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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
THE PROPOSED INVESTMENT IN THE WUXI TO
SUZHOU SECTION OF
WUTAI EXPRESSWAY PROJECT

The board of directors and all directors of the Company warrant that there are no false representations or misleading statements contained in, or material omissions from, this announcement, and accept legal responsibilities for the truthfulness, accuracy and completeness of its contents.

IMPORTANT NOTES:

- Subject of the investments: Wuxi to Suzhou Section of Wutai Expressway (hereinafter referred to as the “**Xitai Project**”)
- Investment amounts: Jiangsu Expressway Company Limited (hereinafter referred to as the “**Company**”) will utilise its self-owned fund to make capital contribution of RMB3.25 billion to invest in Xitai Project.
- Relevant risk alert: There may be risks in relation to less-than-expected traffic volume, national toll road policies not being adjusted as assumed, project financing constraints and interest rate adjustments. The Company will conduct relevant risk control based on the project progress.

I. OVERVIEW OF THE EXTERNAL INVESTMENTS

(1) Basic information on external investment

In order to focus on its main responsibilities, ease the traffic pressure on the Wuxi-Suzhou section of the Shanghai-Nanjing Expressway, eliminate the impact of traffic diversion from parallel roads in the region, and further consolidate its dominant position in the southern Jiangsu road network, the Company intends to utilise its self-owned fund to make capital contribution of RMB3.25 billion to invest in Xitai Project. The investor of Wuxi City will make capital contribution of RMB2.35235 billion; the investor of Suzhou City will make capital contribution of RMB897.65 million.

(2) The 23rd meeting of the tenth session of the board of directors of the Company held on 26 December 2023 considered and approved the Resolution on the Proposed Investment and Construction of the Wuxi to Suzhou Section of Wutai Expressway Project. The above transaction is not subject to approval at general meeting or approval of the relevant state authorities before implementation.

(3) The above transaction does not constitute a related party transaction nor a material assets restructuring.

II. BASIC INFORMATION OF THE INVESTOR UNDER THE INVESTMENT AGREEMENT

(1) Jiangsu Expressway Company Limited

Registered office: 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 business 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 business accounting period (2022):	RMB37,950,332,000 (In accordance with the Accounting Standards for Business Enterprises of the PRC)
Main business revenue at the end of the latest business accounting period (2022):	RMB13,255,603,000 (In accordance with the Accounting Standards for Business Enterprises of the PRC)
Net profit at the end of the latest business accounting period (2022):	RMB3,747,989,000 (In accordance with the Accounting Standards for Business Enterprises of the PRC)

The Company had total assets of RMB79,470,210,100 and net assets of RMB40,398,476,400 as at 30 September 2023; Main business revenue of RMB11,609,113,100 for the period from January to September 2023, and net profit of RMB4,216,633,800 million.

- (2) Given that the investment cooperation agreement has not been entered into, identities of the other investors will be disclosed in the progress announcement.**

III. BASIC INFORMATION OF THE TARGET OF THE INVESTMENT

The Xitai Project will connect to the Xiyi Expressway (Xiyi Expressway originates from the intersection of the Shanghai-Nanjing Expressway and Xicheng Expressway which are owned and operated by the Company and its subsidiary, respectively) and originate from the Wuxi North Hub, which is located at the intersection of the Xiyi and Hurong Expressways. It will extend eastward, passing through Wuxi Huishan New Town, Xibei, Donggang and Yangjian. After crossing the Wangyu River, it will continue southeastward through Suzhou Xin Zhuang and west of Yangchenghu, and will end at the Xiangcheng West Hub, where it will intersect with the Sutai Expressway. The total length of the route is 50.04 kilometers, with a Wuxi section of 31.765 kilometers and a Suzhou section of 18.275 kilometers. According to the “Jiangsu Provincial Development and Reform Commission’s Approval on the Preliminary Design of the Wuxi to Suzhou Section of the Wutai Expressway” (Su Fa Gai Ji Chu Fa [2022] No. 1411), the estimated total investment of the Xitai Project is approximately RMB24.198 billion, of which the project capital is approximately RMB12.099 billion (accounting for 50% of the total investment). The initial registered capital of the project company is RMB6.5 billion, with a capital investment of RMB3.25 billion, accounting for 50% of the investment by the Company. The investor of Wuxi City contributes RMB2.35235 billion, with a shareholding ratio of 36.19%, and the investor of Suzhou City contributes RMB897.65 million, with a shareholding ratio of 13.81%.

The proposed investment in the Xitai Project is still in the preparatory stage. Upon the signing of the investment cooperation agreement, the Company will make a progress announcement (including an announcement on discloseable transaction under Chapter 14 of the Hong Kong Listing Rules) in accordance with the regulatory requirements of the two stock exchanges.

IV. THE MAIN CONTENTS OF THE EXTERNAL INVESTMENT CONTRACT

The proposed investment in the Xitai project is still in the preparatory stage and an investment cooperation agreement will be signed after confirmation from all the contributing parties.

V. IMPACT OF EXTERNAL INVESTMENT ON THE LISTED COMPANY

The Xitai Expressway will connect with the Sukuntai Expressway, forming a new east-west expressway between Wuxi and Shanghai, and serves as a crucial interprovincial access between Suzhou and Shanghai. The investment in the Xitai Project can facilitate a further focus on the Company's main responsibilities, improve and optimize the road network construction, ease the traffic pressure on the Wuxi-Suzhou section of the Shanghai-Nanjing Expressway, and eliminate the impact of traffic diversion from parallel roads in the region, which is of great significance in further consolidating the Company's dominant position in the southern Jiangsu road network.

The directors of the Company are of the view that the above project has investment value. The directors of the Company (including the independent non-executive directors) consider it in the interests of the shareholders of the Company as a whole.

VI. RISKS ANALYSIS FOR THE EXTERNAL INVESTMENT

(I) Risk of less-than-expected traffic volume

Traffic volume is the primary factor affecting the toll revenue. If the actual traffic volume undertaken by the project is lower than the predicted scale, the expected cash flow to cover operating expenses, create profits and repay the principal and interest of the financing will not be able to be generated, which may pose a financial risk.

Measures: The Company will pay close attention to the progress of the subsequent construction of the road network, propose measures to address corresponding risk of changes in the relevant external conditions at the preliminary stage, and clarify the risk-bearing mechanism for the loss of revenue in the event that the conditions of the road network are inconsistent with the expected assumptions.

(II) Risks of toll road policies not being adjusted as assumed

According to the legislative work plan of the Ministry of Communications, the revision of the new Regulation will be completed during the “14th Five-Year Plan” period. Meanwhile, a study on the pricing mechanism of expressways for the “15th Five-Year Plan” is being carried out in Jiangsu Province. At present, the relevant proposal is at discussion stage and needs to be further improved in conjunction with the revision progress of the Regulation, etc.

Measures: Firstly, the Company will apply to the competent government authorities for approval of favourable toll operation policies and toll standards in due course before the project commissioning, based on the actual investment and projected operation status of the project and the development trend of high-speed traffic flow in the province. Secondly, the Company will strive for the longest possible toll concession period when applying for the toll approval.

(III) Risks of project financing constraints and interest rate adjustments

The project involves a large investment, and the financial institutions’ assessment of its own return of the project may affect the scale of the financing and the level of interest rates. In addition, the current market interest rate is at a relatively low level and the LPR rate may have further fluctuation and adjustment during the operating period. Therefore, there are certain risks associated with the financing and cost of the project.

Measures: The Company will make reasonable use of multiple financial instruments to improve financing structure and enhance liquidity of its assets. At the same time, as expressway assets are generally characterised by stable cash flows, low financing costs and long recovery periods, and have a good basis for asset securitisation, which is capable of using scientific and diverse means to enhance operational flexibility and reduce financial risks.

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*