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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 TRANSACTION ON INCREASE IN CAPITAL CONTRIBUTION IN JIANGSU LONGTAN BRIDGE CO., LTD.

On 8 July 2022, the Company and its subsidiary, Longtan Bridge Company and its other existing shareholders entered into a capital increase agreement. The registered capital of Longtan Bridge Company will be increased by RMB3,492.29 million, of which, the Company will contribute RMB2,095.37 million, Yangzhou Transportation will contribute RMB1,396.92 million, and Nanjing Highway will not participate in the capital increase. Upon the completion of the capital increase, the registered capital of Longtan Bridge Company will be increased to RMB5,993.86 million, and the Company's shareholding in Longtan Bridge Company will increase from 53.60% to 57.33%.

As the highest applicable percentage ratio calculated under Rule 14.07 of the Hong Kong Listing Rules exceeds 5% but is less than 25%, the Company's participation in this capital contribution is a discloseable transaction and is subject to the announcement requirement but requires no shareholders' approval.

Reference is made to the announcement of Jiangsu Expressway Company Limited (hereinafter referred as the "**Company**") dated 25 March 2022 concerning a potential discloseable transaction in relation to external investment. At the eighth meeting of the tenth session of the Board of the Company, the "Resolution in relation to Increase in Capital Contribution to A Subsidiary and Investment in Construction of Expressway Project by the Subsidiary" was considered and approved.

The board of directors of the Company announced that the Company and its subsidiary Jiangsu Longtan Bridge Co., Ltd. (hereinafter referred to as “**Longtan Bridge Company**”) and its other existing shareholders entered into a capital increase agreement on 8 July 2022.

CAPITAL INCREASE AGREEMENT

The main contents of the capital increase agreement are as follows:

Date: 8 July 2022

Parties: the Company;

Nanjing Highway Development (Group) Co., Ltd. (hereinafter referred to as “**Nanjing Highway**”);

Yangzhou Transportation Industrial Group Co. Ltd. (hereinafter referred to as “**Yangzhou Transportation**”); and

Longtan Bridge Company

To the best of the knowledge, information and belief of the directors of the Company having made all reasonable enquiries, Nanjing Highway and Yangzhou Transportation and their respective ultimate beneficial owners are all third parties independent of the Company and connected persons (as defined in the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (hereinafter referred as the “**Hong Kong Listing Rules**”) of the Company.

Capital increase: The registered capital of Longtan Bridge Company will be increased by RMB3,492.29 million, of which, the Company will contribute RMB2,095.37 million, Yangzhou Transportation will contribute RMB1,396.92 million, and Nanjing Highway will not participate in the capital increase.

Upon completion of the capital increase, the registered capital of Longtan Bridge Company will be increased to RMB5,993.86 million.

The changes in investment in registered capital and the proportion of the shareholding of the parties are as follows:

Capital contributing parties	Before the capital increase		After the capital increase	
	Registered Capital (RMB0'000)	Proportion of shareholding	Registered Capital (RMB0'000)	Proportion of shareholding
The Company	134,084	53.60%	343,621	57.33%
Nanjing Highway Yangzhou Transportation	79,550	31.80%	79,550	13.27%
	36,523	14.60%	176,215	29.40%
Total	<u>250,157</u>	<u>100.00%</u>	<u>599,386</u>	<u>100.00%</u>

Time schedule for capital contribution:

The time schedule of this capital contribution (the specific timing of capital contribution will be based on the funding requirements at each stage of the project's progress.) are as follows:

	Registered capital (RMB0'000)	
	The Company	Yangzhou Transportation
Within 30 days after the signing of the agreement	45,000	30,000
31 December 2022	45,000	30,000
30 June 2023	45,000	30,000
31 December 2023	30,000	20,000
30 June 2024	44,537	29,692

Use of proceeds:

as capital for the investment in the construction of the section of Shanghai-Xi'an Expressway to the northern embankment of the Yangtze River of Yizheng-Lukou Airport Expressway (hereinafter referred to as "Yilu Expressway") (hereinafter referred to as "Longtan Bridge North Connection Project").

Governing Law:

PRC law

Disputes Resolution:

If a dispute arises in the course of the performance of the agreement, the parties shall negotiate amicably. If no agreement is reached through negotiation, the dispute shall be submitted to the people's court at the domicile of Longtan Bridge Company.

LONGTAN BRIDGE COMPANY

Longtan Bridge Company was registered and established in Nanjing, Jiangsu Province, the People's Republic of China on 28 June 2019, the founding members of which are the Company, Nanjing Highway and Yangzhou Transportation. It is principally engaged in the construction, management, maintenance and toll collection of Longtan Bridge. Longtan Bridge is a cross-river highway bridge connecting Nanjing City and Yizheng City of Yangzhou. The total length of the bridge is 4.92 kilometers, of which the cross-river bridge is 1,560 meters long. It is expected to open to traffic by the end of 2024.

The key financial information of Longtan Bridge Company for 2020 and 2021 are as follows:

	<i>RMB'0,000</i>	
	As at 31 December 2020	As at 31 December 2021
Total assets	162,986.65	226,953.90
Net assets	159,117.55	216,602.91
	For the year 2020	For the year 2021
Operating income	–	66,814.09
Profit before income tax	(7.42)	39.33
Net profits	(7.42)	32.36

LONGTAN BRIDGE NORTH CONNECTION PROJECT

Longtan Bridge North Connection Project is an important part of the Yizheng-Lukou Airport Expressway and is a key project to connect the Longtan Bridge under construction to the expressway network, playing a vital role of linking in the road network. The project will start from the north side of the Tongshan Hub at the intersection with the Shanghai-Xi'an Expressway and pass southwards to the southeast of Zao Lin Wan Expo Park, cross Xupu River, Nanjing-Qidong Railway and National Highway 328 in succession, cross Yangzhou Chemical Industry Park through tunnel, then overpass Provincial Highway 356 and cross Longshan Forest Park before end at the northern embankment of the Yangtze River, where it will connect to Longtan Bridge under construction. The project will be 12.37 kilometres in length, comprising Qingshan Tunnel of 1.78 kilometres in length, and will be built in a two-way six-lane standard, with construction scheduled to commence in the third quarter of 2022 which will be opened to traffic at the same time as the Longtan Bridge at the end of 2024.

In accordance with the Reply from the Jiangsu Provincial Development and Reform Commission (Su Fa Gai Ji Chu Fa No. 120211963), the estimated total investment for the construction of Longtan Bridge North Connection Project shall be RMB6,984.6 million, 50% of which shall be the capital fund, portion other than the capital fund shall be raised by Longtan Bridge Company through domestic bank loans and other channels.

REASONS AND BENEFITS OF THE COMPANY'S PARTICIPATION IN THIS CAPITAL CONTRIBUTION

The investment in the project is in line with the strategic development direction of the Company, the completion of Longtan Bridge North Connection will have a synergistic effect with Longtan Bridge, and the Company has direct or indirect shareholding in the operation of river-crossing bridges in various river-crossing cities in the province, enabling the further increase in its share of the regional expressway network. At the same time, the investment in the project will not exert significant pressure on the Company's financial position and will not result in any change in the scope of the Company's consolidated statements. The investment in the construction of this project can further enhance the profitability of the existing assets.

The Board of the Company is of the view that the investment in and completion of Longtan Bridge North Connection Project will connect Longtan Bridge to the expressway network, and at the same time, Longtan Bridge will connect with the existing Shanghai-Nanjing Expressway, which will further increase the traffic flow of Shanghai-Nanjing Expressway upon completion and will be beneficial to the overall revenue of the Company. The directors (including independent non-executive directors) of the Company are of the view that the terms of the capital increase agreement are fair and reasonable and in the interests of the Company and its shareholders as a whole.

The Company shall make the capital contribution of RMB2,095.37 million to Longtan Bridge Company with its own funds or other funds in compliance with the capital contribution requirements. Upon completion of the capital contribution, the Company's shareholding in Longtan Bridge Company will increase from 53.60% to 57.33%, without affecting the scope of consolidated financial statements of the Company.

INFORMATION OF THE PARTIES TO THE CAPITAL INCREASE AGREEMENT

The Company, a joint stock limited company located in Nanjing, Jiangsu Province, PRC which is principally engaged in the construction, management, maintenance and toll collection of toll roads and expressways in Jiangsu Province.

Nanjing Highway, a limited liability company located in Nanjing, Jiangsu Province, PRC. The shareholder of Nanjing Highway is Nanjing Transportation Construction Investment Holding (Group) Co., Ltd. (南京市交通建設投資控股(集團)有限責任公司) (100%), the ultimate beneficial owner of which is the State-owned Assets Supervision and Administration Commission of Nanjing Municipal Government (100%). Nanjing Highway's principal businesses are investing (holding or sharing equity interest) in and unified operation and management of highways and other infrastructure and related industries; the construction, maintenance, operation and management of highways and ancillary facilities; leasing of self-owned buildings; leasing of self-owned premises; leasing of machinery and equipment; sale of various goods; design, production, agency and publication of domestic advertisements of various kinds.

Yangzhou Transportation, a limited liability company located in Yangzhou, Jiangsu Province, PRC. The shareholder of Yangzhou Transportation is Yangzhou Urban Construction State-owned Assets Holding (Group) Co., Ltd. (揚州市城建國有資產控股(集團)有限責任公司) (100%), the ultimate beneficial owner of which is the People's Government of Jiangsu Province (100%). The principal businesses of Yangzhou Transportation are transportation infrastructure construction and management; transportation, storage and logistics services; terminal operation and management; automobile trading, inspection, maintenance and driver training; real estate development and housing leasing.

Please refer to the above for the information of Longtan Bridge Company.

IMPLICATIONS UNDER THE HONG KONG LISTING RULES

As the highest applicable percentage ratio calculated under Rule 14.07 of the Hong Kong Listing Rules exceeds 5% but is less than 25%, the Company's participation in this capital contribution is a discloseable transaction and is subject to the announcement requirement but requires no shareholders' approval.

By Order of the Board
Yao Yongjia
Secretary to the Board

Nanjing, the PRC, 9 July 2022

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

Chen Yunjiang, Chen Yanli, Wang Yingjian, Wang Feng, Yao Yongjia, Wu Xinhua, Li Xiaoyan, Ma Chung Lai, Lawrence, Zhou Shudong, Liu Xiaoxing*, Yu Mingyuan*, Xu Guanghua*, Ge Yang**

** Independent Non-executive Directors*