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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 CONNECTED TRANSACTIONS/RELATED
TRANSACTIONS**

**CONTRIBUTION IN ESTABLISHMENT OF JIANGSU
COMMUNICATIONS & CULTURE MEDIA COMPANY LIMITED**

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

Important Notice:

- Name of investment target: Jiangsu Communications & Culture Media Company Limited.
- Investment amount: RMB60 million.
- This transaction constitutes a related transaction under the Shanghai Listing Rules, but it is not subject to approval at a general meeting.
- As the contributors of the Media Company include Communications Holding, the controlling shareholder of the Company, and its associate (Jinghu Company), this transaction constitutes a connected transaction under the Hong Kong Listing Rules. It shall be subject to reporting and announcement requirements under Rule 14A.76(2)(a) of the Hong Kong Listing Rules but is not subject to approval from independent shareholders at a general meeting.

- The directors (including independent non-executive directors) of the Company are of the view that the transaction is on normal commercial terms, and its terms are fair and reasonable and in the interests of the Company and its shareholders as a whole. The Company's income and profit are not dependent on such transaction and hence the independence of the Company as a listed company will not be impaired. Such transaction has no adverse impacts on the Company, and will not impair the interests of the Company and non-related shareholders, in particular those of minority shareholders.
- Special risks warning: Newly-established companies may face market risks, operation risks, management risks and other risks in the operation. The Company will endeavour to control and eliminate such risks through various strategies and measures. Investors are cautioned to make rational investments and pay attention to risks.

I. BASIC INFORMATION ON EXTERNAL INVESTMENT AND RELATED TRANSACTION

The board of directors of Jiangsu Expressway Company Limited (hereafter referred to as the “**Company**”) considered and approved the joint contribution to the establishment of Jiangsu Communications & Culture Media Company Limited (hereafter referred to as “**Media Company**”) by the Company, Jiangsu Communications Holding Company Limited (hereafter referred to as “**Communications Holding**”), the controlling shareholder of the Company, Jiangsu Jinghu Expressway Company Limited (hereafter referred to as “**Jinghu Company**”), Jiangsu Orient Expressway Operation and Management Company Limited (hereafter referred to as “**Orient Operation and Management Company**”) and Jiangsu Orient Road & Bridge Construction and Maintenance Company Limited (hereafter referred to as “**Orient Road & Bridge Company**”) at the twenty-fifth meeting of the eighth session of the board of directors held on 4 June 2018. The shareholding structure of the Media Company shall be as follows: Communications Holding will contribute RMB100 million with RMB40 million as the first installment with a shareholding proportion of 50%; the Company will contribute RMB60 million with RMB24 million as the first installment with a shareholding proportion of 30%; Jinghu Company will contribute RMB20 million with RMB8 million as the first installment with a shareholding proportion of 10%; each of Orient Operation and Management Company and Orient Road & Bridge Company will contribute RMB10 million with RMB4 million as the first installment with a shareholding proportion of 5%; and the remaining capital contributions will be gradually made based on Media Company's needs.

The Company, Communications Holding, Jinghu Company, Orient Operation and Management Company and Orient Road & Bridge Company have signed the articles of association of the Media Company on 20 June 2018.

Mr. Chang Qing, Mr. Gu Dejun and Mr. Du Wenyi are related directors and therefore have abstained from voting on the resolution. All other directors (including independent non-executive directors) have voted in favour of the resolution, and are of the opinion that the transaction is on normal commercial terms, and its terms are fair and reasonable, and are in the interests of the Company and its shareholders as a whole.

The four independent non-executive directors of the Company conducted prior review on the above ordinary related transaction and issued independent opinions on the ordinary related transaction pursuant to the Listing Rules of Shanghai Stock Exchange (the “**Shanghai Listing Rules**”). The audit committee of the Company audited the related transaction and agreed to submit it to the board of directors for approval.

According to Rule 8 of the Implementation Guidelines for Related Transactions of the Shanghai Stock Exchange, the principal investors of the proposed transaction are related parties of the Company and the transaction constitutes a related transaction with an aggregated amount triggering the relevant disclosure requirements. As the total amount of relevant contributions represents less than 5% of the absolute value of the audited net assets of the Company for the most recent period, it is not subject to approval at a general meeting.

According to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Hong Kong Listing Rules**”), as the contributors of the Media Company include Communications Holding, the controlling shareholder of the Company, and its associate, Jinghu Company, in which Communications Holding holds 30% or more interests, this transaction constitutes a connected transaction. As the Company’s contribution is RMB60 million, which is below 5% of applicable percentage ratios (except the profitability ratio) under Rule 14A.07 of the Hong Kong Listing Rules, it shall be subject to reporting and announcement requirements under Rule 14A.76(2)(a) of the Hong Kong Listing Rules but is not subject to approval from independent shareholders at a general meeting.

The related transaction is not subject to approval from any other authorities.

II. BASIC INFORMATION ON ENTITIES OF EXTERNAL INVESTMENT AND RELATED TRANSACTION

- (I) As Communications Holding, Jinghu Company, Orient Operation and Management Company and Orient Road & Bridge Company have effectively implemented agreements signed in the past without breaching any contracts, the Company is of the view that the agreement on this transaction will not expose the Company to any risks in relation to the performance of the relevant contracts.
- (II) Basic information on entities of investment agreement:

Jiangsu Communications Holding Company Limited

Registered office:	No. 291 Zhongshan East Road, Nanjing City
Business nature:	Limited liability company (wholly state-owned)
Legal representative:	Cai Renjie
Registered capital:	RMB16,800 million
Principal business:	Operation and management of state-owned assets within the scope of authorization of the provincial government; investment, construction, operation and management of transport infrastructure, transportation and other related sectors; toll expressways operation; industry investment and domestic trading.
Total assets as at the end of the most recent corporate accounting period (for the year 2017):	RMB292,389,599,710 (according to the PRC Accounting Standards for Business Enterprises)
Net assets as at the end of the most recent corporate accounting period (for the year 2017):	RMB103,396,226,650 (according to the PRC Accounting Standards for Business Enterprises)
Major operating income as at the end of the most recent corporate accounting period (for the year 2017):	RMB44,756,176,670 (according to the PRC Accounting Standards for Business Enterprises)
Net profits as at the end of the most recent corporate accounting period (for the year 2017):	RMB8,699,841,980 (according to the PRC Accounting Standards for Business Enterprises)

Jiangsu Expressway Company Limited

Registered office:	No. 6 Xianlin Avenue, Nanjing City, Jiangsu Province, PRC
Business nature:	Joint-stock limited company
Legal representative:	Chang Qing
Registered capital:	RMB5,037,747,000
Principal business:	Construction, management, maintenance and charging of fees of toll roads and expressways in Jiangsu Province
Total assets as at the end of the most recent corporate accounting period (for the year 2017):	RMB42,532,491,000 (according to the PRC Accounting Standards for Business Enterprises)
Net assets as at the end of the most recent corporate accounting period (for the year 2017):	RMB25,894,931,000 (according to the PRC Accounting Standards for Business Enterprises)
Major operating income as at the end of the most recent corporate accounting period (for the year 2017):	RMB9,455,680,000 (according to the PRC Accounting Standards for Business Enterprises)
Net profits as at the end of the most recent corporate accounting period (for the year 2017):	RMB3,684,820,000 (according to the PRC Accounting Standards for Business Enterprises)

Jiangsu Jinghu Expressway Company Limited

Registered office:	Room 2901, No. 128 Shanxi Road, Nanjing City
Business nature:	Limited liability company
Legal representative:	Chen Zhongyang
Registered capital:	RMB3,614,975,000
Principal business:	Expressways construction, management, maintenance and collection of toll charges from vehicles under prescribed regulations; warehousing, sales of general merchandise and stationery, high-grade highway management, technical consulting, design, production and publication of print advertising and road signs, light boxes, outdoor advertising, housing and site leasing, passenger service, ordinary freight, online sales of goods, tourism information, logistics information, and traffic information consulting. The following is for operation by branches and subsidiaries only: retail of pre-packaged food, cigarettes, cosmetics, hygiene products, health food, primary agricultural products, cultural and sporting goods, electronic products, clothing, handicrafts, electrical appliances, retail of refined oil, catering services, retail of books and audio-visual products, car repair, accommodation, and bathing.
Total assets as at the end of the most recent corporate accounting period (for the year 2017):	RMB14,814,121,930 (according to the PRC Accounting Standards for Business Enterprises)
Net assets as at the end of the most recent corporate accounting period (for the year 2017):	RMB8,648,606,400 (according to the PRC Accounting Standards for Business Enterprises)
Major operating income as at the end of the most recent corporate accounting period (for the year 2017):	RMB3,386,621,890 (according to the PRC Accounting Standards for Business Enterprises)
Net profits as at the end of the most recent corporate accounting period (for the year 2017):	RMB1,396,786,290 (according to the PRC Accounting Standards for Business Enterprises)

Jiangsu Orient Expressway Operation and Management Company Limited

Registered office:	No. 60 Jiangsu Road, Gulou District, Nanjing City
Business nature:	Limited liability company (sole proprietorship of legal person)
Legal representative:	Xia Ning
Registered capital:	RMB10,000,000
Principal business:	Expressway management and maintenance, physical lease, domestic trade, design and production of road signs, light boxes, gift advertisements; conference and exhibition services, (the following is for operation by the designated branches only) preparation and sales of Chinese food, sales of various packaged food, retail of cigarettes and cigar, lease and sales of audio and video products, and retail of books and periodicals.
Total assets as at the end of the most recent corporate accounting period (for the year 2017):	RMB234,616,760 (according to the PRC Accounting Standards for Business Enterprises)
Net assets as at the end of the most recent corporate accounting period (for the year 2017):	RMB178,351,620 (according to the PRC Accounting Standards for Business Enterprises)
Major operating income as at the end of the most recent corporate accounting period (for the year 2017):	RMB81,084,280 (according to the PRC Accounting Standards for Business Enterprises)
Net profits as at the end of the most recent corporate accounting period (for the year 2017):	RMB30,065,050 (according to the PRC Accounting Standards for Business Enterprises)

Jiangsu Orient Road & Bridge Construction and Maintenance Company Limited

Registered office:	No. 60-1 Jiangsu Road, Nanjing City, Jiangsu Province
Business nature:	Limited liability company
Legal representative:	Ye Yuchun
Registered capital:	RMB30 million
Principal business:	Construction, maintenance and management of road, tunnel, bridge and other ancillary facilities.
Total assets as at the end of the most recent corporate accounting period (for the year 2017):	RMB363,869,120 (according to the PRC Accounting Standards for Business Enterprises)
Net assets as at the end of the most recent corporate accounting period (for the year 2017):	RMB319,707,570 (according to the PRC Accounting Standards for Business Enterprises)
Major operating income as at the end of the most recent corporate accounting period (for the year 2017):	RMB136,995,940 (according to the PRC Accounting Standards for Business Enterprises)
Net profits as at the end of the most recent corporate accounting period (for the year 2017):	RMB34,832,090 (according to the PRC Accounting Standards for Business Enterprises)

III. BASIC INFORMATION ON EXTERNAL INVESTMENT AND RELATED TRANSACTION

Scope of business of Media Company: design, production and agency of domestic advertising; marketing planning, cultural and artistic exchange planning, corporate image planning, business management consulting services, economic information consulting services, conference services, exhibition services; indoor and outdoor decoration engineering, design and installation of signs, light boxes and neon lights; printing and publication; leasing of equipment and facilities; development of tourist attractions, investment in tourism projects; film and television planning and production, development and investment of film and television cultural programs.

IV. PRINCIPAL TERMS OF THE EXTERNAL INVESTMENT AND RELATED TRANSACTION

The investors of Media Company are Communications Holding, the Company, Jinghu Company, Orient Operation and Management Company and Orient Road & Bridge Company. The registered capital of Media Company is RMB200 million, of which:

- (1) Communications Holding will contribute RMB100 million in currency, representing 50% of the total contribution. The first installment of contribution of RMB40 million will be made by 31 August 2018 and the remaining RMB60 million will be contributed by 31 December 2019;
- (2) The Company will contribute RMB60 million in currency, representing 30% of the total contribution. The first installment of contribution of RMB24 million will be made by 31 August 2018 and the remaining RMB36 million will be contributed by 31 December 2019;
- (3) Jinghu Company will contribute RMB20 million in currency, representing 10% of the total contribution. The first installment of contribution of RMB8 million will be made by 31 August 2018 and the remaining RMB12 million will be contributed by 31 December 2019;
- (4) Orient Operation and Management Company will contribute RMB10 million in currency, representing 5% of the total contribution. The first installment of contribution of RMB4 million will be made by 31 August 2018 and the remaining RMB6 million will be contributed by 31 December 2019;

- (5) Orient Road & Bridge Company will contribute RMB10 million in currency, representing 5% of the total contribution. The first installment of contribution of RMB4 million will be made by 31 August 2018 and the remaining RMB6 million will be contributed by 31 December 2019.

The Company will make the contribution with its own funds.

Media Company will establish a board of directors with 7 members. Communications Holding will nominate 3 directors while each of the Company and Jinghu Company will nominate 1 director. All directors shall be elected at the general meeting.

V. PURPOSE OF EXTERNAL INVESTMENT AND RELATED TRANSACTION AND THE IMPACTS ON THE LISTED COMPANY

The Company's investment in Media Company is a strategy for the diversified operation of the Company and is of certain strategic significance. The directors (including independent non-executive directors) of the Company are of the view that the transaction is on normal commercial terms, and its terms are fair and reasonable and in the interests of the Company and its shareholders as a whole. The Company's income and profit are not dependent on such transaction and hence the independence of the Company as a listed company will not be impaired. Such transaction has no adverse impacts on the Company, and will not impair the interests of the Company and non-related shareholders, in particular those of minority shareholders.

VI. RISK ANALYSIS OF EXTERNAL INVESTMENT AND RELATED TRANSACTION

Media Company invested by the Company faces market risks, operation risks, management risks and other risks in the operation. In respect of major investment risks, the Company will have understanding of the operation of Media Company in time and urge the management of Media Company to prevent risks and make every effort to maintain the safety of the Company's investment funds.

V. DOCUMENTS AVAILABLE FOR INSPECTION

1. Board resolutions and the minutes of the meeting signed by the directors
2. Written documents of independent directors recommending the transaction and independent opinions expressed by them prior to the Board meeting on the entering into of the transaction
3. Resolutions passed at the meeting of the supervisory committee of the Company
4. Resolutions of the Audit Committee

By Order of the Board
Yao Yongjia
Secretary to the Board

Nanjing, the PRC, 21 June 2018

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

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

* *Independent Non-executive Directors*