation. Kroll has searched for publicly listed companies for application of guideline companies approach but no companies are similar to YS Energy Company in all aspects. In particular, one of YS Energy Company's major wind power project, Jiangsu Rudong H5# offshore wind farm, just completed installation of all wind turbines in October 2021 and hence its stage of commercial operation might differ from other publicly listed Chinese renewable energy companies. In view of the above, in forming its opinion, Kroll relies upon the income approach as primary approach to determine the business enterprise value of YS Energy Company and use Guideline Transaction Method (GTM) under market approach as secondary approach for cross check.

- * Cost approach establishes value based on the cost of reproducing or replacing the property less depreciation from physical deterioration and functional and economic obsolescence, if present and measurable. This approach might be considered the most consistently reliable indication of value for assets without a known used market or separately identifiable cash flows attributable to assets appraised.

Income approach is the conversion of expected periodic benefits of ownership into an indication of value. It is based on the principle that an informed buyer would pay no more for the property than an amount equal to the present worth of anticipated future benefits (income) from the same or equivalent property with similar risk.

Market approach considers prices recently paid for similar assets, with adjustments made to the indicated market prices to reflect condition and utility of the appraised assets relative to the market comparable. Assets for which there is an established used market may be appraised by this approach.

Kroll adopts the discount cash flow method in the income approach and based on certain assumptions to evaluate YS Energy Company which constitutes a profit forecast under Rule 14.61 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**”). Hence, the requirements of Rules 14.60A and 14.62 of the Hong Kong Listing Rules apply.

Key Assumptions

Due to the changing environments in which YS Energy Company, the key assumptions adopted by Kroll in the valuation of 100% equity interest in YS Energy Company using the income approach are as follows:

- no major changes are expected in political, legal and economic conditions in China;
- regulatory environment and market conditions for renewable energy industry will be developing according to prevailing market expectations;
- there will be no major changes in the current taxation law applicable to renewable energy industry;
- Target Company will not be constrained by the availability of finance;
- the future movement of exchange rates and interest rates will not differ materially from prevailing market expectations;
- Target Company will retain competent management, key personnel and technical staff to support their ongoing operations;

- There will be no change in government policy that the Target Company's solar power plants will be eligible for subsidy if they reach 22,000 usable hours or reasonable useful life of 20 years;
- There will be no change in government policy that the Target Company's Rudong wind farm will be eligible for subsidy if it reaches 52,000 usable hours throughout its life cycle; and
- Government subsidy receivable collection period of the Target Company's wind farm and solar power plants will be approximately 2 years and 3 years, respectively.

Confirmation

KPMG Huazhen LLP, the Company's reporting accountants, was engaged to report on the calculation of the discounted future cash flows used in the Valuation Report, as required by Rule 14.62(2) of the Hong Kong Listing Rules. The discounted future cash flows do not involve the adoption of accounting policies. So far as the calculations are concerned, the discounted future cash flows have been properly compiled in all material respects in accordance with the bases and assumptions adopted by the directors of the Company as set out in the Valuation Report.

The board of directors of the Company has (i) discussed with the senior management of YS Energy Company and Kroll on the basis and assumptions of the discount cash flow valuation of YS Energy Company in the Valuation Report; (ii) reviewed the discount cash flow valuation as set out in the Valuation Report; and (iii) considered the report from the reporting accountants of the Company. Based on the above basis and subject to the assumptions set out above, the board of directors of the Company confirmed that the discount cash flow valuation as set out in the Valuation Report was made after due and careful enquiry by the directors of the Company.

The Valuation Report, the report issued by the reporting accountants of the Company and the confirmation from the board of directors of the Company as required under Rules 14.62(2) and 14.62(3) of the Hong Kong Listing Rules will be set out in the circular despatched to H Shareholders.

IV. REASONS AND BENEFITS OF THE TRANSACTION

The implementation of this transaction is mainly a focus of the Company's strategic interest and commercial benefits.

Firstly, is to respond to national policies, reorganize resources and invest in the clean energy industry. On 27 December 2016, the General Office of the Central Committee of the Communist Party of China and the General Office of the State Council jointly issued the "Guiding Opinions on Innovating the Government's Resource Allocation", encouraging state-owned enterprises to optimize and strengthen listed companies through asset injection, and encourage state-controlled listed companies to allocate resources through mergers and reorganizations. The Company has also been paying attention to researching investment opportunities in order to strengthen the integration of resources, adjust and optimize the industrial layout structure of the Group, and improve the quality, efficiency and sustainable development capability of development.

On 22 September 2020, President Xi Jinping proposed the goal of "strive to peak carbon dioxide emissions by 2030 and strive to achieve carbon neutrality by 2060" at the 75th United Nations General Assembly. On 11 May 2021, the National Energy Administration issued the "Notice on Matters Concerning the Development and Construction of Wind Power and Photovoltaic Power in 2021", stating that in 2021, the national wind power and photovoltaic power generation would account for about 11% of the electricity consumption of the whole society, with increases to follow year by year, to ensure that non-fossil energy consumption accounts for about 20% of primary energy consumption in 2025. Non-fossil energy will still have great market potential. By conducting this transaction to invest in the field of clean energy, the Company will comply with the world and national power generation requirements and meet market demand.

Secondly, is to actively implement the strategy of "carbon dioxide peaking and carbon neutrality" and fulfill social responsibilities. In September 2021, the Central Committee of the Communist Party of China and the State Council jointly released a document titled "Working Guidance for Carbon Dioxide Peaking and Carbon Neutrality in Full and Faithful Implementation of the New Development Philosophy" proposing to ensure the realization of "carbon dioxide peaking and carbon neutrality" as scheduled. Wind energy and solar energy have developed rapidly in recent years, technological innovation has continued to drive down the cost of power generation, and the proportion of clean energy installation capacity has continued to increase. It is expected to maintain rapid growth for a relatively longer period in the future.

The clean energy power generation projects held by YS Energy Company are located in Jiangsu Province. Jiangsu Province is currently the province with the largest scale of offshore wind power in operation in China. As at the end of December 2021, with the connection of the last batch of offshore wind turbines in the sea area of Yancheng, all the offshore wind power projects under construction in Jiangsu Province have been successfully connected to the grid at full capacity. The installed capacity of offshore wind power reached 11.8 million kilowatts, accounting for nearly half of the national total. Combined with the endowment of solar and wind resources in Jiangsu Province, Jiangsu Province is suitable for the development of clean energy.

Thirdly, is to expand the business scope of the Group and achieve sustainable development. The Group's current core business is the investment, construction, operation and management of toll roads and bridges in Jiangsu Province, and the development of supporting operations in service areas along expressways (including refueling, catering, shopping, advertising and accommodation, etc.). Hence, in order to make full use of the Company's capital strength and other advantages, actively enhance corporate value and achieve sustainable development, the Company needs to improve its industrial structure and optimize its industrial layout. Through the acquisition of YS Energy Company, the Company can overcome the entry barriers of the clean energy industry, quickly enter the clean energy industry, and expand its business scope. In this way, the sustainable development capability and risk-resistance capability of the Group could be enhanced, the value of the Company could be enhanced, and the interests of the Company and its shareholders could be better protected.

Fourthly, is to achieve business synergy to facilitate the development of the Group's clean energy business. The current core business of YS Energy Company is clean energy power generation such as photovoltaic power, and offshore wind power. Photovoltaic and offshore wind power as renewable energy is the future development direction of green energy travel. The Group currently holds a large number of core assets such as expressways, service areas and toll stations, and has green energy travel consumption venues for end users. With the acquisition of YS Energy Company, the Group can apply the photovoltaic equipment of YS Energy Company to the land resources on both sides of the expressways, the existing service areas, toll stations, etc. of the Group to further increase coverage of photovoltaic applications in expressway service areas, toll stations, and inter-change areas by YS Energy Company. At the same time, Jiangsu Yangtze Commerce and Energy Co., Ltd.[#] 江蘇長江商業能源有限公司, a subsidiary of the Company, with brand operation capabilities and rich experience, using the influence of the Group to develop new business areas, will assist YS Energy Company to rapidly expand its business scale and brand influence, jointly build a comprehensive transportation clean energy service center with national influence, improve resource utilization efficiency and economic benefits. Furthermore, the Company has the advantages of good credit and low financing

costs. The incorporation of YS Energy Company into the Group will broaden the financing channels of YS Energy Company, increase the opportunity to obtain more high-quality projects, expand its business scale and increase its income level.

Fifthly, is to acquire high-quality assets to enhance the asset quality and profitability of the Group. With the increase in the number of operating projects of YS Energy Company, the scale of assets, revenue and profitability of YS Energy Company will gradually increase. The annual rate of return of this investment is expected to be more than 10%, which is higher than the rate of return of the toll road core business of the Company. The injection of equity of YS Energy Company into the Company is conducive to improving the asset quality and profitability of the Company and enhancing the sustainable operation ability of the Company.

As at the date of this announcement, the power stations of the Target Group have all been put into operation and are expected to generate stable income in the future. Therefore, the acquisition of the Target Group is expected to have a positive impact on the future long-term earnings of the Group.

V CONTINUING CONNECTED TRANSACTIONS UPON COMPLETION

Upon Completion of the transfer of Target Equity, YS Energy Company and its subsidiaries will become subsidiaries of the Company, and the following transaction conducted in the ordinary and usual course of the Target Group with Jiangsu Communications Holding and its associates will constitute continuing connected transactions of the Company:

A. Fully Exempted Continuing Connected Transactions

1. Connected persons providing loans and guarantee services to the Target Group

Jiangsu Communications Holding currently provides (1) a loan of RMB300 million to Rudong Company, a 72%-controlled subsidiary of YS Energy Company, and (2) a guarantee for the loan advanced by

the State Development Bank, Jiangsu Branch, to Rudong Company (total credit facility is RMB4 billion, and the loan withdrawn amount is RMB2,363 million). The maturity date of the RMB300 million loan is 20 January 2025, and Rudong Company shall be responsible for paying the interest and repaying the principal in accordance with the terms of the 3.74% per annum green bond issued by Jiangsu Communications Holding to provide the loan. Interest rate is not higher than the loan market quoted interest rate. The annual guarantee fee is determined according to the shareholding ratio of state-owned assets. Since Rudong Company is 72% owned by YS Energy Company, the annual guarantee fee is 0.1% for 72% of the outstanding loan amount and 1% for the balance of the outstanding loan amount. If RMB4 billion loan is fully withdrawn from 1 July 2022, the guarantee fee for the second half of 2022 will be RMB14.08 million. The guarantee fee rate is lower than rates offered by commercial guarantee companies.

Hence, according to the Rules Governing the Listing of Stocks on the Shanghai Stock Exchange (hereinafter referred to as the “**Shanghai Listing Rules**”), (i) the provision of the loan of RMB300 million can be exempted from the approval and disclosure requirement of related party transactions; and (ii) the provision of a guarantee on the loan granted by the Jiangsu Branch of State Development Bank (total credit line of RMB4 billion) and the charging of guarantee fees, is not more than 0.5% of the absolute value of the Company’s latest audited net assets, does not trigger and is exempt from the related party transaction disclosure requirements.

As such financial assistances are on normal commercial terms or better and is not secured by the assets of the Group, it should be fully exempt from the disclosure and independent shareholders approval continuing connected transaction requirements pursuant to Rule 14A.90 of the Hong Kong Listing Rules.

2. Provision of Electricity Supplies Services, Office and Parking Spaces Leasing Services, Canteen Meal Services, by Connected Persons to the Target Group

Electricity Supplies Services

As electricity generated by Rudong Company is connected to grid, Rudong Company has been purchasing electricity for the operation of its own generators from Nantong Tiandian Emerging Energy Company Limited 南通天電新興能源有限公司 (hereinafter referred to as “**Nantong Tiandian Emerging Energy**”) in the open market. The settlement electricity price is the sum of market-based transaction

electricity price, transmission and distribution price, auxiliary service fees, government funds and surcharges. Among them, the price of transmission and distribution, government funds and surcharges are determined according to the document issued by the price bureau of the Jiangsu Development and Reform Commission (currently, in accordance with the Jiangsu Development and Reform Commission's "Notice of the Provincial Development and Reform Commission on Matters Related to Jiangsu Power Grid's Transmission and Distribution Price and Sales Price 2020–2022" (Su Fa Gai Jia Ge [2020] No. 1183) and "Notice on Deepening the Reform of Marketization of On-grid Electricity Prices for Coal Thermal Power Generation" (Su Fa Gai Jia Ge [2021] No. 1008)), and the auxiliary service fee is borne by all market-oriented users according to the relevant transaction rules of the Jiangsu Electric Power Auxiliary Service Market 江蘇電力輔助服務市場 (to be conducted in accordance with semi-annual releases of the Jiangsu Energy Supervision Office). Market-based transaction electricity price is the average annual wholesale market transaction price released by Jiangsu Electric Power Trading Centre 江蘇省電力交易中心 in the settlement month. Settlement shall be made on monthly basis. Nantong Tiandian Emerging Energy shall report the relevant usage and electricity price to Jiangsu Electric Power Trading Centre and verify the relevant settlement data according to the electricity invoice and electricity verification schedule in each settlement month cycle. Rudong Company will settle its electricity with the grid company. In 2021, the electricity charge was RMB2 million. It is expected that the transaction value for the second half of 2022 will not exceed RMB1.4 million.

Given the transaction price of the above-mentioned electricity sales service is set by the State, and the total transaction value in each of the remaining financial years would not reach 0.5% of the absolute value of the Company's latest audited net assets, it does not trigger and is exempt from the related parties transaction disclosure requirements of the Shanghai Listing Rules.

As Jiangsu Communications Holding holds a direct 31.08% interest in Nantong Tiansheng Port Company and Nantong Tiandian Emerging Energy is a 99%-owned subsidiary of Nantong Tiansheng Port Company, Nantong Tiandian Emerging Energy is a connected person of the Company pursuant to Rules 14A.07(3) and 14A.13(3) of the Hong Kong Listing Rules. Such service will constitute continuing connected transaction of the Company.

The purchase of electricity is a purchase of services from connected person, such service (i) is a type ordinary supplied for self-use or consumption, (ii) is not for resale and is used in the business of Rudong Company, there is an open market and transparency in the pricing of the service; (iii) the service will be consumed or used in the same state as when it is bought; and (iv) the terms are not less favourable than those available from independent third parties, such service should be fully exempt from the disclosure and independent shareholders approval continuing connected transaction requirements pursuant to Rules 14A.73(7) and 14A.97 of the Hong Kong Listing Rules.

Office and Parking Spaces Leasing Services

Jiangsu Communications Holding Commercial Operation Management Co., Ltd. (hereinafter referred to as “**Communications Holding Commercial Operation Co.**”) leases (1) a total of 2,304.66 sq.m. of office premises on the 18th and 20th floor of office building A2 of Zijin Finance Center and 24 car parking spaces on B5 of Zijin Finance Centre and (2) a car parking space on B3 of Zijin Finance Centre to YS Energy Company. In 2021, the annual rentals of RMB2.8948 million and RMB9,600, respectively. It is expected that the rentals for the second half of 2022 will not exceed RMB1.9475 million and RMB4,800. The rentals for 2023 will not exceed RMB4.0117 million and RMB9,900, the rentals for 2024 will not exceed RMB4.1285 million and RMB10,200 and the rental for the first half of 2025 will not exceed RMB2.1227 million and RMB5,300.

Canteen Services

Communications Holding Commercial Operation Co. also provides YS Energy Company canteen services. Prices of canteen meals are determined through market price inquiry and comparison*. The transaction value for 2021 was RMB287,400. It is expected that the aggregate service fees in the second half of 2022 will not exceed RMB191,000.

As Communications Holding Commercial Operation Co. is a wholly-owned subsidiary of Jiangsu Communications Holding, it is a related party of the Company pursuant to the Shanghai Listing Rules. Such services will constitute related party transactions of the Company. Given the total amount of such related transactions after the Completion (together with the same type of business provided to the Group) would not reach 0.5% of the absolute value of the Company’s latest audited net assets, they do not trigger and are exempt from the related parties transaction disclosure requirements of the Shanghai Listing Rules.

As Communications Holding Commercial Operation Co. is wholly-owned owned of Jiangsu Communications Holding, it is a connected person of the Company pursuant to Rules 14A.07(4) and 14A.13(1) of the Hong Kong Listing Rules. Such services will constitute continuing connected transactions of the Company.

Given (1) the leasing service is provided on normal commercial terms or better in the ordinary and usual course of business of the Target Group and all applicable ratios of the projected aggregate transaction value after Completion (together with similar services provided to the Group) is less than 0.1%, such continuing connected transactions are fully exempt from announcement and independent shareholders' approval requirements under Rule 14A.76(1) (a) of the Hong Kong Listing Rules and (2) the canteen service is the purchase of services from connected persons, such service (i) is a type ordinary supplied for self-use or consumption, (ii) is not for resale and is used in the business of the Target Group, there is an open market and transparency in the pricing of the service; (iii) the service will be consumed or used in the same state as when it is bought; and (iv) the terms are not less favourable than those available from independent third parties, such service should be fully exempt from the disclosure and independent shareholders' approval continuing connected transaction requirements pursuant to Rules 14A.73(7) and 14A.97 of the Hong Kong Listing Rules.

3. *Provision of electricity supply services by the Target Group to connected persons*

In addition, the Target Group has been providing electricity supply services to Jiangsu Eastern Expressway Management Co., Ltd., Jiangsu Lianxu Expressway Co., Ltd., Jiangsu Suhuaiyan Expressway Management Co., Ltd., Jiangsu Hetai Expressway Management Co., Ltd. Xinyi Branch, Jiangsu Yanjiang Expressway Co., Ltd. and Jiangsu Ningsu Xu Expressway Co., Ltd., In 2021, the aggregate electricity charges amounted to RMB5.0248 million. It is expected that the aggregate electricity charges in the second half of 2022 will not exceed RMB2.8 million. Electricity will be charged according to the price announced by the government and settled on a monthly basis after use.

Given the total amount of such related transactions after the Completion (together with the same type of business provided to the Group) would not reach 0.5% of the absolute value of the Company's latest audited net assets, they do not trigger and are exempt from the related parties transaction disclosure requirements of the Shanghai Listing Rules.

As these companies are owned or controlled as to 30% or more by Jiangsu Communications Holding, they are connected persons of the Company pursuant to Rules 14A.07(4) and 14A.13(3) of the Hong Kong Listing Rules. The provision of electricity services to them will constitute continuing connected transactions of the Company. Given the service is conducted on normal commercial terms in the ordinary and usual course of business of the Target Group and all applicable ratios of the projected aggregate transaction value for the second half of 2022 are less than 0.1%, such service should be fully exempt from the disclosure and independent shareholders' approval continuing connected transaction requirements pursuant to Rule 14A.76(1) (a) of the Hong Kong Listing Rules.

B. Continuing Connected Transactions subject to Disclosure Requirement

Long-distance Vehicle Leasing Services

Jiangsu Kuailu Motor Transportation Co., Ltd. (hereinafter referred to as “**Kuailu Company**”) provides the Target Group with long-distance vehicle leasing services. Service fees are determined through market price inquiry and comparison*. The transaction value for 2021 was RMB0.075 million. It is expected that the aggregate service fees in the second half of 2022 will not exceed RMB0.088 million.

Training Services

Jiangsu Communications Holding Human Resources Company, Limited provides training services to the Target Group. Service fees are determined through market price inquiry and comparison*. The transaction value for 2021 was RMB127,100. It is expected that the aggregate service fees in the second half of 2022 will not exceed RMB148,700.

* For all the above continuing connected transactions which the Target Company adopts market price inquiry and comparison in selecting the service providers, the Target Company made inquiries of cooperation to three companies (including the connected person and two independent third parties) with relevant qualifications according to relevant business needs of the Target Group. Amongst the quotations from the three entities, the price quoted by related parties/connected person was the lowest.

In order to ensure the fairness and reasonableness of the transaction terms, the internal control team of the Company will conduct a comprehensive review of all reports and relevant documents (including but not limited to the reason for inviting these three companies for bidding, quotations and terms of agreements) to ensure the fairness of the pricing of the transactions.

The service fees will be paid by each of the relevant Target Group companies with their own funds or financing funds in line with the use of funds after receiving the relevant services.

As Jiangsu Communications Holding Human Resources Company, Limited is a wholly-owned subsidiary of Jiangsu Communications Holding, it is a related party of the Company according to the Shanghai Listing Rules. These services will constitute the Company's ordinary related party transactions. Given the total amount of such related transactions after the Completion (together with the same type of business provided to the Group) would not reach 0.5% of the absolute value of the Company's latest audited net assets, they do not trigger and are exempt from the related parties transaction disclosure requirements of the Shanghai Listing Rules.

As Jiangsu Communications Holding directly holds more than 10% equity interest in Kuailu Company and together with the shares held through the Company, holds more than 30% equity interest in Kuailu Company in aggregate, pursuant to Rules 14A.07(4), 14A.13(3) and 14A.14 of the Hong Kong Listing Rules, Kuailu Company is also a connected person of the Company. As Jiangsu Communications Holding Human Resources Company, Limited is a wholly-owned subsidiary of Jiangsu Communications Holding, it is a connected person of the Company pursuant to Rules 14A.07(4) and 14A.13(1) of the Hong Kong Listing Rules. Such services will constitute continuing connected transactions of the Company. Given the services are conducted on normal commercial terms or better in the ordinary and usual course of business of the Target Group and revenue percentage ratio of the projected aggregate transaction value in 2022 after Completion (together with similar services provided to the Group) are more than 0.1% but less than 5%, such continuing connected transactions are only subject to the announcement requirement but are exempt from the independent shareholders' approval requirement under Rule 14A.76(2) (a) of the Hong Kong Listing Rules. Such transactions shall also be subject to the annual review requirements under the Rule 14A 55 to Rule 14A 59 of the Hong Kong Listing Rules.

Deposit Services

As at the date of this announcement, the deposit amount of YS Energy Company and its subsidiaries is RMB137 million with Jiangsu Communications Holding Group Finance Co., Ltd., a subsidiary of Jiangsu Communications Holding, which constitutes the provision of financial assistances to a connected person. From the Completion Date, the Group's deposit service quota will be used by YS Energy Company and its subsidiaries. As the applicable percentage ratio (other than the profit ratio) of the Group's deposit limit is less than 5%, the deposit service is subject

to the announcement requirement under Rule 14A.76(2) (a) of the Hong Kong Listing Rules, but is exempt from the requirement of independent shareholders approval at general meeting. For details of the terms of the deposit services, please refer to the announcement of the Company dated 28 March 2022.

C. Continuing Connected Transactions with Tenure more than 3 Years

Associates of Jiangsu Communications Holding has leased land and rooftop of buildings to YS Energy Company (as lessee) for the construction and operation of photovoltaic power generation business. The transaction value of these leases in 2021 was RMB394,550. It is expected that the transaction value in the second half of 2022 will not exceed RMB200,000 and the annual transaction value of the remaining term of the leases will not exceed RMB500,000. According to industry practice, the term of the agreements are more than 3 years, usually with 20 years (the longest tenancy period permissible under PRC law), and for certain leases, YS Energy Company may opt for renewal for 5 years to cover the 25 years of designed operating period, details of which is set out below.

Connected person (as lessor)	Subject	Agreement Period	Annual Rental (Maximum annual rent)
Jiangsu Eastern Expressway Management Co., Ltd	The rooftop of buildings in 6 service areas ¹ along the Jiangsu Yanhai Expressway with an aggregate area of 12,146 sq.m. (rental settlement to be based on area in actual use)	The lease term is 20 years, from the date when the power station is completed and put into operation. Both parties to renew the contract for another five years according to the original terms. The power station was put into operation and connected to the grid on 28 December 2017.	RMB3/sq.m. (RMB36,438)*, Rent increases by RMB1/sq.m. every 5 years thereafter. For the renewed term (i.e. Year 21 to Year 25): RMB85,022*
	A total of about 382.5 mu of land in 4 interchange areas ² along Jiangsu Yanhai Expressway (rental settlement to be based on area in actual use)	20 years (25 September 2017 to 25 September 2037).	RMB300/mu (RMB114,750)*

Jiangsu Lianxu Expressway Co., Ltd	The rooftop of buildings in 9 service areas ³ along Jiangsu Lianxu Expressway with an aggregate area of 20,470 sq. m. (rental settlement to be based on area in actual use). The power station was put into operation and connected to the grid on 25 April 2018.	The lease term is 20 years, from the date when the power station is completed and put into operation. Both parties to renew the contract for another five years according to the original terms.	RMB3/sq.m. (RMB61,410)*
	The rooftop of the Xuzhou Ring Monitoring Centre of Jiangsu Lianxu Expressway with an aggregate area of 3,500 sq.m.	11 April 2016 to 10 April 2036	RMB3/sq.m. (RMB10,500) [#]
	The rooftop of Jianjule Commercial Plaza, West of the East Third West Ring of Jiangsu Lianxu Expressway at Yunlong, Xuzhou, Jiangsu with an aggregate area of 7,000 sq. m.	16 February 2016 to 15 February 2036	RMB3/sq.m. (RMB21,000) [#]
Jiangsu Suhuaiyan Expressway Management Co., Ltd	The rooftop of buildings in 6 service areas ⁴ along Jiangsu Suhuaiyan Expressway and the headquarter of Jiangsu Suhuaiyan Expressway Management Co., Ltd. with an aggregate area of 12,767 sq. m. (rental settlement to be based on area in actual use).	The lease term is 20 years, from the date when the power station is completed and put into operation. Both parties to renew the contract for another five years according to the original terms. The power station was put into operation and connected to the grid on 9 May 2018.	RMB3/sq.m. (RMB38,301)*

Jiangsu Jinghu Expressway Co., Ltd.	The rooftop area of the main building and parking lots of Xinyi service area of Jiangsu Hetai Expressway with an aggregate area of 7,766 sq.m. (rental settlement to be based on area in actual use)	The lease term is 20 years, from the date when the power station is completed and put into operation. The power station was put into operation and connected to the grid on 23 December 2017.	RMB3/sq.m. (RMB23,298) [#]
Jiangsu Yanjiang Expressway Co., Ltd.	The rooftop area of the main building of Xinqiao and Furong service areas of Jiangsu Yanjiang Expressway with an aggregate area of 2,783 sq.m. (rental settlement to be based on area in actual use)	The lease term is 20 years, from the date when the capital power station is completed and put into operation. The power station was fully connected to the grid and put into operation on 22 March 2018.	RMB3/sq.m. (RMB8,349) [#]
Jiangsu Ningsuxu Expressway Co., Ltd.	The rooftop of buildings in 7 service areas and 21 toll stations ⁵ along Jiangsu Ningsuxu Expressway with an aggregate area of 39,380 sq. m. (rental settlement to be based on area in actual use)	The lease term is 20 years, from the date when the power station is completed and put into operation. Both parties shall renew the contract for another 5 years according to the original terms upon expiry. The power station was put into operation and connected to the grid on 29 June 2018.	RMB3/sq. m. (RMB118,140) [*]

* Annual rental shall be payable before 30 June of the year.

Annual rental shall be payable before the end of the year.

Notes:

1. The 6 service areas along the Jiangsu Yunhai Expressway are Guanyun, Xiangshui, Binhai, Sheyang, Dafeng and Dongtai.
2. The 4 interchange areas along the Jiangsu Yunhai Expressway are Caiqiao, Xingqiao, Nanshenzao and Baipu.
3. The 9 service areas along Jiangsu Lianxu Expressway are Liuji, Jing'an, Dashahe, Yitang, Shaolou, Gangtou, Qingshanquan, Donghai, and Jinping Mountain.
4. The 6 service areas along Jiangsu Suhuaiyan Expressway are Guomeng, Jiulongkou, Cheqiao, Guyanhe, Chengzihu and Yanghe.
5. The 7 service areas along the Jiangsu Ningsuxu Expressway are Baxiantai, Mingzu Mausoleum, Hongze Lake, Chonggang Mountain, Luoma Lake, Gaozuo and Ancient Yellow River. The 21 toll stations along Jiangsu Ningsuxu Expressway are Huanghuatang, Xuyi, Xuyi North, Guanzhen, Shuanggou, Sihong South, Sihong, Meihua, Jinqiao, Suqian, Suqian South, Suqian North, Malingshan, Xinyin South, Suqian West, Suining North, Suining West, Shuanggou East, Xuming Main Line, and Xuzhou Airport.

Given the total amount of such related transactions after the Completion (together with the same type of business provided to the Group) would not reach 0.5% of the absolute value of the Company's latest audited net assets, they do not trigger and are exempt from the related parties transaction disclosure requirements of the Shanghai Listing Rules.

As such leases are conducted on normal commercial terms or better in the ordinary and usual course of business of YS Energy Company and all applicable ratios of aggregate annual transaction value for the remaining terms are less than 0.1%, they should be fully exempt from the disclosure and independent shareholders approval continuing connected transaction requirements pursuant to Rule 14A.76(1) (a) of the Hong Kong Listing Rules.

Nevertheless, as the term of the lease agreement exceeds three years, pursuant to Rule 14A.52 of the Hong Kong Listing Rules, the independent financial adviser appointed by the Company will explain in the circular to the shareholders of H Shares why the agreement requires a longer term and confirm that the term of the agreement is in line with the general treatment of such agreements in the industry. Pursuant to the Shanghai Listing Rules, the board of directors of the Company shall review the proposal every three years.

Information on counterparties of continued connected transactions

Information on counterparties of continued connected transactions subject to disclosure requirements:

Kuailu Company's main business is road transportation. Its shareholders are: the Company (32.1575%), Jiangsu Communications Holding (18.1455%) (the ultimate beneficial owner is the State-owned Assets Supervision and Administration Commission of the Jiangsu Provincial People's Government), Jiangsu Nanjing Long-distance Bus Passenger Transport Group Co., Ltd. (13.6364%)¹, Suzhou Automobile Group Co., Ltd. (10.6061%)², Wuxi Passenger Transport Group Co., Ltd. (10.6061%)³, Changzhou Road Transportation Group Co., Ltd. (7.5757%)⁴, Jiangsu Zhenjiang Jiangtian Automobile Transportation Group Co., Ltd. (7.2727%)⁵.

Notes:

- 1: The ultimate beneficial owners are Nanjing State-owned Assets Management Committee (35.00%), Tian Jiren (10.7%), Zhang Laishun (3.5%), Shanghai Jinjiang Online Network Service Co., Ltd. (27%, listed company: 600650.SH). According to public information, no one else owns more than 3%.
- 2: The ultimate beneficial owners are: the trade union committee of Suzhou Automobile Group Co., Ltd. (78.89%), and Suzhou SASAC (21.11%).
- 3: The ultimate beneficial owners are: Wuxi Municipal People's Government (95%), Wuxi Radio and Television Group (5%).
- 4: The ultimate beneficial owners are: Changzhou Municipal People's Government (25.98%), Suzhou Automobile Group Co., Ltd. Trade Union Committee (18%), Suzhou State-owned Assets Supervision and Administration Commission (4.8%), and no one else owns more than 5% of the equity.
- 5: The ultimate beneficial owners are: Ye Ming (30.4835%), Chen Hongjie (7.0409%), Jing Bin (6.8033%), Cao Ruming (6.8033%), Wu Zhixiu (6.8033%), Ge Yafang (6.8033%), no one else owns more than 5% equity.

Jiangsu Communications Holding Human Resources Development Co., Ltd. is mainly engaged in the provision of human resources services. It is a wholly-owned subsidiary of Jiangsu Communications Holding (its ultimate beneficial owner is the State-owned Assets Supervision and Administration Commission of the People's Government of Jiangsu Province).

Jiangsu Communications Holding Group Finance Co., Ltd. is mainly engaged in the provision of financial and financing consultancy and credit verification and relevant consultancy and agency businesses to the group members; assisting the group members to receive and pay the amounts from transactions; handling the entrusted loans between or among the group members; acceptance and discount of negotiable instruments for the group members; handling settlement by transfer between the group members accounts and design of settlement and clearance plans; taking deposit from the group members; granting loans and financial lease to the group members; interbank lending; handling entrusted investments between the group members, underwriting the corporate bonds for group members; investment in securities (excluding investment in secondary stock market); equity investments in financial institutions). Its shareholders are: Jiangsu Communications Holding (68.75%) (the ultimate beneficial owner is the State-owned Assets Supervision and Administration Commission of the Jiangsu Provincial People's Government), the Company (25%), Jiangsu Jinghu Expressway Co., Ltd.(6.25%)*.

* The ultimate beneficial owners are the State-owned Assets Supervision and Administration Commission of the People's Government of Jiangsu Province (55.27%), Jiangsu Yueda Investment Co., Ltd. (21%, listed company: 600805.SH), Yangzhou Huajin Transportation Construction Co., Ltd. (11.77%) (the ultimate beneficial owner is the State-owned Assets Supervision and Administration Commission of the Yangzhou Municipal People's Government), Huai'an Transportation Holding Group Co., Ltd. (5.54%) (the ultimate beneficial owner is the State-owned Assets Supervision and Administration Commission of Huai'an Municipal People's Government), no other person having more than 5% interests based on public records.

Information on counterparties of continued connected transactions with tenure more than 3 years:

Jiangsu Eastern Expressway Management Co., Ltd. is a wholly-owned subsidiary of Jiangsu Communications Holdings (the ultimate owner is the State-owned Assets Supervision and Administration Commission of the People's Government of Jiangsu Province). It is mainly responsible for the operation and management of the Shenyang-Haikou Expressway (G15) from the Sulu Provincial Border to the North Hub of Nantong and the Jiangsu Section of the Linwu-Lianzhou Expressway, with an aggregate 455 k.m. of expressways.

Jiangsu Lianxu Expressway Co., Ltd. is responsible for operation and management of Jiangsu sections of Lianyungang-Horgos Expressway (G30), Beijing-Taipei Expressway (G3), Huai'an-Xuzhou Expressway (G2513), Jinan-Xuzhou Expressway (S69) with an aggregate 410 km of expressways. Its shareholders are Jiangsu Communications Holding (92.33%) (the ultimate beneficial owner is the State-owned Assets Supervision and Administration

Commission of the People's Government of Jiangsu Province), Xuzhou Construction Machinery Group Co., Ltd. (5.27%) (the ultimate beneficial owner is the State-owned Assets Supervision and Administration Commission of the Xuzhou Municipal People's Government), and Lianyungang Haitong Group Co., Ltd. (2.40%) (the ultimate beneficial owner is the State-owned Assets Supervision and Administration Commission of the Lianyungang Municipal People's Government).

Jiangsu Suhuaiyan Expressway Management Co., Ltd is a wholly-owned subsidiary of Jiangsu Communications Holding (the ultimate beneficial owner is the State-owned Assets Supervision and Administration Commission of the People's Government of Jiangsu Province, China). Its main business is the investment, construction, management and maintenance and toll collections of the 214 k.m. Suhuai-Yan section of the Yanxu Expressway.

Jiangsu Jinghu Expressway Co., Ltd. operates and manages about 297 k.m. of expressways, including 261.5 k.m. of Yihuaijiang section of Beijing-Shanghai Expressway and 35 k.m. of Yangzhou Northwest Ring of Yangzhou Expressway. Its shareholders are Jiangsu Communications Holding (55.27%) (the ultimate beneficial owner is the State-owned Assets Supervision and Administration Commission of the People's Government of Jiangsu Province), Jiangsu Yueda Investment Co., Ltd. (21%, listed company: 600805.SH), Yangzhou Huajin Transportation Construction Co., Ltd. (11.77%) (the ultimate beneficial owner is the State-owned Assets Supervision and Administration Commission of the Yangzhou Municipal People's Government), Huai'an Transportation Holding Group Co., Ltd. (5.54%) (the ultimate beneficial owner is the State-owned Assets Supervision and Administration Commission of Huai'an Municipal People's Government), Suqian Transportation Industry Group Co., Ltd. (4.54%) (the ultimate beneficial owner is the State-owned Assets Supervision and Administration Commission of Suqian Municipal People's Government), Xuzhou State-owned Assets Investment Management Group Co., Ltd. (1.88%) (the ultimate beneficial owner is the State-owned Assets Supervision and Administration Commission of Xuzhou Municipal People's Government).

Jiangsu Yanjiang Expressway Co., Ltd.'s main business is the investment, construction, operation and management of toll roads and bridges. Its core assets include about 134.87 k.m. of Changzhou-Taicang section of the Yanjiang Expressway. Its shareholders are Jiangsu Communications Holding (55.46%) (the ultimate beneficial owner is the State-owned Assets Supervision and Administration Commission of the Jiangsu Provincial People's Government), Jiangsu Guangjing Xicheng Expressway Co., Ltd. (25.15)% (a 85% subsidiary of the Company), Suzhou Yanjiang Expressway

Co., Ltd. (8.91%) (the ultimate beneficial owner is the State-owned Assets Supervision and Administration Office of Changshu Municipal Government), Zhangjiagang Municipal Public Assets Management Co., Ltd. (6.41%) (the ultimate beneficial owner is the State-owned Assets Committee of Zhangjiagang City), Suzhou Taicang Shugang Expressway Co., Ltd. (2.48%) (the ultimate beneficial owner is the State-owned Assets Supervision and Administration Office of Taicang Municipal Government), Changzhou Expressway Investment Development Co., Ltd. (1.58%) (the ultimate beneficial owner is the State-owned Assets Supervision and Administration Commission of Changzhou City).

Jiangsu Ningsu-Xu Expressway Co., Ltd. is responsible for the operation and management of the Xinyi-Xuyi section of Xinyi-Yangzhou Expressway (S49) Xinyi-Xuyi Section, the Xuzhou-Suqian section of Huaian-Xuzhou Expressway (G2513), the Jiangsu section of Xuzhou Mingguang Expressway (S65), Suqian section of Yancheng Luoyang Expressway (G1516) and Suqian branch line (S96) with a total of 359 k.m. of expressways. Its shareholders are Jiangsu Communications Holding (93.42%) (the ultimate beneficial owner is the State-owned Assets Supervision and Administration Commission of the People's Government of Jiangsu Province), Suqian Transportation Industry Group Co., Ltd. (4.47%) (the ultimate beneficial owner is the State-owned Assets Supervision and Administration Commission of the Suqian Municipal People's Government)), Xuzhou State-owned Assets Investment Management Group Co., Ltd. (1.30%) (the ultimate beneficial owner is the State-owned Assets Supervision and Administration Commission of Xuzhou Municipal People's Government), Huai'an Jiaotongtu Holding Group Co., Ltd. (0.81%) (the ultimate beneficial owner is the State-owned Assets Supervision and Administration Commission of the People's Government of Huai'an City).

VI LISTING RULES IMPLICATIONS

According to Article 6.3.3 of the Shanghai Listing Rules, the counterparty of the Equity Transfer Agreement is a related party of the Company, hence, the transaction constitutes a related party transaction. The transaction should be calculated cumulatively according to the "principle of cumulative calculation within 12 consecutive months" to meet the disclosure requirements of Article 6.3.7 of the Shanghai Listing Rules. The proportion of the aggregate relevant amount to the absolute value of the Company's latest audited net assets is higher than 5%. Therefore, this transaction needs to be submitted to the shareholders' meeting for approval and Jiangsu Communications Holding shall abstain from voting.

This related party transaction does not constitute a major asset reorganization as stipulated in the Measures for the Administration of Major Asset Restructuring of Listed Companies.

Given the ordinary related parties transactions after the Completion (together with the same type of business provided to the Group) would not reach 0.5% of the absolute value of the Company's latest audited net assets, they do not trigger and are exempt from the related parties transaction disclosure requirements of the Shanghai Listing Rules. For the leases with tenure more than 3 years, they should be subject to review of the board of directors of the Company every three years.

As Jiangsu Communications Holding is the controlling shareholder of the Company, it is a connected person of the Company pursuant to Rule 14A.07 of the Hong Kong Listing Rules. Hence, the Equity Transfer Agreement and the transactions contemplated thereunder constitute connected transactions of the Company. The Consideration is RMB2,457 million. In addition, (i) the Company undertakes to replace Jiangsu Communications Holding as the guarantor of the loan advanced by the State Development Bank, Jiangsu Branch, to Rudong Company (total credit facility is RMB4 billion, and the loan withdrawn amount is RMB2,363 million) within 1 year from the Completion Date, (ii) the Company will provide financial assistance to YS Energy Company to replace loans advanced by Jiangsu Communications Holding and its associates, if all loans are repaid in full (except for the RMB300 million loan by Jiangsu Communications Holding to Rudong Company from designated use of proceeds of an issue of green bonds), such shareholder loan(s) will amount to RMB560.716 million, and (iii) the Company shall be responsible for paying the unpaid registered capital of RMB276 million of YS Energy Company due in 2025. As the highest applicable percentage ratio calculated according to Rule 14.07 of the Hong Kong Listing Rules is above 5% but below 25%, the Equity Transfer Agreement and the transactions contemplated thereunder also constitute a discloseable transaction. As such, the transaction is subject to the notification, announcement, circular and independent shareholders' approval requirements (where Jiangsu Communications Holding and its associates shall abstain from voting) under Rules 14.33, 14A.35 and 14A.36 of the Hong Kong Listing Rules.

The existing transactions between the Target Group (on one hand) and Jiangsu Communications Holding and its associates (on the other hand) as set out in the section "V Continued Connected Transactions Upon Completion" will constitute continuing connected transactions on the Completion Date. Except for the deposit services, long-distance car rental services, training services, etc. (together with similar services provided to the Group) which the relevant highest applicable percentage ratios more than 0.1% but less than 5% and are subject to disclosure and annual review requirements but exempt from independent shareholders' approval, in respect of the other continuing connected transactions, given the nature of the transactions and/or the relevant highest applicable percentage ratio

of the transaction value (together with the aggregate of similar services provided to the Group, if applicable) from the Completion Date to 31 December 2022 (or other financial year, if applicable) would be less than 0.1%, these potential continuing connected transactions would be fully exempt from disclosure and independent shareholders approval continuing connected transaction requirements pursuant to Rule 14A.76(1) (a), Rule 14A.90 or Rule 14A.97(3) of the Hong Kong Listing Rules.

The Company will appoint an independent financial adviser to provide advice to the independent board committee and independent shareholders on this transaction and to confirm that it is normal business practice for the leases with more than three years to be of such duration. It is expected that a circular containing, among other things, details of the transaction and other information required by the Hong Kong Listing Rules will be despatched to H Shareholders on or before 17 May 2022.

It is expected the transactions contemplated under the Equity Transfer Agreement shareholders meeting will be considered by shareholders at the annual general meeting of the Company to be held on 17 June 2022 where Jiangsu Communications Holdings and its associates shall abstain from voting.

VII PROVISION OF GUARANTEE AFTER COMPLETION

Pursuant to the Equity Transfer Agreement, the Company undertakes to replace Jiangsu Communications Holding as the guarantor of the loan advanced by the State Development Bank, Jiangsu Branch, to Rudong Company (total credit facility is RMB4 billion and the maturity date is 18 March 2040, and the loan withdrawn amount is RMB2,363 million) within 1 year from the Completion Date, with the approval of the bank and provided that the bank does not require the transferee, the target company or its subsidiaries to undertake any additional obligations. The Company shall enter into a guarantee agreement with the bank in respect of a joint guarantee obligation with the borrower not exceeding the sum of the loan under the loan agreement. The guarantee period shall be the 6 months period from the deadline for the borrower's fulfilment of obligations under the loan main agreement.

1. Borrower: Rudong Company
2. Place of registration: Jiangsu Rudong Yangkou Port Economic Development Zone Comprehensive Business Building
3. Legal representative: Li Jianfeng
4. Business scope: development, engineering construction and operation of wind power generation projects; electric energy purchase, sales and services; repair and testing of power equipment; wind farm maintenance and related mechanical and electrical equipment maintenance; related technical consultation and services; power equipment wholesale. (For projects subject to approval according to law, business activities can only be carried out after approval by relevant department)

5. Financial statements for the most recent year and period:

RMB0'000

	As at 31 December 2021 (audited)	As at 31 March 2022 (unaudited)
Total Assets	517,493.25	524,490.97
Total Liabilities	381,075.66	373,861.81
Net Assets	136,417.59	150,629.16
		For the first quarter of 2022 (unaudited)
Operating Income	32,143.91	12,793.68
Net Profits	8,876.04	3,059.84

6. Rudong Company is a 72% subsidiary of YS Energy Company. Upon Completion, the Company will have an indirect 72% equity interests in Rudong Company through its wholly-owned subsidiary, YS Energy Company.

Opinion of the Company's independent directors: The guarantee is within the scope of controllable risks and in line with the overall interests of the Company. There is no damage to the interests of the listed company and all its shareholders, and it will not adversely affect the normal operation and business development of the Company. The approval procedure is legal and complies with relevant regulations. The provision of the guarantee is conducive to promoting the Company's sustainable, rapid and healthy development.

The board of directors of the Company unanimously agreed that the Company should provide guarantee for Rudong Company after the Completion Date.

As of the date of this announcement, the total sum of external guarantees of the Company and its subsidiaries is RMB132 million, being guarantees provided by the Company for its subsidiaries and amounted to RMB132 million (excluding this guarantee). Neither the Company nor its subsidiaries are involved in any guarantee relating to overdue debts or guarantee subject to lawsuits or have been adjudged responsible for guarantee obligations.

VIII. REVIEW PROCEDURES PERFORMED AND TO BE PERFORMED ON THIS TRANSACTION

The transaction has been considered and approved at the Ninth Meeting of the Tenth Session of the board of directors of the Company, and related/connected directors Mr. Chen Yanli and Mr. Wang Yingjian have abstained from voting. This transaction has to be submitted to the general meeting of shareholders for consideration and approval where Jiangsu Communications Holding and its associates are required to abstain from voting.

The five independent directors of the Company have issued prior approval opinion, agreed to submit the related party transaction proposal to the Ninth Meeting of the Tenth Session of the board of directors of the company for consideration and expressed their independent opinions at the time of considering the matter as follows:

Based on the requirements of the strategic development plan, the Company continuously improves the Company's comprehensive profitability and core competitiveness, which is conducive to the Company's long-term development and is in line with the Company's overall interests. The terms are on general commercial terms. The transaction price was fair and reasonable, and had no negative impact on the Company. There was no situation that would harm the interests of the Company and all shareholders, especially minority shareholders.

The audit committee of the Company issued a written review opinion on this connected transaction as follows:

Necessary audit, evaluation and other procedures have been performed on this transaction. The transaction price is determined through negotiation based on the valuation results. The pricing is objective, fair and reasonable, and does not involve any situation that damages the interests of shareholders. We agree to submit the above related party transaction proposal to the Ninth Meeting of the Tenth Session of the board of directors of the Company for consideration. The transaction is also subject to the approval of shareholders at general meeting, and Jiangsu Communications Holding, a related party to the related party transaction, shall abstain from exercising the right to vote on the proposal at the general meeting of shareholders.

Taking into account the above factors, the directors of the Company (including the independent non-executive directors) are of the view that the terms of the transaction (including the consideration for the transfer) are fair and reasonable and in the interests of the Company and the shareholders as a whole. The subject matter of this transaction has been evaluated by an independent evaluation agencies with professional qualifications, and written reports have been issued. The valuation method, valuation assumption and other important evaluation parameters are reasonable. The transaction did not harm the interests of the Company and all shareholders, especially the minority shareholders.

Certain conditions precedent must be satisfied (or waived, as applicable) prior to completion of the acquisition, and therefore the acquisition may or may not proceed. All estimates, projections, targets, projections and other forward-looking statements made or provided by the Company or its directors in this announcement are based on certain assumptions. These statements by their nature are subject to risks and uncertainties and therefore cannot be used as guarantees for future performance and development. In view of this, the Company's shareholders and potential investors should exercise caution when dealing in the Company's securities.

By Order of the Board

Yao Yong Jia

Executive Director and Secretary to the Board

Nanjing, the PRC, 30 April 2022

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

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

* *Independent non-executive directors*