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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 25 August 2023, the Company carried out related party/continuing connected transactions with Communications Holding Commercial Operation Company and Factoring Company on the following matters:

1. the Company and its wholly-owned subsidiary Ninghu Properties Company entered into an agreement with Communications Holding Commercial Operation Company in respect of additional material procurement. The term of the agreement is from 1 September 2023 to 30 April 2024, and the transaction amount shall not exceed RMB5.68 million;
2. the Company entered into an agreement with Communications Holding Commercial Operation Company in respect of the outsourcing of the operation rights of Douzhuang Service Area of Jiangsu Expressway. The term of the agreement is from 1 September 2023 to 31 August 2026, and the transaction amount shall not exceed RMB39 million;
3. the Company (for itself and its subsidiaries: Guangjing Xicheng Company, Longtan Bridge Company, Zhendan Company, Wufengshan Company, Ninghu Investment Company, YS Energy Company, Ninghu Properties Company, Hanwei Company, and Yangtze River Management Company) entered into an agreement with Factoring Company in respect of carrying out factoring business. The term of the agreement is from 1 September 2023 to 30 April 2024, and the factoring amount shall not exceed RMB50 million.

Since Communications Holding Commercial Operation Company and Factoring Company, as the counterparties in the transactions, and the Company are under the common control by Jiangsu Communications Holding, such transactions constitute related party transactions under the Rules Governing the Listing of Stocks on the Shanghai Stock Exchange. 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.

Pursuant to Rule 14A.07 of the Hong Kong Listing Rules, Jiangsu Communications Holding, the controlling shareholder of the Company, is a connected person of the Company, Communications Holding Commercial Operation Company and Factoring Company, being subsidiaries of Jiangsu Communications Holding, are also connected persons of the Company under the Hong Kong Listing Rules. Hence, the entering into of the aforementioned agreements with Communications Holding Commercial Operation Company and Factoring Company and the conducting of the transactions thereunder constitute continuing connected transactions of the Company.

As the highest percentage ratios calculated in accordance with Rule 14.07 of the Hong Kong Listing Rules in respect of the annual caps (for item 1, aggregation was made in accordance with the Rule 14A.81 of the Hong Kong Listing Rules) for the continuing connected transactions above 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 at general meeting under Rule 14A.76(2)(a) of the Hong Kong Listing Rules. The 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.

#### **IMPORTANT NOTICE:**

- The transactions are not subject to approval at the general meeting.
- The directors (including independent non-executive directors) of the Company are of the view that the transactions with Communications Holding Commercial Operation Company are conducted in the ordinary and usual course of business of the Company; the transactions with Communications Holding Commercial Operation Company and Factoring Company are on normal commercial terms, the price 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 un-related/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 RELATED PARTY/CONTINUING CONNECTED TRANSACTIONS

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

As considered and approved at the twentieth meeting of the tenth session of the board of directors of the Company held on 25 August 2023, it was agreed that the Company and its subsidiaries carried out related party/continuing connected transactions with Jiangsu Communications Holding Commercial Operation Management Co., Ltd. (hereinafter referred to as “**Communications Holding Commercial Operation Company**”) and Ninghu Commercial Factoring (Guangzhou) Co., Ltd. (hereinafter referred to as “**Factoring Company**”) on the following matters:

1. The Company and its wholly-owned subsidiary Jiangsu Ninghu Properties Co., Ltd. <sup>(Note 1)</sup> (hereinafter referred to as “**Ninghu Properties Company**”) entered into an agreement with Communications Holding Commercial Operation Company in respect of additional material procurement. The term of the agreement is from 1 September 2023 to 30 April 2024, and the transaction amount shall not exceed RMB5.68 million (hereinafter referred to as “**Material Procurement Project**”).
2. The Company entered into an agreement with Communications Holding Commercial Operation Company in respect of outsourcing of the operation rights of Douzhuang Service Area of Jiangsu Expressway. The term of the agreement is from 1 September 2023 to 31 August 2026, and the transaction amount shall not exceed RMB39 million (hereinafter referred to as “**Outsourcing Project for Operation Rights of Service Area**”).
3. The Company (for itself and its subsidiaries: Jiangsu Guangjing Xicheng Expressway Company Limited <sup>(Note 2)</sup> (hereinafter referred to as “**Guangjing Xicheng Company**”), Jiangsu Longtan Bridge Co., Ltd. <sup>(Note 3)</sup> (hereinafter referred to as “**Longtan Bridge Company**”), Jiangsu Zhendan Expressway Company Limited <sup>(Note 4)</sup> (hereinafter referred to as “**Zhendan Company**”), Jiangsu Wufengshan Toll Bridge Company Limited <sup>(Note 5)</sup> (hereinafter referred to as “**Wufengshan Company**”), Jiangsu Ninghu Investment Development Co., Ltd. <sup>(Note 6)</sup> (hereinafter referred to as “**Ninghu Investment Company**”), Jiangsu Yunshan Green Energy Investment Holding Company Limited <sup>(Note 7)</sup> (hereinafter referred to as “**YS Energy Company**”), Ninghu Properties Company, Nanjing Hanwei Property Development Company Limited <sup>(Note 8)</sup> (hereinafter referred to as “**Hanwei Company**”), and Jiangsu Yangtze River Expressway Management Co., Ltd. <sup>(Note 9)</sup> (hereinafter referred to as “**Yangtze River Management Company**”)) entered into a framework

agreement with Factoring Company in respect of carrying out factoring business. The term of the agreement is from 1 September 2023 to 30 April 2024, and the factoring amount shall not exceed RMB50 million (hereinafter referred to as “**Factoring Project**”).

Mr. Xu Haibei and Mr. Wang Yingjian, being related/connected directors of the Company (both being employees of Jiangsu Communications Holding Company Limited (hereinafter referred to as “**Jiangsu Communications Holding**”), the controlling shareholder of the Company), have abstained from voting on the three resolutions on the above transactions. All the remaining directors have voted in favour of the above three resolutions and are of the view that the transactions with Communications Holding Commercial Operation Company are entered into in the ordinary and usual course of business of the Company; and the transactions with Communications Holding Commercial Operation Company and Factoring Company are on normal commercial terms, the terms of the transactions are fair and reasonable, and are in the interests of shareholders of the Company as a whole.

The five independent directors of the Company have conducted a prior review on the transactions and issued their independent opinions on the related party transactions in accordance with the Rules Governing the Listing of Stocks on the Shanghai Stock Exchange. 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 Communications Holding Commercial Operation Company and Factoring Company, as the counterparties in the transactions, and the Company are under the common control by Jiangsu Communications Holding, such transactions constitute related party transactions under the Rules Governing the Listing of Stocks on the Shanghai Stock Exchange. 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.

Pursuant to Rule 14A.07 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**”), Jiangsu Communications Holding, the controlling shareholder of the Company, is a connected person of the Company, and Communications Holding Commercial Operation Company, being a wholly-owned subsidiary of Jiangsu Communications Holding, is also a connected person of the Company under the Hong Kong Listing Rules. As such, the entering into of the agreements between the Company and Communications Holding Commercial Operation Company in relation to the Material Procurement Project and Outsourcing Project for Operation Rights of Service Area and the conducting of the transactions thereunder constitute continuing connected transactions of the Company.

Pursuant to Rule 14A.07 of the Hong Kong Listing Rules, Jiangsu Communications Holding directly holds 80% of the shares in Factoring Company and indirectly holds 20% of the shares in Factoring Company through its wholly-owned subsidiary. Factory Company is a subsidiary of Jiangsu Communications Holding and thus, is also a connected person of the Company. As such, the entering into of the framework agreement with Factoring Company in relation to the Factoring Project and the conducting of the transactions thereunder constitute continuing connected transactions of the Company.

As the highest percentage ratios calculated in accordance with Rule 14.07 of the Hong Kong Listing Rules in respect of the annual caps (for item 1, aggregation was made in accordance with the Rule 14A.81 of the Hong Kong Listing Rules) for the continuing connected transactions above 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 at general meeting under Rule 14A.76(2)(a) of the Hong Kong Listing Rules. The 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.

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

- Note 1:* The principal businesses of Ninghu Properties Company are real estate development and operation; real estate consultancy, house rental, interior and exterior decoration and property management.
- Note 2:* The principal businesses of Guangjing Xicheng Company are construction, management, maintenance, and toll collection of expressways.
- Note 3:* The principal businesses of Longtan Bridge Company are design and construction of roads, tunnels and bridges, overhead cables and pipelines (excluding hazardous chemical transportation), as well as highway management and maintenance.
- Note 4:* The principal businesses of Zhendan Company are expressway passenger and freight transportation; automobile repair and maintenance; expressway construction, management, maintenance, and collection of toll fees from vehicles according to regulations.
- Note 5:* The principal businesses of Wufengshan Company are construction of roads, tunnels and bridges, overhead cables and pipelines (excluding hazardous chemical transportation); highway management and maintenance.
- Note 6:* The principal businesses of Ninghu Investment Company are investment in various infrastructure and industries; design, production, planning and publication of various domestic advertisements.
- Note 7:* The principal businesses of YS Energy Company are photovoltaic power generation, wind power generation; investment, development, and operation management of photovoltaic and wind power generation; investment, development, transfer, and consultation of energy-saving and new energy technologies; investment, research and development, and sales of power equipment and electrical equipment.
- Note 8:* The principal businesses of Hanwei Company are real estate development and operation; property management; house rental; interior and exterior decoration engineering; real estate brokerage; hotel management.
- Note 9:* The principal businesses of Yangtze River Management Company are construction, management, operation, and maintenance of expressways and other transportation infrastructure; sales of raw and auxiliary materials and equipment related to the construction and management of bridges and expressways.

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

Category of related party transaction	Related person	2023 original estimated amount (0,000)	2023 accumulated amount as at the date of announcement (0,000)	Estimated increase in 2023 (0,000)	2023 current estimated amount (0,000)
Material Procurement Project	Communications Holding Commercial Operation Company	1,568	342.79	491	2,059
Outsourcing Project for Operation Rights of Service Area	Communications Holding Commercial Operation Company	/	/	430	430
Factoring business	Factoring Company	/	/	2,000	2,000

**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:	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 Communications Holding Commercial Operation Management Co., Ltd.***

Registered office:	22/F, Block 2, No. 399 Middle Jiangdong Road, Jianye District, Nanjing City
Business nature:	Limited liability company
Legal representative:	Shi Hua
Registered capital:	RMB1,800,000,000
Shareholders (shareholding percentage):	Jiangsu Communications Holding Company Limited (100%) <sup>(Note)</sup>



Principal business:	Commercial management; real estate investment; real estate leasing; property management; self-owned house leasing; corporate management consulting; construction machinery leasing; marketing planning; corporate image planning; business information consulting; office service; convention and exhibition service; tourism management; supply chain management; pipeline installation, electrical engineering, construction engineering, interior and exterior decoration engineering design and construction; leisure and fitness service (excluding high-risk sports projects); indoor entertainment activities; information technology consulting; catering service (subject to permits or approvals); food and beverage distribution; sale of office supplies; labor dispatch (subject to permits or approvals); landscape engineering design and construction; sales of flowers, seedlings, landscape plants and flower pots; flower and plant leasing, etc.
Total assets at the end of the latest accounting period (2022):	RMB2,017,000,000 (in accordance with the Accounting Standards for Business Enterprises of the PRC)
Net assets at the end of the latest accounting period (2022):	RMB1,807,000,000 (in accordance with the Accounting Standards for Business Enterprises of the PRC)
Revenue from operations for the latest accounting period (2022):	RMB144,000,000 (in accordance with the Accounting Standards for Business Enterprises of the PRC)
Net profit for the latest accounting period (2022):	RMB5,369,000 (in accordance with the Accounting Standards for Business Enterprises of the PRC)
<i>Note:</i>	The ultimate beneficial owner is Jiangsu Provincial Government State-owned Assets Supervision and Administration Commission.

***Ninghu Commercial Factoring (Guangzhou) Co., Ltd.***

Registered office:	Room 2810, No. 2 Huitong 2nd Street, Hengli Town, Nansha District, Guangzhou City
Business nature:	Limited liability company (wholly owned by a legal person)
Legal representative:	Dai Qian
Registered capital:	RMB300,000,000
Shareholders (shareholding percentage):	Jiangsu Communications Holding Company Limited (80%) Jiangsu Yunshan Capital Management Co., Ltd. (20%)
Principal business:	Commercial factoring business
Total assets at the end of the latest accounting period (2022):	RMB1,031,664,000
Net assets at the end of the latest accounting period (2022):	RMB327,985,000
Revenue from operations for the latest accounting period (2022):	RMB43,819,000
Net profit for the latest accounting period (2022):	RMB16,116,000

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

Jiangsu Communications Holding, the controlling shareholder of the Company, is the actual controller of Communications Holding Commercial Operation Company and Factoring Company, and Communications Holding Commercial Operation Company and Factoring Company are related persons of the Company and the relevant transactions constitute related party transactions under Rule 6.3.3 of Chapter 10 of the Listing Rules of Shanghai Stock Exchange.

Since Communications Holding Commercial Operation Company and Factoring Company\* are subsidiaries of Jiangsu Communications Holding, under Rules 14A.07(4) and 14A.13 of the Hong Kong Listing Rules, Communications Holding Commercial Operation Company and Factoring Company\* are connected persons of the Company.

\* On 27 February 2023, Ninghu Investment Company, Factoring Company, Jiangsu Communications Holding and its wholly-owned subsidiary Jiangsu Yunshan Capital Management Co., Ltd. (hereinafter referred to as “**Yunshan Capital**”) entered into an equity interest transfer agreement, pursuant to which Ninghu Investment Company shall transfer its 100% equity interests in Factoring Company, 80% of which to Jiangsu Communications Holding and 20% of which to Yunshan Capital. For further details, please refer to the Company’s announcement published on 27 February 2023. As of the date of this announcement, the parties have completed the transfer.

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

Communications Holding Commercial Operation Company and the Company are subsidiaries of the controlling shareholder, and the previous agreements entered into have been effectively implemented without any breach. Therefore, the Company considers that there is no risk of non-performance of the agreement for the related party/connected transactions. Factoring Company was a wholly-owned subsidiary of the Company, and its policies and procedures were approved by the Company. Despite the fact that there were no transactions of same nature conducted with Factoring Company, there is no risk of non-performance considering the nature of this transaction.

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

#### **1. Material Procurement Project**

As considered and approved at the sixteenth meeting of the tenth session of the board of directors of the Company, on 24 March 2023, the Company entered into the Framework Agreement on Related Party Transaction in relation to office leasing, property services and material procurement of the Company and its subsidiary with Communications Holding Commercial Operation Company, of which the material procurement involved the amount of RMB4.36 million (the amount shall not exceed RMB2.69 million in 2023 and shall not exceed RMB1.67 million in 2024). Due to business requirements, on 25 August 2023, the Company and its wholly-owned subsidiary Ninghu Properties Company entered into an agreement with Communications Holding Commercial Operation Company in relation to the additional material procurement of office supplies and office equipment. The term of the agreement is from 1 September 2023 to 30 April 2024, and the transaction amount shall not exceed RMB5.68 million of which: the transaction amount of the material procurement of the Company shall not exceed RMB5.08 million (the amount shall not exceed RMB4.41 million from 1 September 2023 to 31 December 2023, and shall not exceed RMB670,000 from 1 January 2024 to 30 April 2024); the transaction amount of the material procurement of Ninghu Properties Company shall not exceed RMB600,000 (the amount shall not exceed RMB500,000 from 1 September 2023 to 31 December 2023, and shall not exceed RMB100,000 from 1 January 2024 to 30 April 2024). The aforementioned transaction amounts are estimated based on the daily office and operation use of the Company and its wholly-owned subsidiary, Ninghu Properties Company, the office supplies and equipment to be procured include mainly stationery, office computers, printers and other electrical appliances.

Reference is made to the procurement price of the same office supplies and office equipment that the Company entered into with Communications Holding Commercial Operation Company on 24 March 2023. (The material procurement under the Framework Agreement on Related Party Transaction entered into with Communications Holding Commercial Operation Company on 24 March 2023 was determined through price inquiry and comparison. The Company estimated the usage of the relevant supplies and made inquiries to three companies with relevant qualifications according to relevant business needs, among which, Communications Holding Commercial Operation Company is a related party/connected person of the Company, and the other two companies are third parties independent of the Company and its related parties/connected persons. The project assessment committee (with members randomly selected from the Company's senior management database with relevant experiences) has selected Communications Holding Commercial

Operation Company for cooperation after evaluating the quotations and services provided by these three companies.) The amount under the agreement will be paid by the Company and Ninghu Properties Company with their own funds or financing funds in line with the use of funds after receiving the relevant services.

## **2. Outsourcing Project for Operation Rights of Service Area**

Affected by the decline in traffic volume in the past three years, the current lessee of Douzhuang Service Area of Jiangsu Expressway submitted an application to the Company for the termination of the lease contract and intends to enter into a contract termination agreement with the Company. Facing insufficient market demand, in order to ensure the rapid and smooth resumption of normal operation of Douzhuang Service Area, the Company, after consultation and negotiation with Communications Holding Commercial Operation Company, agreed the operation rights of Douzhuang Service Area (exclusive of the gas station and the auto repair factory) to be outsourced to Communications Holding Commercial Operation Company, and entered into the lease management contract on 25 August 2023. The term of the lease is from 1 September 2023 to 31 August 2026. The rent will adopt a “base rent + concession rent” model, with base rent of RMB11.5 million per year, subject to a maximum “base rent + concession rent” of RMB13 million per year. For the purpose of continuing connected transactions, the rental shall not exceed RMB4.3 million from September to December 2023, shall not exceed RMB13 million in 2024, shall not exceed RMB13 million in 2025, shall not exceed RMB8.7 million from January to August 2026, and shall not exceed RMB39 million in total for three years.

The rental amount of operation rights of Douzhuang Service Area is based on the New Round of Rent Evaluation Plan of Douzhuang Service Area prepared by Shanghai Jiashu Management Consulting Co., Ltd. (上海佳澍管理諮詢有限公司), which is independent of the Company and its related parties/connected persons, and based on the existing operating status of Douzhuang Service Area as well as the estimated future traffic volume, and the estimated annual turnovers = average daily cross-sectional flow × entry rate × consumption per vehicle × 365 and taking into account the turnover growth, and on this basis, in accordance with a fixed base rent plus a ladder concession model, the base rent of RMB11.5 million per year, with a concession rent of 18%-20% on turnover that exceeds RMB80 million. It is expected that the maximum annual rent under “base rent + concession rent” model will not exceed RMB13 million per year during the lease term. Communications Holding Commercial Operation Company shall pay the rent on quarterly basis with its own funds or financing funds in line with the use of funds. If the annual rent under “base rent + concession rent” model shall exceed RMB13 million, a separate announcement shall be made in accordance with the requirements of the Listing Rules.

### **3. Factoring Project**

In order to further stabilize the supply chain and promote the Company's supply chain management, the Company intends to carry out factoring business with Factoring Company, whereby Factoring Company will provide factoring services for accounts receivable to suppliers that provide the Company and its subsidiaries with services such as emergency protection, development and maintenance of operation information system and smart transportation infrastructure. The expenses payable by the service suppliers to Factoring Company shall be determined after arm's length negotiations between such service suppliers and Factoring Company, and neither the Company nor its subsidiaries shall participate in such negotiations or discussions. Factoring Company shall bear the relevant risks of the factoring business, particularly in cases where the service suppliers fail to perform services (whether in terms of quantity or quality) to the Company or its subsidiaries. The Company and its subsidiaries will not make payments solely based on invoices sent by service suppliers, and will only make payments for services that have been completed and met the requirements. The Company and its subsidiaries will not incur any costs and expenses as a result of the factoring services provided by Factoring Company to service suppliers in respect of the accounts receivable. The Company and its subsidiaries will consider the service quality, capability, price and content of supply of each service supplier to decide which supplier to choose. Whether the service providers will use the factoring services provided by Factoring Company will not be considered. The Company entered into a framework agreement with Factoring Company in this regard. The factoring period is from 1 September 2023 to 30 April 2024. The total amount of factoring business shall not exceed RMB50 million (among which, not more than RMB20 million in 2023 and not more than RMB30 million from 1 January to 30 April 2024). The total factoring amount in respect of the Company shall not exceed RMB21 million (not more than RMB7.5 million in 2023 and not more than RMB13.5 million from 1 January to 30 April 2024), the total factoring amount in respect of Guangjing Xicheng Company shall not exceed RMB2 million (not more than RMB1 million in 2023 and not more than RMB1 million from 1 January to 30 April 2024), the total factoring amount in respect of Longtan Bridge Company shall not exceed RMB3 million (not more than RMB1 million in 2023 and not more than RMB2 million from 1 January to 30 April 2024), the total factoring amount in respect of Zhendan Company shall not exceed RMB2 million (not more than RMB1 million in 2023 and not more than RMB1 million from 1 January to 30 April 2024), the total factoring amount in respect of Wufengshan Company shall not exceed RMB2 million (not more than RMB1 million in 2023 and not more than RMB1 million from 1 January to 30 April 2024), the total factoring amount in respect of Ninghu Investment Company shall not exceed RMB2 million (not more than RMB1 million in 2023 and not more than RMB1 million from 1 January to 30 April 2024), the total factoring amount of YS

Energy Company shall not exceed RMB8 million (not more than RMB3 million in 2023 and not more than RMB5 million from 1 January to 30 April 2024), the total factoring amount in respect of Ninghu Properties Company shall not exceed RMB4 million (not more than RMB2 million in 2023 and not more than RMB2 million from 1 January to 30 April 2024), the total factoring amount in respect of Hanwei Company shall not exceed RMB5 million (not more than RMB2 million in 2023 and not more than RMB3 million from 1 January to 30 April 2024), and the total factoring amount of Yangtze River Management Company shall not exceed RMB1 million (not more than RMB0.5 million in 2023 and not more than RMB0.5 million from 1 January to 30 April 2024). The caps are estimated on the basis of the projected amount of small contracts of the Company and the relevant subsidiaries during the relevant periods and on the assumption that only a small portion of service providers would require such factoring services. In the event that the caps are insufficient, a separate agreement will be reached between the parties and the Company will comply with the disclosure and/or shareholders' approval requirements under the relevant Listing Rules.

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

The transactions (except for item No. 3) fall within the ordinary business contracts of the Company. The prices of all transactions 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 benefit transfer to the Group's internal related/connected persons. By leveraging on synergies derived from the businesses of the Group's internal related/connected companies, the Company can further save management costs and improve its management efficiency to ensure effective operation of 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.

The directors (including independent non-executive directors) of the Company are of the view that the above three transactions are conducted in the ordinary and usual course of business (except for item No. 3 which is not conducted in the ordinary and usual course of business) of the Company, are on normal commercial terms and the terms of the transactions are fair and reasonable. The income and profit of the Company are not dependent on such transactions and as such, the independence of the Company as a listed company will not be impaired. The transactions do not have any adverse impacts on the Company and will not impair the interests of the Company and its unrelated/unconnected shareholders, especially the interests of the minority shareholders, 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, 28 August 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*