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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 THE ORDINARY RELATED/
CONTINUING CONNECTED TRANSACTIONS
SUPPLEMENTAL EXPRESSWAY MAINTENANCE SERVICES
CONTRACTS AND RENEWED PROPERTY
LEASING AGREEMENT ENTERED INTO WITH
JIANGSU SUNDIAN ENGINEERING CO., LTD.**

The Company and all members of the board of Directors warrant the truthfulness, accuracy and completeness of the contents of the announcement, and jointly accept the responsibility for any false representations, misleading statements contained in, or material omissions, from this announcement.

On 25 August 2017, (1) the Company and Guangjing Xicheng Company, a subsidiary of the Company, entered into the Supplemental Maintenance Contracts with Jiangsu Sundian; and (2) the Company and Jiangsu Sundian entered into a renewed property leasing agreement in respect of the office premises located at No. 2 Xianlin Avenue, Nanjing, Jiangsu Province.

As the Company and Guangjing Xicheng Company each holds 7.5% of equity interests in Jiangsu Sundian, respectively, and Communications Holding, the controlling shareholder of the Company, directly and indirectly holds over 30% of the equity interests of Jiangsu Sundian, Jiangsu Sundian is a connected person of the Company according to Rule 14A.07 of the Hong Kong Listing Rules. The transactions under the Supplemental Maintenance Contracts and the renewed property leasing agreement constitute continuing connected transactions. As the total contract amount of the maintenance services contract dated 27 March 2017 entered into by Ningchang Zhenli Company, a wholly owned subsidiary of the Company, with Jiangsu Sundian, remained unchanged as not exceeding RMB25,000,000 (for details of the contract, please refer to the announcement of the Company dated 27 March 2017), and the sum of the above contract amount and the estimated maximum contract amount of the Supplemental Maintenance Contracts does not exceed RMB107,000,000, the applicable percentage ratios (other than the profits ratio) stipulated in Rule 14.07 of the Hong Kong Listing Rules are less than 5%, and therefore, the transactions are subject to the reporting and announcement requirements pursuant to Rule 14A.76(2)(a) of the Hong Kong Listing Rules, but are not subject to independent shareholders' approval at the general meeting. In addition, as all percentage ratios of the renewed property leasing agreement are less than 0.1%, the transaction is not subject to disclosure requirement pursuant to Rule 14A.76 of the Hong Kong Listing Rules.

Important Notice:

1. The related/continuing connected transactions are not subject to the approval at the general meeting.
2. 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 and its subsidiaries on normal commercial terms which are fair and reasonable. Revenue and profit of the Company are not dependent on such type of related/continuing connected transactions and such transactions do not influence the independence of the Company as a listed company or impose any negative effects on or prejudice the interests of the Company and unrelated/non-connected shareholders, especially those of the minority shareholders and the transactions are in the interests of the Company and its shareholders as a whole.
3. Other matters that need to be brought to the attention of investors: None.

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

(I) Procedures for the consideration of ordinary related/continuing connected transactions

On 25 August 2017, the board of Directors of Jiangsu Expressway Company Limited (the “**Company**”) considered and approved the related/continuing connected transactions and the following contracts were entered into: (1) the supplemental expressway maintenance services contracts (the “**Supplemental Maintenance Contracts**”) entered into by the Company and Jiangsu Guangjing Xicheng Expressway Company Limited (“**Guangjing Xicheng Company**”), a subsidiary of the Company, with Jiangsu Sundian Engineering Co., Ltd. (“**Jiangsu Sundian**”); and (2) the renewed property leasing agreement entered into between the Company and Jiangsu Sundian in respect of the office premises located at No. 2 Xianlin Avenue, Nanjing, Jiangsu Province.

The directors of the Company (the “**Directors**”), save for Mr. Chang Qing, Mr. Gu Dejun and Mr. Du Wenyi who have abstained from voting for being related/connected Directors, have voted in favour of the transactions and consider that the terms of the transactions are fair and reasonable and in the interest of the shareholders of the Company as a whole.

Four independent non-executive Directors of the Company conducted the prior review on such ordinary related/continuing connected transactions and issued their opinions on the assessment of such ordinary related/continuing connected transactions in accordance with the Rules Governing the Listing of Stocks on Shanghai Stock Exchange (the “**Shanghai Listing Rules**”). The audit committee of the Company has assessed and approved such related/continuing connected transactions and agreed to submit such matter to the board of Directors for consideration.

In accordance with Article XXIV “Principle of Accumulative Calculation of Transactions conducted with the same Related Person within Twelve Months” of the Implementation Guidelines for Related Transactions of Listed Companies of the Shanghai Stock Exchange (上海交易所《關聯交易實施指引》), upon the aggregated calculation of the contract amounts under the related transactions among the Company, Guangjing Xicheng Company and Jiangsu Sundian, the transactions are subject to the disclosure requirements. However, as the total contract amount accounts for less than 5% of the audited absolute value of the net assets of the Company in the latest period, the transactions are not subject to the approval at the general meeting. Also, according to Rule 14A.07 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Hong Kong Listing Rules**”), Jiangsu Sundian is a connected person

of the Company. The above transactions constitute continuing connected transactions. As the applicable percentage ratios (other than the profits ratio) of the Supplemental Maintenance Contracts and the maintenance services contract dated 27 March 2017, entered into by Jiangsu Ningchang Zhenli Expressway Company Limited (“**Ningchang Zhenli Company**”), a wholly owned subsidiary of the Company, with Jiangsu Sundian are less than 5%, the transactions shall be subject to the reporting and announcement requirements in accordance with Rule 14A.76(2)(a) of the Hong Kong Listing Rules, but are not subject to the independent shareholders’ approval at the general meeting. In addition, as all percentage ratios of the renewed property leasing agreement are less than 0.1%, the transaction is not subject to disclosure requirement pursuant to Rule 14A.76 of the Hong Kong Listing Rules.

The related/continuing connected transactions are not subject to the approval by any other department.

(II) Estimates and implementation of previous ordinary related/continuing connected transactions

<i>RMB0’000</i>				
Category of related/ connected transaction	Related party/ connected person	2016 (previous) estimated amount	2016 (previous) actual amounts incurred	Reasons for major difference between estimated amount and actual amount incurred
The provision of services by the related party/ connected person to the Company	Jiangsu Sundian	3,500	3,166.77	N/A
The provision of services by the related party/ connected person to Guangjing Xicheng Company	Jiangsu Sundian	3,000	2,718.58	N/A
The provision of related/ connected leasing to the related party/connected person by the Company	Jiangsu Sundian	169	169	N/A
Total	/	6,669	6,054.35	/

(III) Estimated amounts and categories of the ordinary related/continuing connected transactions

RMB0'000

Category of related/ connected transactions	Related party/ connected person	2017 estimated amount	Proportion in business of the same kind (%)	Transaction amount accumulatively incurred with the related/ connected party from the beginning of 2017 to date of this announcement	2016 actual amounts incurred	Proportion in business of the same kind (%)	Reasons for major difference between the estimated amount of the current transaction and actual amounts incurred in the previous year
The provision of services by the related party/connected person to the Company	Jiangsu Sundian	5,400	50	0	3,166.77	41.67	N/A
The provision of services by the related party/connected person to Guangjing Xicheng Company	Jiangsu Sundian	2,800	26	571.44	2,718.58	35.78	N/A
The provision of related/connected leasing by the Company to the related party/connected person	Jiangsu Sundian	169	100	84.5	169	100	N/A
Total	/	<u><u>8,369</u></u>	/	<u><u>655.94</u></u>	<u><u>6,054.35</u></u>	/ /	

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

(I) Basic information on the related/connected parties

Jiangsu Expressway Company Limited

Address:	No. 6 Xianlin Avenue, Nanjing, Jiangsu Province, the PRC
Business nature:	Joint-stock limited company
Legal representative:	Mr. Chang Qing
Registered capital:	RMB5,037,747,000
Principal business:	Construction, management, maintenance and toll collection of toll roads and expressways in Jiangsu Province
Total assets as at the end of the latest business accounting period (for the year 2016):	RMB36,282,574,000 (In accordance with the PRC Accounting Standards)
Net assets as at the end of the latest business accounting period (for the year 2016):	RMB22,941,857,000 (In accordance with the PRC Accounting Standards)
Major operating income as at the end of the latest business accounting period (for the year 2016):	RMB9,201,297,000 (In accordance with the PRC Accounting Standards)
Net profits as at the end of the latest business accounting period (for the year 2016):	RMB3,437,138,000 (In accordance with the PRC Accounting Standards)

Jiangsu Guangjing Xicheng Expressway Company Limited

Address:	No. 6 Xianlin Avenue, Nanjing, Jiangsu Province, the PRC
Business nature:	Limited liability company
Legal representative:	Mr. Yang Fei
Registered capital:	RMB2,500,000,000
Principal business:	Construction, management, maintenance and toll collection of expressways
Total assets as at the end of the latest business accounting period (for the year 2016):	RMB6,041,700,000 (In accordance with the PRC Accounting Standards)
Net assets as at the end of the latest business accounting period (for the year 2016):	RMB3,686,093,000 (In accordance with the PRC Accounting Standards)
Major operating income as at the end of the latest business accounting period (for the year 2016):	RMB1,180,275,000 (In accordance with the PRC Accounting Standards)
Net profits as at the end of the latest business accounting period (for the year 2016):	RMB607,142,000 (In accordance with the PRC Accounting Standards)

Jiangsu Sundian Engineering Co., Ltd.

Address:	No. 2 Xianlin Avenue, Nanjing, Jiangsu Province, the PRC
Business nature:	Limited liability company
Legal representative:	Mr. Chen Xiang Hui
Registered capital:	RMB690,500,000
Principal business:	Maintenance and overhaul of roads and bridges
Total assets as at the end of the latest business accounting period (for the year 2016):	RMB210,566,000 (In accordance with the PRC Accounting Standards)
Net assets as at the end of the latest business accounting period (for the year 2016):	RMB38,696,000 (In accordance with the PRC Accounting Standards)
Major operating income for the latest business accounting year (for the year 2016):	RMB222,257,000 (In accordance with the PRC Accounting Standards)
Net profits for the latest business accounting year (for the year 2016):	RMB768,000 (In accordance with the PRC Accounting Standards)

(II) Related/connected relationship with the listed company

As the Company and Guangjing Xicheng Company each holds 7.5% of equity interests in Jiangsu Sundian, respectively, and Jiangsu Communications Holding Co., Ltd. (“**Communications Holding**”), the controlling shareholder of the Company, directly and indirectly holds over 30% of the equity interests of Jiangsu Sundian, the two maintenance services contracts and one property leasing agreement constitute related transactions according to the Shanghai Listing Rules. According to Rule 14A.07 of the Hong Kong Listing Rules, Jiangsu Sundian is a connected person of the Company. The transactions under the Supplemental Maintenance Contracts and the renewed property leasing agreement constitute continuing connected transactions. As the total contract amount of the maintenance services contract dated 27 March 2017 entered into by Ningchang Zhenli Company, a wholly owned subsidiary of the Company, with Jiangsu Sundian, remained unchanged as not exceeding RMB25,000,000 (for details of the contract, please refer to the announcement of the Company dated 27 March 2017), and the sum of the above contract amount and the estimated maximum contract amount of the Supplemental Maintenance Contracts does not exceed RMB107,000,000, the applicable percentage ratios (other than the profits ratio) stipulated in Rule 14.07 of the Hong Kong Listing Rules are less than 5%, and therefore, the transactions are subject to the reporting and announcement requirements, but are not subject to independent shareholders’ approval at the general meeting pursuant to Rule 14A.76(2)(a) of the Hong Kong Listing Rules. In addition, as all percentage ratios of the renewed property leasing agreement are less than 0.1%, the transaction is not subject to disclosure requirement pursuant to Rule 14A.76 of the Hong Kong Listing Rules.

(III) Analysis of the ability of related/connected parties to perform the contracts

Since the Company and Guangjing Xicheng Company have been cooperating with Jiangsu Sundian for many years and the previous agreements signed by the parties have been effectively executed without any problems, the Company is of the opinion that there is no risk of default for the relevant contracts.

III. THE MAIN CONTENTS AND PRICING POLICIES OF THE RELATED/ CONTINUING CONNECTED TRANSACTION

1. The Company disclosed the expressway maintenance services contracts entered into by the Company and Guangjing Xicheng Company with Jiangsu Sundian on 27 March 2017, pursuant to which Jiangsu Sundian shall provide repair and maintenance services for the sections specified by the Company and Guangjing Xicheng Company, and it is estimated that the total amount of such maintenance services contracts with the Company and Guangjing Xicheng Company for 2017 will not exceed RMB28,000,000 and RMB25,000,000, respectively. In light of the “five clear-ups and three transformations(五清三化)” comprehensive rectification activities for expressway-area environment carried out by the Company at present, the expressway maintenance workload increased significantly as compared with those estimated at the beginning of the year. So far, the total project fees payable by the Company and Guangjing Xicheng Company has been close to the annual cap amount of the contracts for the year. According to the Hong Kong Listing Rules and the Shanghai Listing Rules, the Company and Guangjing Xicheng Company entered into a supplemental contract with Jiangsu Sundian, respectively, pursuant to which the annual cap amount of the expressway maintenance services contract for 2017 was adjusted to RMB54,000,000 and RMB28,000,000, respectively, and other terms remained unchanged. As for the pricing policies, it is with reference to the bid price for projects entrusted through open tender, and determined by arm’s length negotiation after taking into account the current market price being reviewed by an independent and qualified pricing consultant for projects entrusted through other ways, as long as the consideration involved does not go beyond the market price charged for the relevant works.

As for advance part payment of maintenance fee, 40% of the estimated maintenance fee shall be paid in the week immediately before commencement of relevant maintenance work for ordering raw materials of the maintenance work. As for maintenance fee payment, being the balance of the estimated maintenance fee after the payment of the advance part payment of 40% as mentioned above, maintenance fee of work completed in the relevant month shall be paid in the middle of the next month immediately after the respective work has been done; cumulative payment shall not exceed 95% of the estimated maximum maintenance fee (inclusive of the advance payment); upon completion of the maintenance work and acceptance of the quality inspection, payment of 95% of the actual maintenance fee (inclusive of the advance payment) shall be settled; and balance of payment shall be paid after the 1 year quality warranty period.

- * The amount of repairing and maintenance work to be designated to Jiangsu Sundian will depend on the condition of the road surface and the relevant work progress.

** For works which have to be granted by way of tender pursuant to the relevant PRC laws and regulations (for contracts with value of over RMB2,000,000, Jiangsu Sundian will only be granted work after completion of the relevant tender process and winning the tender. In respect of works granted by tender, services fees will be based on the price tendered. In respect of works granted by other means, the fee will be fixed with reference to the prevailing market price of the relevant work confirmed by independent and qualified cost consultancies.

2. Due to the pending expiry of the property leasing agreement entered into between the Company and Jiangsu Sundian in respect of the office premises located at No. 2 Xianlin Avenue, Nanjing, Jiangsu, the board of Directors of the Company, having taken into consideration the long-term cooperation relationship between the Company and Jiangsu Sundian, approved the renewed property leasing agreement entered into between the Company and Jiangsu Sundian at the original rental fee. The annual rental fee is RMB1.69 million which is exclusive of management fees, maintenance fees and utilities expenses to be incurred and assumed by the tenant in using the premises. The term of the property leasing agreement is from 1 September 2017 to 31 December 2019.

IV. PURPOSE OF THE RELATED/CONTINUING CONNECTED TRANSACTIONS AND THEIR EFFECTS ON THE COMPANY

The principal business of the Company is construction, management, maintenance and toll collection of toll roads and expressways in Jiangsu Province; the principal business of Guangjing Xicheng Company is the construction, management, maintenance and toll collection of the north connection of Jiangyin Yangtze Bridge, Guangling-Jingjiang Section and the south connection of Jiangyin Yangtze Bridge, Jiangyin-Wuxi Section and the principal business of Jiangsu Sundian is the maintenance and overhaul of roads and bridges. Since its establishment in 2003, Jiangsu Sundian has been providing repair and maintenance services on similar terms for special repair and large- and medium-scale projects of various expressways under the Company and Guangjing Xicheng Company. The transactions are contracts entered into in the ordinary and usual course of business of the Company and Guangjing Xicheng Company and will not have any negative impact on the Company.

In the meantime, the Company continues to lease the idle property to Jiangsu Sundian as its offices, which not only helps to maintain the good cooperation relationship between the Company and Jiangsu Sundian but also brings the Company certain gains.

Therefore, the board of Directors is of the view that the three transactions are conducted in the ordinary and usual course of business of the Company and its subsidiaries on normal commercial terms which are fair and reasonable, have no adverse impacts on the Company, and will not impair the interests of the Company and unrelated/non-connected shareholders, in particular those of minority shareholders and are in the interests of the Company and its shareholders as a whole.

V. DOCUMENTS AVAILABLE FOR INSPECTION

The following documents will be available at the registered address of the Company (No. 6 Xianlin Avenue, Nanjing, Jiangsu, the PRC) during normal business hours for the shareholders' inspection:

1. Board resolutions and the minutes of the meeting signed by the Directors;
2. Written documents of independent Directors in respect of the transactions and independent opinions expressed by them at the board meeting prior to entering into the transactions;
3. Resolutions passed at the meeting of the supervisory committee of the Company;
4. Resolutions of the audit committee of the Company; and
5. Agreements in relation to the related/continuing connected transactions.

By Order of the Board

Yao Yong Jia

Executive Director and Secretary to the Board

Nanjing, the PRC, 25 August 2017

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

Chang Qing, Gu Dejun, Du Wenyi, Yao Yongjia, Wu Xinhua, Hu Yu, Ma Chung Lai, Lawrence, Zhang Erzhen, Zhang Zhuting*, Chen Liang*, Lin Hui**

* *Independent Non-executive Directors*