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江蘇寧滬高速公路股份有限公司  
JIANGSU EXPRESSWAY COMPANY LIMITED

*(Established in the People's Republic of China as a joint-stock limited company)*

(Stock Code: 00177)

## **ANNOUNCEMENT ON ORDINARY RELATED PARTY/ CONTINUING CONNECTED TRANSACTIONS**

On 26 December 2023, the Company renewed ordinary related party/continuing connected transactions with Suxichang South Expressway Company and Wufengshan Toll Bridge Company on the following matters:

1. The Company and Suxichang South Expressway Company entered into the Entrusted Management Agreement in relation to the Company's acceptance of entrusted operation and management of the Suxichang South Expressway project. The term of the agreement is from 1 January 2024 to 30 April 2026, and the transaction amount shall not exceed RMB132.68 million.
2. The Company and its subsidiary, Wufengshan Toll Bridge Company, entered into the Entrusted Management Agreement in relation to the Company's acceptance of entrusted operation and management of the Wufengshan Toll Bridge project. The term of the agreement is from 1 January 2024 to 30 April 2026, and the transaction amount shall not exceed RMB125.17 million.

Since Suxichang South Expressway Company (the counterparty in the transactions) and the Company are under the common control by Jiangsu Communications Holding, such transactions constitute related party transactions under the Shanghai Listing Rules. As the total amount of relevant expenses relating to the related party transactions with Suxichang South Expressway Company accounts for less than 0.5% of the audited absolute value of the net assets of the Company in the latest period, the transactions are not subject to any disclosure requirements.

Pursuant to Rule 14A.07(1) of the Hong Kong Listing Rules, Jiangsu Communications Holding, the controlling shareholder of the Company, is a connected person of the Company. As Suxichang South Expressway Company is directly owned as to 65% by Jiangsu Communications Holding, Suxichang South Expressway Company is a connected person of the Company under Rule 14A.07(4) and Rule 14A.13(1) of the Hong Kong Listing Rules. As Wufengshan Toll Bridge Company, a subsidiary of the Company, is owned as to more than 10% by Jiangsu Communications Holding, the controlling shareholder of the Company, Wufengshan Toll Bridge Company is a connected subsidiary of the Company under Rule 14A.16(1) of the Hong Kong Listing Rules. Wufengshan Toll Bridge Company is a connected person of the Company under Rule 14A.07(5) of the Hong Kong Listing Rules. Accordingly, the entering into of the agreements and the transactions thereunder between the Company and Suxichang South Expressway Company and Wufengshan Toll Bridge Company in respect of the above projects constitute continuing connected transactions of the Company.

As the percentage ratios calculated in accordance with Rule 14.07 of the Hong Kong Listing Rules in respect of the annual caps for the continuing connected transactions regarding the entrusted operation and management of Suxichang South Expressway project and Wufengshan Toll Bridge project (the above transactions shall be aggregated in accordance with Rule 14A.81 of the Hong Kong Listing Rules) exceed 0.1% but are less than 5%, such transactions are only subject to the announcement requirement but are exempt from the independent shareholders' approval requirement in general meeting under Rule 14A.76(2)(a) of the Hong Kong Listing Rules. The above transactions shall also be subject to the annual review requirements under Rule 14A.55 to Rule 14A.59 of the Hong Kong Listing Rules.

#### **IMPORTANT NOTICE:**

- The ordinary related party/continuing connected transactions are not subject to approval in general meeting.
- The directors (including independent non-executive directors) of the Company are of the view that the transactions are conducted in the ordinary and usual course of business of the Company, are on normal commercial terms, and the prices of the transactions are fair and reasonable. The revenue and profit of the Company are not dependent on such type of related party/connected transactions and such transactions do not affect the independence of the Company as a listed company or impose any negative effects on or prejudice the interests of the Company and unrelated/unconnected shareholders, especially the interest of the minority shareholders, and are in the interests of the Company and its shareholders as a whole.
- Other matters that need to be brought to the attention of the investors: None.

## I. BASIC INFORMATION ON THE ORDINARY RELATED PARTY/ CONTINUING CONNECTED TRANSACTIONS

### (I) Procedures on the consideration of ordinary related party/continuing connected transactions

The twenty-third meeting of the tenth session of the board of directors of Jiangsu Expressway Company Limited (the “**Company**”) held on 26 December 2023 considered and approved the renewal of the following ordinary related party/continuing connected transactions of the Company with Suxichang South Expressway Company and Wufengshan Toll Bridge Company:

1. The Company and Jiangsu Suxichang South Expressway Co., Ltd. (“**Suxichang South Expressway Company**”) entered into the Entrusted Management Agreement in relation to the Company’s acceptance of entrusted operation and management of the Suxichang South Expressway project. The term of the agreement is from 1 January 2024 to 30 April 2026, and the transaction amount shall not exceed RMB132.68 million.
2. The Company and its subsidiary, Jiangsu Wufengshan Toll Bridge Company Limited (“**Wufengshan Toll Bridge Company**”) entered into the Entrusted Management Agreement in relation to the Company’s acceptance of entrusted operation and management of the Wufengshan Toll Bridge project. The term of the agreement is from 1 January 2024 to 30 April 2026, and the transaction amount shall not exceed RMB125.17 million.

Mr. Xu Haibei and Mr. Wang Yingjian, being related/connected directors of the Company (both being employees of Jiangsu Communications Holding Company Limited (“**Jiangsu Communications Holding**”), the controlling shareholder of the Company), have abstained from voting on the relevant resolutions. All the remaining directors have voted in favour of the relevant resolutions and are of the view that the transactions are conducted in the ordinary and usual course of business of the Company, are on normal commercial terms, the terms of the transaction are fair and reasonable, and are in the interests of the shareholders as a whole.

The five independent directors of the Company have conducted a prior review on the ordinary related party transactions and issued their independent opinions on the ordinary related party transactions in accordance with the Rules Governing the Listing of Stocks on the Shanghai Stock Exchange (the “**Shanghai Listing Rules**”). The Audit Committee of the Company has reviewed the related party/connected transactions and agreed to submit the same to the board of directors for consideration.

Since Suxichang South Expressway Company (the counterparty in the transactions) and the Company are under the common control by Jiangsu Communications Holding, such transactions constitute related party transactions under the Shanghai Listing Rules. As the total amount of relevant expenses accounts for less than 0.5% of the audited absolute value of the net assets of the Company in the latest period, the transactions are not subject to any disclosure requirements.

Pursuant to Rule 14A.07(1) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Hong Kong Listing Rules**”), Jiangsu Communications Holding, the controlling shareholder of the Company, is a connected person of the Company. As Suxichang South Expressway Company is directly owned as to 65% by Jiangsu Communications Holding, Suxichang South Expressway Company is a connected person of the Company under Rule 14A.07(4) and Rule 14A.13(1) of the Hong Kong Listing Rules. As Wufengshan Toll Bridge Company, a subsidiary of the Company, is owned as to more than 10% by Jiangsu Communications Holding, the controlling shareholder of the Company, Wufengshan Toll Bridge Company is a connected subsidiary of the Company under Rule 14A.16(1) of the Hong Kong Listing Rules. Wufengshan Toll Bridge Company is a connected person of the Company under Rule 14A.07(5) of the Hong Kong Listing Rules. Accordingly, the entering into of the agreements and the transactions thereunder between the Company and Suxichang South Expressway Company and Wufengshan Toll Bridge Company in respect of the above projects constitute continuing connected transactions of the Company.

As the percentage ratios calculated in accordance with Rule 14.07 of the Hong Kong Listing Rules in respect of the annual caps for the continuing connected transactions regarding the entrusted operation and management of Suxichang South Expressway project and Wufengshan Toll Bridge project (the above transactions shall be aggregated in accordance with Rule 14A.81 of the Hong Kong Listing Rules) exceed 0.1% but are less than 5%, such transactions are only subject to the announcement requirement but are exempt from the independent shareholders’ approval requirement in general meeting under Rule 14A.76(2)(a) of the Hong Kong Listing Rules. The above transactions shall also be subject to the annual review requirements under Rule 14A.55 to Rule 14A.59 of the Hong Kong Listing Rules.

The related party transactions are not subject to approval by any other authorities.

**(II) Estimated Amount and Category of Ordinary Related Party/Continuing Connected Transactions**

Category of related party transaction	Related party	2023	2023	Estimated increase in 2024 (0,000)	2024 current estimated amount (0,000)
		original estimated amount (0,000)	accumulated amount as at the date of announcement (0,000)		
Entrusted management service	Suxichang South Expressway (as principal)	7,100	3,924 <sup>(Note 1)</sup>	5,300	5,300
Entrusted management service	Wufengshan Toll Bridge Company (as principal)	7,100	4,155	5,000	5000

*Note 1:* The difference between the original estimated amount and the actual amount incurred of the entrusted management fee in the previous round was due to the fact that labour costs and profit accounted for a relatively large portion of the entrusted management fee, and that a number of toll stations on the Suxichang South Expressway adopted the model of toll business outsourcing, which resulted in a significant reduction in labour costs, and therefore the actual expenses incurred for entrusted management were lower than the original estimated amount.

**II. INFORMATION ON AND RELATED/CONNECTED RELATIONSHIP WITH RELATED PARTIES/CONNECTED PERSONS**

**(I) Basic Information on the Related Parties/Connected Persons**

***Jiangsu Expressway Company Limited***

Registered office:	No. 6 Xianlin Avenue, Nanjing, Jiangsu Province, the PRC
Business nature:	Joint-stock limited company
Legal representative:	Chen Yunjiang
Registered capital:	RMB5,037,747,500
Principal business:	Construction, management, maintenance and toll collection of toll roads and expressways in Jiangsu Province
Total assets at the end of the latest accounting period (2022):	RMB78,458,345,000 (in accordance with the Accounting Standards for Business Enterprises of the PRC)

Net assets at the end of the latest accounting period (2022):	RMB37,950,332,000 (in accordance with the Accounting Standards for Business Enterprises of the PRC)
Revenue from operations for the latest accounting period (2022):	RMB13,255,603,000 (in accordance with the Accounting Standards for Business Enterprises of the PRC)
Net profit for the latest accounting period (2022):	RMB3,747,989,000 (in accordance with the Accounting Standards for Business Enterprises of the PRC)

***Jiangsu Suxichang South Expressway Co., Ltd.***

Registered office:	No. 291 East Zhongshan Road, Xuanwu, Nanjing
Business nature:	Limited liability company
Legal representative:	Wang Feng
Registered capital:	RMB7,956,200,000
Shareholders (Shareholding percentage):	Jiangsu Communications Holding Company Limited (65%) <sup>(Note 1)</sup> Wuxi Communications Industry Group Co. Ltd.* (無錫市交通產業集團有限公司) (22.82%) <sup>(Note 2)</sup>  Changzhou Expressway Investment Development Co., Ltd. (12.18%) <sup>(Note 3)</sup>
Principal business:	Construction, management, operation and maintenance of the Wuxi-Changzhou section of the Jiangsu Suxichang South Expressway;
Total assets at the end of the latest accounting period (2022):	RMB15,440,257,000 (in accordance with the Accounting Standards for Business Enterprises of the PRC)

Net assets at the end of the latest accounting period (2022):	RMB7,141,892,000 (in accordance with the Accounting Standards for Business Enterprises of the PRC)
Revenue from operations for the latest accounting period (2022):	RMB345,167,000 (in accordance with the Accounting Standards for Business Enterprises of the PRC)
Net profit for the latest accounting period (2022):	RMB-320,620,000 (in accordance with the Accounting Standards for Business Enterprises of the PRC)

***Jiangsu Wufengshan Toll Bridge Company Limited***

Registered office:	401 Gangnan Road, New District, Zhenjiang City
Business nature:	Limited liability company
Legal representative:	Wang Feng
Registered capital:	RMB4,826,350,000
Shareholders (Shareholding percentage):	Jiangsu Expressway Company Limited (64.5%) Jiangsu Communications Holding Company Limited (22.01%) <i>(Note 1)</i>  Yangzhou Traffic Industry Group Co., Ltd. (13.49%) <i>(Note 4)</i>
Principal business:	Construction of road, tunnel, bridge, wire and pipeline engineering (excluding hazardous chemicals transportation); expressway management and maintenance; management of municipal facilities

Total assets at the end of the latest accounting period (2022):	RMB12,390,295,000 (in accordance with the Accounting Standards for Business Enterprises of the PRC)
Net assets at the end of the latest accounting period (2022):	RMB4,535,385,000 (in accordance with the Accounting Standards for Business Enterprises of the PRC)
Revenue from operations for the latest accounting period (2022):	RMB395,502,000 (in accordance with the Accounting Standards for Business Enterprises of the PRC)
Net profit for the latest accounting period (2022):	RMB-166,571,000 (in accordance with the Accounting Standards for Business Enterprises of the PRC)

*Note 1:* The ultimate beneficial owner: State-owned Assets Supervision and Administration Commission of Jiangsu People's Government.

*Note 2:* The ultimate beneficial owner: State-owned Assets Supervision and Administration Commission of Wuxi People's Government.

*Note 3:* The ultimate beneficial owner: State-owned Assets Supervision and Administration Commission of Changzhou People's Government.

*Note 4:* The Ultimate beneficial owner: State-owned Assets Supervision and Administration Commission of Yangzhou People's Government.



## **(II) Related/Connected Relationship with the Listed Company**

Jiangsu Communications Holding, the controlling shareholder of the Company, is the actual controller of Suxichang South Expressway Company, as such, Suxichang South Expressway Company is a related party of the Company and the relevant transaction constitutes a related party transaction under Rule 6.3.3 of the Shanghai Listing Rules.

Pursuant to Rule 14A.07(1) of the Hong Kong Listing Rules, Jiangsu Communications Holding, the controlling shareholder of the Company, is a connected person of the Company. Being directly owned as to 65% by Jiangsu Communications Holding, Suxichang South Expressway Company is a connected person of the Company under Rule 14A.07(4) of the Hong Kong Listing Rules. As Wufengshan Toll Bridge Company, a subsidiary of the Company, is owned as to more than 10% by Jiangsu Communications Holding, the controlling shareholder of the Company, Wufengshan Toll Bridge Company is a connected subsidiary of the Company. Wufengshan Toll Bridge Company is a connected person of the Company under Rule 14A.07(5) of the Hong Kong Listing Rules.

## **(III) Implementation of Related Party/Connected Transactions of the Same Type in the Previous Period and Performance Capability Analysis**

As Suxichang South Expressway Company and the Company are subsidiaries of the same controlling shareholder, Wufengshan Toll Bridge Company is a subsidiary of the Company, and the previous agreements entered into have been effectively implemented without any breach, the Company considers that there is no risk of non-performance of the agreements for these related party/connected transactions.

### III. MAIN CONTENT AND PRICING POLICY OF RELATED PARTY/ CONNECTED TRANSACTION

#### 1. Entrusted Management Service

- (1) Suxichang South Expressway Company is the project company for the investment and construction of the Suxichang South Expressway. In 2021, Suxichang South Expressway Company entered into an Entrustment Management Agreement with the Company in respect to the entrustment of its ordinary operation and management matters to the Company for a term commencing from 30 December 2021 to 31 December 2023. In order to safeguard the level of the ordinary operation and management and the service quality, Suxichang South Expressway Company will continue to entrust the Company with the ordinary operation and management matters. As considered and approved at the twenty-third meeting of the tenth session of the board of directors of the Company, on 26 December 2023, the Company entered into the Entrustment Management Agreement with Suxichang South Expressway Company regarding the Company's acceptance of the entrustment to operate and manage the Suxichang South Expressway project. The term of the agreement is from 1 January 2024 to 30 April 2026, with the transaction amount not exceeding RMB132.68 million, of which, not exceeding RMB53 million from 1 January to 31 December 2024, not exceeding RMB58.3 million from 1 January to 31 December 2025 and not exceeding RMB21.38 million from 1 January to 30 April 2026 <sup>(Note 1)</sup>.

*Note 1:* The Suxichang South Expressway is an important traffic artery in eastern China. According to the data of past years, the regional GDP growth has a significant impact on the development of the Suxichang South Expressway, and the traffic volume will show a rapid growth trend in the future, when the road maintenance costs, facility upgrade costs, traffic safety costs and labour costs will increase significantly. Considering the various factors for the future development of the Suxichang South Expressway, the cost of entrustment of the operation and management has also increased as compared to the actual costs incurred in 2023.

- (2) In 2021, Wufengshan Toll Bridge Company entered into an Entrustment Management Agreement with the Company in respect to the entrustment of its ordinary operation and management matters to the Company for a term commencing from 30 June 2021 to 31 December 2023. In order to safeguard the level of the ordinary operation and management and the service quality, Wufengshan Toll Bridge Company will continue to entrust the Company with the ordinary operation and management matters. As considered and approved at the twenty-third meeting of the tenth session of the board of directors of the Company, on 26 December 2023, the Company entered into the Entrustment Management Agreement with Wufengshan Toll Bridge Company regarding the Company's acceptance of the entrustment to operate and manage the Wufengshan Toll Bridge project. The term of the agreement is from 1 January 2024 to 30 April 2026, with the transaction amount not exceeding RMB125.17 million, of which not exceeding RMB50.0 million from 1 January to 31 December 2024, not exceeding RMB55.0 million from 1 January to 31 December 2025 and not exceeding RMB20.17 million from 1 January to 30 April 2026.

The pricing of the above two entrustment management agreements was determined based on the total labour costs during the entrusted management period, as well as all operation and management expenses incurred by the Company for the operation and management projects and the taxes and fees arising therefrom (the "**Total Costs**"), with 10% of the Total Costs being added as profit. Currently, there is no open market for the entrusted management business in the toll road and bridge industry in Jiangsu Province, and therefore, no open and transparent market pricing mechanism has been established. In order to ensure that the entrusted management fee charged by the Company to the principals will not be more favourable than what may be charged to an independent third party, having studied the entrusted management arrangements for the toll roads in the Yangtze River Basin and reviewed the expected rate of return on investment in the feasibility reports on the relevant toll road projects, the Company has conducted arm's length negotiation with the principals on a cost-plus basis, and an approximate 10% profit margin has been confirmed in the entrusted management fee. In formulating the plan for implementation of 10% profit on this renewal, the Company has made reference to the publicly available information on certain listed companies located in the Yangtze River Basin region of China that operate toll roads and bridges as their principal business. The management fee charged by the Company is not lower than the management fee charged by the other listed companies mentioned above. In addition, the profit margin of 10% is not lower than the expected rate of return on investment in the toll rights of the relevant toll roads as approved by the competent provincial authorities responsible for the toll rights of the relevant roads. The fees under the agreements will be settled on an annual basis after the relevant services are received by the aforementioned companies with their own funds or financing eligible for the purpose of the funds.

#### **IV. PURPOSE OF THE RELATED PARTY/CONNECTED TRANSACTIONS AND THEIR EFFECTS ON THE LISTED COMPANY**

The transactions fall within the ambit of ordinary business contracts of the Company. The prices of the contracts are determined with reference to the fair price on the market, the transactions do not impair the interests of the Company, nor do they involve any transfer of benefits to the internal related/connected persons of the Group. Meanwhile, by leveraging on synergies derived from the businesses of the internal related/connected companies of the Group, the Company can further save its management costs and improve its management efficiency to ensure effective operation of its principal businesses. The income and profit of the Company are not dependent on such related party/connected transactions and hence the independence of the Company as a listed company will not be impaired. The related party/connected transactions do not have any adverse impacts on the Company.

Therefore, the directors (including independent non-executive directors) of the Company are of the view that the above transactions are conducted in the ordinary and usual course of business of the Company, on normal commercial terms and the terms of the transactions are fair and reasonable and are in the interests of the Company and its shareholders as a whole.

By Order of the Board  
**Yao Yongjia**  
*Company Secretary*

Nanjing, the PRC, 27 December 2023

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

*Chen Yunjiang, Xu Haibei, 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*