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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)



四川成渝高速公路股份有限公司
Sichuan Expressway Company Limited*
(a joint stock company incorporated in the People's Republic of China with limited liability)
(Stock Code: 00107)



安徽皖通高速公路股份有限公司
ANHUI EXPRESSWAY COMPANY LIMITED
(incorporated in the People's Republic of China with limited liability as a joint stock company)
(Stock Code: 995)

JOINT ANNOUNCEMENT

CONNECTED TRANSACTION: FORMATION OF JOINT VENTURE

COOPERATION AGREEMENT AND THE FORMATION OF THE JOINT VENTURE

Jiangsu Expressway, Sichuan Expressway and Anhui Expressway are pleased to announce that, on 23 December 2019, the Consortium Members, being China Merchants Expressway, CMU, Zhejiang Expressway, Jiangsu Expressway, Sichuan Expressway and Anhui Expressway, entered into the Cooperation Agreement for the formation of the Joint Venture through joint contribution for the purpose of acquiring 51% of the shares and the relevant portion of shareholder loans of the Target Companies.

Pursuant to the Cooperation Agreement, the total amount of capital to be injected into the Joint Venture by the Consortium Members shall be US\$688.5 million (equivalent to approximately HK\$5,369.1 million). The Consortium Members, through their respective wholly owned subsidiaries incorporated in Hong Kong, will contribute approximately US\$213.4 million, US\$137.7 million, US\$120.5 million, US\$120.5 million, US\$48.2 million and US\$48.2 million in the Joint Venture, respectively, holding 31%, 20%, 17.5%, 17.5%, 7% and 7% of the equity interest in the Joint Venture, respectively.

REASONS FOR THE TRANSACTION AND EXPECTED BENEFITS

The boards of directors of Jiangsu Expressway, Sichuan Expressway and Anhui Expressway see the Transaction as a significant business opportunity for their respective groups. Participation in the Transaction will enable the Consortium Members to optimize their allocation of resources as well as perfection of their strategic deployment. The Transaction offers the Consortium Members the opportunity to combine with strong partners, benefiting from the Seller's deep expertise in operation, management and development of expressways in Turkey and economies of scale arising from the Transaction.

LISTING RULES IMPLICATIONS

As China Merchants Expressway is a substantial shareholder for each of Jiangsu Expressway, Sichuan Expressway and Anhui Expressway, China Merchants Expressway is a connected person of Jiangsu Expressway, Sichuan Expressway and Anhui Expressway under Rule 14A.07 of the Listing Rules. In addition, as China Merchants Expressway is controlled by China Merchants Group Limited, which indirectly holds 50% of the shares in CMU, CMU is a connected person of Jiangsu Expressway, Sichuan Expressway and Anhui Expressway under Rule 14A.13 of the Listing Rules. Therefore, entering into of the Cooperation Agreement with China Merchants Expressway and CMU is a connected transaction for each of Jiangsu Expressway, Sichuan Expressway and Anhui Expressway. As the Transaction is conducted on normal commercial terms and all of the applicable percentage ratios of Jiangsu Expressway, Sichuan Expressway and Anhui Expressway in respect of the Transaction exceed 0.1% but less than 5%, the Transaction is subject to the reporting and announcement requirements but is exempt from the circular (including independent financial advice) and shareholders' approval requirements under Chapter 14A of the Listing Rules.

The boards of directors of Jiangsu Expressway, Sichuan Expressway and Anhui Expressway wish to emphasize that the Cooperation Agreement may be terminated upon occurrence of certain events. Shareholders and potential investors are advised to exercise caution when dealing in the shares of Jiangsu Expressway, Sichuan Expressway and Anhui Expressway.

COOPERATION AGREEMENT AND THE FORMATION OF THE JOINT VENTURE

Jiangsu Expressway, Sichuan Expressway and Anhui Expressway are pleased to announce that, on 23 December 2019, the Consortium Members, being China Merchants Expressway, CMU, Zhejiang Expressway, Jiangsu Expressway, Sichuan Expressway and Anhui Expressway, entered into the Cooperation Agreement to form the Joint Venture through joint contribution by the Consortium Members.

On the same day, as the Joint Venture, the Consortium Ireland SPV and the Consortium Malta SPV have not been incorporated, the Consortium Members, on behalf of the Consortium Ireland SPV and the Consortium Malta SPV, entered into the Share Purchase Agreements with the Seller. According to Share Purchase Agreements, the Seller shall sell, and the Consortium Ireland SPV and the Consortium Malta SPV shall acquire 51% of the shares and the relevant portion of shareholder loans of the Target Companies. The Consortium Ireland SPV and the Consortium Malta SPV will be incorporated before completion of the Share Purchase Agreements to hold 51% of the shares and the relevant portion of shareholder loans of the Target Companies.

Pursuant to the Cooperation Agreement, the total amount of capital to be injected into the Joint Venture by the Consortium Members shall be US\$688.5 million (equivalent to approximately HK\$5,369.1 million). The Consortium Members, through their respective wholly owned subsidiaries incorporated in Hong Kong, will contribute approximately US\$213.4 million, US\$137.7 million, US\$120.5 million, US\$120.5 million, US\$48.2 million and US\$48.2 million in the Joint Venture, respectively, holding 31%, 20%, 17.5%, 17.5%, 7% and 7% of the equity interest in the Joint Venture, respectively. In case that the total capital contribution was not paid by the Consortium Members by 31 December 2019 (inclusive), an annual interest rate (accruing daily) of 3% will be applied on their respective contribution amount in respect of the period from 1 January 2020 (inclusive) and the completion date of the Share Purchase Agreements (the long stop date of the Share Purchase Agreements is 31 March 2020 or such other dates the parties may mutually agree in writing). Please refer to the section below headed “SUMMARY OF PRINCIPAL TERMS OF THE COOPERATION AGREEMENT – Capital Structure of the Joint Venture” for details.

SUMMARY OF PRINCIPAL TERMS OF THE COOPERATION AGREEMENT

Date

23 December 2019

Parties

- (1) China Merchants Expressway
- (2) CMU
- (3) Zhejiang Expressway
- (4) Jiangsu Expressway
- (5) Sichuan Expressway
- (6) Anhui Expressway

Structure and Purpose of the Transaction

The Consortium Members will, through their respective wholly owned subsidiaries incorporated in Hong Kong, establish a special purpose vehicle in Hong Kong (the Joint Venture), and the Joint Venture will establish a special purpose vehicle in Malta (the Consortium Malta SPV), and the Consortium Malta SPV will further establish a special purpose vehicle in the Republic of Ireland (the Consortium Ireland SPV) for the Joint Venture Group to acquire 51% of the shares and the relevant portion of shareholder loans of the Target Companies.

The purpose of the formation of the Joint Venture Group was to engage in the financing, design, construction, operation, maintenance and repair of the Northern Marmara Motorway Odayeri-Paşaköy Section (including the Third Bosphorus Bridge) located in Istanbul, Turkey.

Capital Structure of the Joint Venture

The total amount of capital to be injected into the Joint Venture shall be US\$688.5 million (equivalent to approximately HK\$5,369.1 million), which shall be contributed in cash by the parties to the Cooperation Agreement in the following proportion:

Name	Amount of Capital Contribution <i>(in US\$)</i>	Shareholding Percentage in the Joint Venture
China Merchants Expressway	213,435,000	31%
CMU	137,700,000	20%
Zhejiang Expressway	120,487,500	17.5%
Jiangsu Expressway	120,487,500	17.5%
Sichuan Expressway	48,195,000	7%
Anhui Expressway	48,195,000	7%
Total	688,500,000	100%

The amount of the capital contributions under the Cooperation Agreement was determined after arm's length negotiations among the parties, taking into account various factors, including the capital demand for acquiring 51% of the shares and the relevant portion of shareholder loans of the Target Companies, as well as future development plans of the Joint Venture.

The Joint Venture will not be a subsidiary of any of the Consortium Members upon its formation, and its financial results will not be consolidated into the financial statements of any of the Consortium Members.

Board Composition

The board of directors of the Joint Venture shall be composed of six directors, and each of the Consortium Members shall have the right to appoint one director.

Voting Rights

Based on the respective capital contribution amount of the Consortium Members, China Merchants Expressway, CMU, Zhejiang Expressway, Jiangsu Expressway, Sichuan Expressway and Anhui Expressway hold 31%, 20%, 17.5%, 17.5%, 7% and 7% of the voting rights in the Joint Venture, respectively.

Matters Requiring Unanimous Consent of the Consortium Members

The following matters shall require unanimous consent of the Consortium Members:

- (1) The formation of and amendments to the articles of association of the Joint Venture Group;
- (2) The formation, merger, division, dissolution or change of company form of the Joint Venture Group;
- (3) Amendment to the articles with respect to the capital contribution obligation of the Joint Venture and the Consortium Ireland SPV under the Cooperation Agreement;
- (4) Amendment to the articles with respect to the capital increase obligation of the Joint Venture and the Consortium Ireland SPV under the Cooperation Agreement;
- (5) Decrease in the registered capital of the Joint Venture Group;
- (6) Asset disposal of the Target Companies;
- (7) Provision of external guarantee by the Target Companies; and
- (8) Formation of and amendments to the shareholders' agreement and articles of association affecting the board resolution mechanism and corporate operation and governance of the Target Companies.

Restrictions on Equity Transfers

The Consortium Members may transfer their equity interests in the Joint Venture among themselves or to any Related Party of the Consortium Members upon written notice to other Consortium Members. The Consortium Members may not transfer their equity interests in the Joint Venture to a third party unless the prior written approval of all Consortium Members is obtained.

If any Consortium Member proposes to transfer all or any part of its equity interest in the Joint Venture to any third party, with prior written approval by all the Consortium Members, each of the other Consortium Members shall have a right of first refusal on any transfer of all or any part of the equity interest held by a Consortium Member.

Termination Events

The Cooperation Agreement shall terminate upon the occurrence of one of the following events:

- (1) expiration of the operating periods or failure in operation of the Target Companies for any reason;
- (2) unanimous written consent by the Consortium Members to terminate the cooperation under the Cooperation Agreement;
- (3) termination of the Share Purchase Agreements or conditions precedent thereunder are not fulfilled, including but not limited to, failure to complete the purchase by the Joint Venture Group before the Long Stop Date under the Share Purchase Agreements; or
- (4) none of the Consortium Members holds any equity interest in the Target Companies directly or indirectly.

REASONS FOR THE TRANSACTION AND EXPECTED BENEFITS

The boards of directors of Jiangsu Expressway, Sichuan Expressway and Anhui Expressway see the Transaction as a significant business opportunity for their respective groups. Participation in the Transaction will enable the Consortium Members to optimize their allocation of resources as well as perfection of their strategic deployment. The Transaction offers the Consortium Members the opportunity to combine with strong partners, benefiting from the Seller's deep expertise in operation, management and development of expressways in Turkey and economies of scale arising from the Transaction.

The directors of Jiangsu Expressway, Sichuan Expressway and Anhui Expressway (including the independent non-executive directors) believe that the terms of the Cooperation Agreement are fair and reasonable, the Transaction is on normal commercial terms and in the ordinary and usual course of business of Jiangsu Expressway, Sichuan Expressway and Anhui Expressway, and the Transaction is in the interests of Jiangsu Expressway, Sichuan Expressway and Anhui Expressway and their shareholders as a whole.

As Mr. Wu Xinhua and Ms. Hu Yu, directors of Jiangsu Expressway, Mr. Ni Shilin and Mr. He Zhuqing, directors of Sichuan Expressway, and Mr. Yang Xudong and Mr. Du Jian, directors of Anhui Expressway, all currently hold positions in China Merchants Expressway, the six directors above are deemed to have material interest in the Transaction, and each of them has abstained from voting on the resolution in relation to the Transaction at the board meeting of Jiangsu Expressway, Sichuan Expressway and Anhui Expressway. Save as disclosed above, none of the directors of Jiangsu Expressway, Sichuan Expressway and Anhui Expressway has any material interest in the Transaction.

INFORMATION ON THE CONSORTIUM MEMBERS

China Merchants Expressway

China Merchants Expressway is principally engaged in toll road investment and financing, toll road operation and management, traffic technology development, intelligent transportation and ecology business such as environmental protection, new product manufacturing, intelligent detection and landscape pavement.

As of the date of this announcement, China Merchants Expressway is directly and indirectly held by China Merchants Group Limited as to 68.71%.

CMU

CMU is principally engaged in investment holding business.

As of the date of this announcement, CMU is indirectly held by China Merchants Group Limited as to 50%.

Zhejiang Expressway

Zhejiang Expressway is principally engaged in investing in, developing and operating high-grade roads in the PRC. Zhejiang Expressway and its subsidiaries also carry on certain other businesses such as securities brokerage, investment banking, asset management, margin financing and securities lending through Zheshang Securities Co., Ltd.

As of the date of this announcement, Zhejiang Expressway and its ultimate beneficial owners are independent from the other Consortium Members.

Jiangsu Expressway

Jiangsu Expressway is principally engaged in construction, management, maintenance and toll collection of toll roads and expressways in Jiangsu Province.

As of the date of this announcement, Jiangsu Expressway is directly held by China Merchants Expressway as to 11.69%.

Sichuan Expressway

Sichuan Expressway is principally engaged in the investment, construction, operation and management of highway infrastructure projects in Sichuan Province, the PRC, as well as the operation of other businesses related to toll highways.

As of the date of this announcement, Sichuan Expressway is directly and indirectly held by China Merchants Expressway as to 24.88%.

Anhui Expressway

Anhui Expressway is principally engaged in the design, construction, supervision, toll collection, maintenance, first-aid service, management of road assets and road right, storage, consultation services of road construction and operation, property lease, sale of motor vehicles and machinery parts, and development, production and sale of new and hi-tech products.

As of the date of this announcement, Anhui Expressway is directly and indirectly held by China Merchants Expressway as to 29.94%.

LISTING RULES IMPLICATIONS

As China Merchants Expressway is a substantial shareholder for each of Jiangsu Expressway, Sichuan Expressway and Anhui Expressway, China Merchants Expressway is a connected person of Jiangsu Expressway, Sichuan Expressway and Anhui Expressway under Rule 14A.07 of the Listing Rules. In addition, as China Merchants Expressway is controlled by China Merchants Group Limited, which indirectly holds 50% of the shares in CMU, CMU is a connected person of Jiangsu Expressway, Sichuan Expressway and Anhui Expressway under Rule 14A.13 of the Listing Rules. Therefore, entering into of the Cooperation Agreement with China Merchants Expressway and CMU is a connected transaction for each of Jiangsu Expressway, Sichuan Expressway and Anhui Expressway. As the Transaction is conducted on normal commercial terms and all of the applicable percentage ratios of Jiangsu Expressway, Sichuan Expressway and Anhui Expressway in respect of the Transaction exceed 0.1% but less than 5%, the Transaction is subject to the reporting and announcement requirements but is exempt from the circular (including independent financial advice) and shareholders' approval requirements under Chapter 14A of the Listing Rules.

The boards of directors of Jiangsu Expressway, Sichuan Expressway and Anhui Expressway wish to emphasize that the Cooperation Agreement may be terminated upon occurrence of certain events. Shareholders and potential investors are advised to exercise caution when dealing in the shares of Jiangsu Expressway, Sichuan Expressway and Anhui Expressway.

DEFINITIONS

In this announcement, the following terms and expressions have the following meanings, unless the context requires otherwise:

“Anhui Expressway”	Anhui Expressway Company Limited* (安徽皖通高速公路股份有限公司), a joint stock limited company incorporated in the PRC, the H shares and A shares of which are listed on the Stock Exchange (stock code: 995) and the Shanghai Stock Exchange (stock code: 600012), respectively
“China Merchants Expressway”	China Merchants Expressway Network & Technology Holdings Co., Ltd. * (招商局公路網絡科技控股股份有限公司) (previously known as China Merchants Huajian Expressway Investment Co., Ltd. (招商局華建公路投資有限公司)), a limited liability company established under the laws of the PRC and a substantial shareholder of each of Jiangsu Expressway, Sichuan Expressway and Anhui Expressway, the shares of which are listed on the Shenzhen Stock Exchange (stock code: 001965)
“CMU”	China Merchants Union (BVI) Limited, a company incorporated in the British Virgin Islands with limited liability
“connected person”	has the meaning ascribed to it in the Listing Rules
“Consortium Ireland SPV”	the special purpose vehicle to be incorporated in the Republic of Ireland under the Cooperation Agreement and wholly owned by the Consortium Malta SPV
“Consortium Member(s)”	each of China Merchants Expressway, CMU, Zhejiang Expressway, Jiangsu Expressway, Sichuan Expressway and Anhui Expressway, and collectively, the Consortium Members

“Consortium Malta SPV”	the special purpose vehicle proposed to be established under the laws of Malta under the Cooperation Agreement and wholly-owned by the Joint Venture
“Cooperation Agreement”	the cooperation agreement dated 23 December 2019 entered into among the Consortium Members for the purpose of the formation of the Joint Venture
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Jiangsu Expressway”	Jiangsu Expressway Company Limited* (江蘇寧滬高速公路股份有限公司), a joint stock limited company incorporated in the PRC, the H shares and A shares of which are listed on the Stock Exchange (stock code: 00177) and the Shanghai Stock Exchange (stock code: 600377), respectively
“Joint Venture”	the special purpose vehicle to be incorporated in Hong Kong under the Cooperation Agreement
“Joint Venture Group”	collectively, the Joint Venture, the Consortium Ireland SPV and the Consortium Malta SPV
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, as amended, supplemented or otherwise modified from time to time
“percentage ratios”	has the meaning ascribed to it in the Listing Rules
“PRC”	the People’s Republic of China and, for the purpose of this announcement only, excludes Hong Kong, the Macau Special Administrative Region and Taiwan
“Related Party”	as defined under the Rules Governing the Listing of Shares on Shenzhen Stock Exchange (2018 Revision)
“Seller”	IC İÇTAŞ İnşaat Sanayi ve Ticaret A.Ş., a joint stock company duly organized and validly existing under the laws of Turkey, being the current shareholder of the Target Companies

“Sichuan Expressway”	Sichuan Expressway Company Limited* (四川成渝高速公路股份有限公司), a joint stock limited company incorporated in the PRC, the H shares and A shares of which are listed on the Stock Exchange (stock code: 00107) and the Shanghai Stock Exchange (stock code: 601107), respectively
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“substantial shareholder”	has the meaning ascribed to it in the Listing Rules
“subsidiary(ies)”	has the meaning ascribed to it in the Listing Rules
“Target Companies”	1) ICA IC İÇTAŞ ASTALDI Üçüncü Boğaz Köprüsü ve Kuzey Marmara Otoyolu Yatırım ve İşletme A.Ş., a joint stock company duly organized and validly existing under the laws of Turkey, registered with İstanbul Trade Registry under No. 119059-5, and located at Garipçe Mahallesi Rumeli Feneri Caddesi No: 282 Sarıyer/İstanbul, Turkey; and 2) Eurasia Motorway Maintenance and Operations Limited, a company incorporated in Hong Kong with registered office located at Suite 1701-02, 17/F., FWD Financial Centre 308 Des Voeux, Road Central, Hong Kong. Eurasia Motorway Maintenance and Operations Limited was incorporated with the sole and exclusive purpose of carrying out the operation and maintenance of ICA IC İÇTAŞ ASTALDI Üçüncü Boğaz Köprüsü ve Kuzey Marmara Otoyolu Yatırım ve İşletme A.Ş.
“Transaction”	the formation of the Joint Venture by the Consortium Members
“US\$”	United States dollars, the lawful currency of the United States of America

“Zhejiang Expressway”

Zhejiang Expressway Co., Ltd. (浙江滬杭甬高速公路股份有限公司), a joint stock limited company established in the PRC, the H shares of which are listed on the Stock Exchange (stock code: 00576)

By order of the board of
**Jiangsu Expressway
Company Limited**
Yao Yongjia
*Secretary to the board of
directors*

By order of the board of
**Sichuan Expressway
Company Limited**
Zhang Yongnian
Company Secretary

By order of the board of
**Anhui Expressway
Company Limited**
Xie Xinyu
Company Secretary

Beijing, 23 December 2019

As at the date of this announcement, the board of directors of Jiangsu Expressway comprises Mr. Gu Dejun, Mr. Sun Xibin, Mr. Yao Yongjia as executive directors; Mr. Chen Yanli, Mr. Chen Yongbing, Mr. Wu Xinhua, Ms. Hu Yu and Mr. Ma Chung Lai, Lawrence as non-executive directors; and Mr. Zhang Zhuting, Mr. Chen Liang, Mr. Lin Hui, Mr. Zhou Shudong and Mr. Liu Xiaoxing as independent non-executive directors.

As at the date of this announcement, the board of directors of Sichuan Expressway comprises Mr. Zhou Liming (Chairman), Mr. Gan Yongyi (Vice Chairman), Mr. Luo Maoquan and Mr. He Zhuqing as executive directors; Mr. Ni Shilin (Vice Chairman), Mr. You Zhiming, Mr. Li Wenhui and Mr. Li Chengyong as non-executive directors; and Madam Liu Lina, Mr. Gao Jinkang, Mr. Yan Qixiang and Madam Bu Danlu as independent non-executive directors.

As at the date of this announcement, the board of directors of Anhui Expressway comprises Mr. Chen Dafeng, Mr. Xu Zhen and Mr. Xie Xinyu as executive directors; Mr. Yang Xudong and Mr. Du Jian as non-executive directors; and Mr. Kong Yat Fan, Mr. Jiang Jun and Mr. Liu Hao as independent non-executive directors.

* *For identification purposes only*