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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**

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

On 26 October, 2018,

- Each of Ninghu Investment Company, Guangjing Xicheng Company, and Ningchang Zhenli Company entered into Cooperation Agreement with Media Company on the development of the existing and new billboard resources along the roads and bridges managed by the Company, Guangjing Xicheng Company and Ningchang Zhenli Company, respectively, for a term commencing from 1 January 2019 to 31 December 2021. In particular, the annual contracted amount between Ninghu Investment Company and Media Company for 2019, 2020 and 2021 would not exceed RMB40 million, RMB50 million and RMB60 million, respectively; the annual contracted amount between Guangjing Xicheng Company and Media Company for 2019, 2020 and 2021 would not exceed RMB10 million, RMB12 million and RMB14 million, respectively; the annual contracted amount between Ningchang Zhenli Company and Media Company for 2019, 2020 and 2021 would not exceed RMB4 million, RMB5 million and RMB6 million, respectively.

- the Company and Jiangsu Sundian entered into the Supplemental Contract on 26 March 2018 to raise the annual cap amount of the expressway maintenance services contract entered into between the Company and Jiangsu Sundian dated 26 March 2018 from RMB108 million to RMB144 million.

In accordance with Rule 10.1.3 under Chapter X of the Shanghai Listing Rules, the relevant parties to the transactions are related parties of the Company and its subsidiaries and the relevant transactions constitute related party transactions.

As Communications Holding, the controlling shareholder of the Company, directly and indirectly holds over 30% equity interests of Media Company and Jiangsu Sundian, in accordance with Rule 14A.07 of the Hong Kong Listing Rules, Media Company and Jiangsu Sundian are connected persons of the Company and the entering into of the Cooperation Agreements and the Supplemental Contract and the transactions thereunder constitute continuing connected transactions of the Company. As the percentage ratios in respect of the aggregate cap of contracted amounts between Ninghu Investment Company, Guangjing Xicheng Company and Ningchang Zhenli Company with Media Company and certain percentage ratios in respect of the aggregate cap of construction contracted amounts for expressways maintenance services between the Company and all of its subsidiaries with Jiangsu Sundian (including the transactions under the Supplemental Contract) exceed 0.1% but are less than 5%, such transactions are subject to reporting and announcement requirements under Rule 14A.76(2)(a) of the Hong Kong Listing Rules but not subject to approval by independent shareholders at general meeting.

Important Notice:

1. These related transactions/continuing connected transactions are not subject to approval by shareholders in general meeting.
2. The directors (including independent non-executive directors) of the Company are of the view that these transactions are conducted in the ordinary and usual course of business of the Company on normal commercial terms with fair and reasonable transaction prices. The Company's income and profit are not dependent on such relate party/continuing connected transactions, the independence of the Company as a listed company will not be impaired, there will be no adverse impact on the Company and the interests of the Company and non-related/connected shareholders will not be impaired, in particular those of minority shareholders.
3. Other matters need to be brought to the attention of investors: Nil.

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

(I) Consideration procedures performed for ordinary related party/ continuing connected transactions

The board of directors of Jiangsu Expressway Company Limited (hereafter referred to as the “Company”) considered and approved the following ordinary related party/continuing connected transactions on 26 October 2018:

- (1) It was agreed that each of Jiangsu Ninghu Investment Development Co., Ltd. (hereinafter referred to as “Ninghu Investment Company”), a wholly-owned subsidiary of the Company, Jiangsu Guangjing Xicheng Expressway Company Limited (hereinafter referred to as “Guangjing Xicheng Company”), a subsidiary of the Company, and Jiangsu Ningchang Zhenli Expressway Company Limited (hereinafter referred to as “Ningchang Zhenli Company”), a wholly-owned subsidiary of the Company, would enter into a cooperation agreement with Jiangsu Communications & Culture Media Company Limited (hereinafter referred to as “Media Company”), respectively, on the operation of the existing advertising facilities and the development and operation of new advertising resources along the roads and bridges managed by the Company, Guangjing Xicheng Company and Ningchang Zhenli Company (hereinafter referred to as the “Cooperation Agreements”) for a term commencing from 1 January 2019 to 31 December 2021. In particular, the annual contracted amount between Ninghu Investment Company and Media Company for 2019, 2020 and 2021 would not exceed RMB40 million, RMB50 million and RMB60 million, respectively; the annual contracted amount between Guangjing Xicheng Company and Media Company for 2019, 2020 and 2021 would not exceed RMB10 million, RMB12 million and RMB14 million, respectively; the annual contracted amount between Ningchang Zhenli Company and Media Company for 2019, 2020 and 2021 would not exceed RMB4 million, RMB5 million and RMB6 million, respectively.
- (2) It was agreed that the Company would enter into a supplemental contract with Jiangsu Sundian Engineering Co., Ltd. (hereinafter referred to as “Jiangsu Sundian”) for expressways maintenance services (hereinafter referred to as the “Supplemental Contract”), pursuant to which the amount cap for the construction contract of road maintenance services for 2018 was revised to RMB144 million from RMB108 million.

Based on Rule 8 of the Implementation Guidelines for Related Party Transactions of the Shanghai Stock Exchange, as the parties to such transactions of the two resolutions are related parties of the Company, the transactions constitute related party transactions. As the total amount of relevant fees 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 by shareholders at general meeting.

As Jiangsu Communications Holding Company Limited (hereinafter referred to as “Communications Holding”), the controlling shareholder of the Company, directly and indirectly holds over 30% equity interests of Media Company and Jiangsu Sundian, in accordance with 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”), Media Company and Jiangsu Sundian are connected persons of the Company and the entering into of the Cooperation Agreements and the Supplemental Contract and the transactions thereunder constitute continuing connected transactions of the Company. As the percentage ratios in respect of the aggregate cap of contracted amounts between Ninghu Investment Company, Guangjing Xicheng Company and Ningchang Zhenli Company with Media Company and certain percentage ratios in respect of the aggregate cap of construction contracted amounts for expressways maintenance services between the Company and all of its subsidiaries with Jiangsu Sundian (including the transactions under the Supplemental Contract) exceed 0.1% but are less than 5%, such transactions are subject to reporting and announcement requirements under Rule 14A.76(2)(a) of the Hong Kong Listing Rules but not subject to approval by independent shareholders at general meeting.

Mr. Gu Dejun, Mr. Chen Yanli and Mr. Chen Yongbing are related/connected directors and therefore have abstained from voting on the two resolutions. All other directors (including independent non-executive directors) have voted in favour of the two resolutions, and are of the opinion that the terms of the transactions are fair and reasonable and are in the interests of the Company and the shareholders as a whole.

The five independent directors of the Company conducted prior review on the above two ordinary related party transactions and issued independent opinions on the ordinary related party transactions pursuant to the Listing Rules of Shanghai Stock Exchange (the “Shanghai Listing Rules”). The audit committee of the Company reviewed the two related party transactions and agreed to submit them to the board of directors for approval.

These transactions are not subject to approval from any other authorities.

(II) Estimation and Implementation of Previous Ordinary Related Party/ Continuing Connected Transactions

RMB0'000

Category of related party/ continuing connected transaction	Related/connected person	Estimated amount of 2017 (Previous)	Actual amount incurred of 2017 (Previous)	Reason for large difference between estimated amount and actual amount incurred
Services received from related party/connected persons by the Company	Jiangsu Sundian	5,400	2,126	Certain projects were extended to 2018 due to the overall progress and seasonal reason.
Leasing provided by Ninghu Investment Company to related/connected persons	Media Company	0	0	/
Leasing provided by Guangjing Xicheng Company to related/ connected persons	Media Company	0	0	/
Leasing provided by Ningchang Zhenli Company to related/ connected persons	Media Company	0	0	/
Total	/	<u>5,400</u>	<u>2,126</u>	/

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

RMB0'000

Category of related party/ continuing connected transactions	Related/ connected person	Current estimated amount	Proportion in business of the same kind (%)	Accumulated transaction amount incurred with related/ connected persons from the beginning of 2018 to the disclosure date	Actual amount incurred in 2017	Proportion in business of the same kind (%)	Reason for large difference between current estimated amount and actual amount incurred last year
Services received from related/ connected persons by the Company	Jiangsu Sundian	3,600	19	6,067	2,126	78.97	Increased business in 2018
Leasing provided by Ninghu Investment Company to related/connected persons	Media Company	4,000	74	0	0	0	/
Leasing provided by Guangjing Xicheng Company to related/ connected persons	Media Company	1,000	18.5	0	0	0	/
Leasing provided by Ningchang Zhenli Company to related/ connected persons	Media Company	400	7.5	0	0	0	/
Total	/	<u>9,000</u>	<u>/</u>	<u>6,067</u>	<u>2,126</u>	<u>/</u>	<u>/</u>

* The “Disclosure Date” is the date of this announcement

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

(I) Basic information on the contracting parties

Jiangsu Expressway Company Limited

Registered office:	6 Xianlin Avenue, Nanjing, Jiangsu Province, the PRC
Business nature:	Joint-stock limited company
Legal representative:	Gu Dejun
Registered capital:	RMB5,037,747,000
Principal business:	Construction, management, maintenance and toll collection of toll roads and expressways in Jiangsu Province
Total assets at the end of the latest business accounting period (2017):	RMB42,532,491,000 (In accordance with the Accounting Standards for Business Enterprises of the PRC)
Net assets at the end of the latest business accounting period (2017):	RMB25,894,931,000 (In accordance with the Accounting Standards for Business Enterprises of the PRC)
Core business revenue for the latest business accounting period (2017):	RMB9,455,680,000 (In accordance with the Accounting Standards for Business Enterprises of the PRC)
Net profit for the latest business accounting period (2017):	RMB3,684,820,000 (In accordance with the Accounting Standards for Business Enterprises of the PRC)

Jiangsu Ninghu Investment Development Co., Ltd.

Registered office:	1101,11F,Long Sheng Mansion, 23 Hong Wu Road, Baixia District, Nanjing
Business nature:	Limited liability company (sole proprietorship of legal person)
Legal representative:	Yao Yongjia
Registered capital:	RMB1,000,000,000
Principal business:	Investment in various infrastructure, industrial and assets investment. Design, production, planning and publication of various types of advertisement in the PRCs (for projects subject to approval according to laws, business activities may only be carried out after obtaining approval from relevant authorities).
Total assets at the end of the latest business accounting period (2017):	RMB826,114,000 (In accordance with the Accounting Standards for Business Enterprises of the PRC)
Net assets at the end of the latest business accounting period (2017):	RMB806,765,000 (In accordance with the Accounting Standards for Business Enterprises of the PRC)
Core business revenue for the latest business accounting period (2017):	RMB62,970,000 (In accordance with the Accounting Standards for Business Enterprises of the PRC)
Net profit for the latest business accounting period (2017):	RMB33,234,000 (In accordance with the Accounting Standards for Business Enterprises of the PRC)

Jiangsu Guangjing Xicheng Expressway Company Limited

Registered office:	6 Xianlin Avenue, Nanjing, Jiangsu Province, the PRC
Business nature:	Limited liability company
Legal representative:	Xu Zemin
Registered capital:	RMB2,500,000,000
Principal business:	Construction, management, maintenance and toll collection of expressways
Total assets at the end of the latest business accounting period (2017):	RMB8,690,443,000 (In accordance with the Accounting Standards for Business Enterprises of the PRC)
Net assets at the end of the latest business accounting period (2017):	RMB4,476,646,000 (In accordance with the Accounting Standards for Business Enterprises of the PRC)
Core business revenue for the latest business accounting period (2017):	RMB1,239,352,000 (In accordance with the Accounting Standards for Business Enterprises of the PRC)
Net profit for the latest business accounting period (2017):	RMB633,738,000 (In accordance with the Accounting Standards for Business Enterprises of the PRC)

Jiangsu Ningchang Zhenli Expressway Company Limited

Registered office:	No. 291 East Zhongshan Road, Nanjing, Jiangsu Province, the PRC
Business nature:	Limited liability company
Legal representative:	Cao Youxiang
Registered capital:	RMB9,700,000,000
Principal business:	Construction, management, maintenance and toll collection of expressways
Total assets at the end of the latest business accounting period (2017):	RMB7,667,020,000 (In accordance with the Accounting Standards for Business Enterprises of the PRC)
Net assets at the end of the latest business accounting period (2017):	RMB7,598,092,000 (In accordance with the Accounting Standards for Business Enterprises of the PRC)
Core business revenue for the latest business accounting period (2017):	RMB1,102,045,000 (In accordance with the Accounting Standards for Business Enterprises of the PRC)
Net profit for the latest business accounting period (2017):	RMB394,962,000 (In accordance with the Accounting Standards for Business Enterprises of the PRC)

***Jiangsu Communications & Culture Media Company Limited
(established in June 2018)***

Registered office:	13F, Block A3, Scientific and Technological Innovation Complex, No. 8 East Bailongjiang Street, Jianye District, Nanjing
Business nature:	Limited liability company
Legal representative:	Cheng Xiaoguang
Registered capital:	RMB200,000,000
Principal business:	Design, production, agency and publication of various domestic advertising; marketing planning, cultural and artistic exchange planning, corporate image design, corporate management consulting services, economic information consulting services, conference services, display and exhibition services; indoor and outdoor decoration engineering, design and installation of labels, light boxes and neon lamps, lease of equipment and facilities; development of tourist attractions, investment in tourism projects, design and production of film and television programs, and development of and investment in cinematic and cultural projects.

Total assets at the end of the latest business accounting period (2017):	RMB0 (In accordance with the Accounting Standards for Business Enterprises of the PRC)
Net assets at the end of the latest business accounting period (2017):	RMB0 (In accordance with the Accounting Standards for Business Enterprises of the PRC)
Core business revenue for the latest business accounting period (2017):	RMB0 (In accordance with the Accounting Standards for Business Enterprises of the PRC)
Net profit for the latest business accounting period (2017):	RMB0 (In accordance with the Accounting Standards for Business Enterprises of the PRC)

Jiangsu Sundian Engineering Co., Ltd.

Registered office:	2 Xianlin Avenue, Nanjing, Jiangsu, the PRC
Business nature:	Limited liability company
Legal representative:	Yuan Shouguo
Registered capital:	RMB129,050,000
Principal business:	Maintenance and overhaul of roads and bridges
Total assets at the end of the latest business accounting period (2017):	RMB288,168,000 (In accordance with the Accounting Standards for Business Enterprises of the PRC)
Net assets at the end of the latest business accounting period (2017):	RMB107,067,000 (In accordance with the Accounting Standards for Business Enterprises of the PRC)
Core business revenue for the latest business accounting period (2017):	RMB279,782,000 (In accordance with the Accounting Standards for Business Enterprises of the PRC)
Net profit for the latest business accounting period (2017):	RMB8,371,000 (In accordance with the Accounting Standards for Business Enterprises of the PRC)

(II) Related/connected relationship with the Listed Company

In accordance with Rule 10.1.3 under Chapter X of the Shanghai Listing Rules, the relevant parties to the transactions are related parties of the Company and its subsidiaries and the relevant transactions constitute related party transactions.

As Communications Holding, the controlling shareholder of the Company, directly and indirectly holds over 30% equity interests of Media Company and Jiangsu Sundian, in accordance with Rule 14A.07 of the Hong Kong Listing Rules, Media Company and Jiangsu Sundian are connected persons of the Company and the entering into of the Cooperation Agreements and the Supplemental Contract and the transactions thereunder constitute continuing connected transactions of the Company. As the percentage ratios in respect of the aggregate cap of contracted amounts between Ninghu Investment Company, Guangjing Xicheng Company and Ningchang Zhenli Company with Media Company and certain percentage ratios in respect of the aggregate cap of construction contracted amounts for expressways maintenance services between the Company and all of its subsidiaries with Jiangsu Sundian (including the transactions under the Supplemental Contract) exceed 0.1% but are less than 5%, such transactions are subject to reporting and announcement requirements under Rule 14A.76(2)(a) of the Hong Kong Listing Rules but not subject to approval by independent shareholders at general meeting.

(III) Analysis of the ability of the related/connected parties in contract fulfillment

Since the agreements entered into previously by the parties to the transactions have been effectively implemented without any default, the Company is of the view that there is no risk of non-performance of the agreements in relation to the relevant 2 related party/continuing connected transactions.

III. MAJOR TERMS AND PRICING POLICIES OF THE RELATED PARTY/ CONTINUING CONNECTED TRANSACTIONS

1. On 26 October 2018, each of Ninghu Investment Company, Guangjing Xicheng Company, and Ningchang Zhenli Company entered into a Cooperation Agreement with Media Company on the operation of the existing advertising facilities and the development and operation of new advertising resources along the roads and bridges managed by the Company, Guangjing Xicheng Company and Ningchang Zhenli Company, for a term commencing from 1 January 2019 to 31 December 2021. In particular, the annual contracted amount between Ninghu Investment Company and Media Company for 2019, 2020 and 2021 would not exceed RMB40 million, RMB50 million and RMB60 million, respectively; the annual contracted amount between Guangjing Xicheng Company and Media Company for 2019, 2020 and 2021 would not exceed RMB10 million, RMB12 million and RMB14 million, respectively; the annual contracted amount between Ningchang Zhenli Company and Media Company for 2019, 2020 and 2021 would not exceed RMB4 million, RMB5 million and RMB6 million, respectively. The operating income from advertising as recorded by Ninghu Investment Company, Guangjing Xicheng Company and Ningchang Zhenli Company during the period from 1 January 2018 to 30 September 2018 amounted to RMB29,225,900, RMB5,143,900 and RMB831,700, respectively. The Cooperation Agreements with Media Company will further increase the operating income from advertising of the Company and its subsidiaries by virtue of the Media Company's integration of the systematic advertising facilities of Communications Holding, development of incremental advertising resources and large scale specialized operation with assurance that the annual operating income from advertising during the contract term will not be lower than the actual income of the companies from their operations in 2018.

Existing contracts for advertising operation of Ninghu Investment Company, Guangjing Xicheng Company and Ningchang Zhenli Company with their respective third parties customers yet to be completed by the end of 2018 shall be carried on by the respective companies till the expiry of such contracts. The principle for determination of advertising fee for existing advertising facilities is as below: the total advertising fee payable by Media Company to the respective companies for the existing advertising facilities for a year shall be the amount derived from the annual income from advertising contracts of respective companies for 2018 (contracted income subject to audit) after deducting the average annual maintenance and relevant operation cost incurred for advertising facilities for the three years of 2015, 2016 and 2017, and subtracting the income from advertising contracts conducted by respective companies with their third parties customers for such year. As for advertising fee for new advertising facilities which Media Company is

responsible for the investment, construction, operation and management thereof, 20% of the annual income for the year from advertising contracts between Media Company and the third parties customers shall be allocated to the respective companies. Media Company shall pay the respective 50% of the advertising fee for existing advertising facilities before 15 January and 15 June each year and settle the respective share of advertising fee generated from new advertising facilities before 15 June and 15 December each year respectively.

2. On 26 March 2018, the Company announced the Expressway Maintenance Services Contract entered into between the Company and Jiangsu Sundian, pursuant to which Jiangsu Sundian shall provide repair and maintenance services for the designated section. It was expected that the aggregate amount under the maintenance services contract would not exceed RMB108 million in 2018. In light of the several matters the Company is currently engaged in: 1. according to the advanced plan on overall transformation of Fangmaoshan Service Area and Yangcheng Lake Service Area, the auxiliary renovation engineering for the external field shall be carried out in advance in this year and certain workloads for the service areas shall also be completed in this year; 2. in accordance with the requirements on advancing the “five changes for happiness project (五小工程)” and “five clear-ups and three transformations(五清三化)”, the service areas shall be upgraded from functional areas to high-quality areas and it is proposed to implement the “white to black” engineering for the external field of certain toll stations; 3. transformation for widening and guaranteeing smooth traffic for the ramps with insufficient traffic capacity in service areas to increase the physical traffic capacity; and 4. upgrade and reconstruction of the asphalt pavement of the South Jiangsu Expressway network; the amount of engineering work undertaken by Jiangsu Sundian have increased substantially as compared with the estimation at the beginning of the year. As the aggregate amount to be paid by the Company for construction has approached the annual cap under contract, in accordance with the listing rules of stock exchanges in Shanghai and Hong Kong, the Company and Jiangsu Sundian entered into the Supplemental Contract on 26 October 2018 to raise the annual cap amount of the expressway maintenance services contract from RMB108 million to RMB144 million. The pricing policy is that the service fee for projects granted by the open tender shall be determined according to the tender price and the service fee for those granted by other means shall be determined through fair negotiation with reference to the prevailing market price which shall be verified by the independent and qualified construction cost consultation unit.

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

The transactions are ordinary business contracts of the Company and its subsidiaries and the pricing under the contracts is based on fair market price without any prejudice to the interests of the Company or benefit transfer to the related/connected persons of the Group. The Company's income and profit are not dependent on such relate party/continuing connected transactions, the independence of the Company as a listed company will not be impaired and there will be no adverse impact on the Company.

Therefore, the directors (including independent non-executive directors) of the Company are of the view that the two transactions are conducted in the ordinary and usual course of business of the Company and its subsidiaries on normal commercial terms with fair and reasonable transaction prices. There will be no adverse impact on the Company and the interests of the Company and non-related/connected shareholders, in particular those of minority shareholders, will not be impaired. Further, the transactions are in the interests of the Company and its shareholders as a whole.

V. DOCUMENTS AVAILABLE FOR INSPECTION

1. Board resolutions and the minutes of the meeting signed by the Directors
2. Written documents of independent directors in respect of the two 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
4. Resolutions of the Audit Committee
5. Agreements in relation to the transactions

Board of Directors
Jiangsu Expressway Company Limited

Nanjing, the PRC, 27 October 2018

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

*Gu Dejun, Sun Xibin, Yao Yongjia, Chen Yanli, Chen Yongbing, Wu Xinhua, Hu Yu, Ma Chung Lai, Lawrence, Zhang Zhuting *, Chen Liang *, Lin Hui *, Zhou Shudong *, Liu Xiao Xing **

** Independent Non-executive Directors*