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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 WAIVER OF THE RIGHT OF FIRST
REFUSAL IN RELATION TO CERTAIN EQUITY INTERESTS
IN A SUBSIDIARY AND THE RELATED PARTY/CONNECTED
TRANSACTION**

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.

IMPORTANT NOTICE:

1. The waiver of its right of first refusal to purchase the 15% equity interests in Jiangsu Guangjing Xicheng Expressway Company Limited (“**Guangjing Xicheng Company**”) by Jiangsu Expressway Company Limited (the “**Company**”) does not involve any new investment, nor does it constitute a material asset reorganization under the Administrative Measures for Material Asset Reorganizations of Listed Companies.

2. Guangjing Xicheng Company is a subsidiary established with contributions from the Company and China Merchants Expressway Network & Technology Holdings Co., Ltd. (“**China Merchants Expressway Network**”), a substantial shareholder of the Company. The transferee of the equity interests the Company has renounced is Jiangsu Communications Holding Company Limited (“**Communications Holding**”), the controlling shareholder of the Company. The waiver, therefore, constitutes a related party transaction under the Rules Governing the Listing of Stocks on the Shanghai Stock Exchange. However, as the consideration involved falls below de minimis threshold for shareholders’ approval, the waiver is not subject to consideration at general meeting.
3. Pursuant to Rule 14A.79(4) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (“**Hong Kong Listing Rules**”), though the Company has decided not to exercise its right of first refusal granted by its connected person China Merchants Expressway Network in relation to the equity interests in Guangjing Xicheng Company, the relevant transaction should be classified as if the Company had exercised the right of first refusal. As all applicable percentage ratios are more than 0.1% but less than 5%, the transaction is subject to disclosure but exempt from the requirement for independent shareholders’ approval at general meeting under Rule 14A.76(2) of the Hong Kong Listing Rules.
4. Upon completion of the transaction, Guangjing Xicheng Company will remain as an 85%-owned subsidiary of the Company and there will be no change in the scope of consolidation of the Company.

I. OVERVIEW OF THE RELATED PARTY/CONNECTED TRANSACTION

On 12 December 2018, the Resolution in Relation to the Company’s Waiver of its Right of First Refusal to Acquire Equity Interests in its Subsidiary Jiangsu Guangjing Xicheng Expressway Company Limited and the Related Party/Connected Transaction was considered and approved by the board of directors (the “**Board**”) of the Company.

Guangjing Xicheng Company is a subsidiary of the Company, which is owned as to 85% by the Company and 15% by China Merchants Expressway Network, a substantial shareholder of the Company. The transferee of the equity interests the Company has renounced is Communications Holding, the controlling shareholder of the Company. Such waiver therefore constitutes a related party transaction under the Rules Governing the Listing of Stocks on the Shanghai Stock Exchange. As the total consideration involved accounts for less than 5% of the absolute value of the latest audited net assets of the Company, such waiver is not subject to shareholders’ approval at general meeting. Pursuant to Rule 14A.79(4) of the

Hong Kong Listing Rules, though the Company has decided not to exercise its right of first refusal granted by its connected person China Merchants Expressway Network in relation to the equity interests in Guangjing Xicheng Company, the relevant transaction should be classified as if the Company had exercised the right of first refusal. As all applicable percentage ratios are more than 0.1% but less than 5%, the transaction is subject to disclosure but exempt from the requirement for independent shareholders' approval at general meeting under Rule 14A.76(2) of the Hong Kong Listing Rules. Upon completion of the transaction, Guangjing Xicheng Company will remain as an 85%-owned subsidiary of the Company and there will be no change in the scope of consolidation of the Company.

Save for Mr. Gu Dejun, Mr. Chen Yanli, Mr. Chen Yongbing, Mr. Wu Xinhua and Ms. Hu Yu, who have abstained from voting on the resolution due to their capacity as related/connected directors, all the other directors of the Company have voted in favour of the resolution.

All directors (including independent non-executive directors) of the Company are of the view that the transaction involved in the resolution is conducted in the ordinary and usual course of business of the Company and its subsidiaries and on normal commercial terms, and the terms of the transaction are fair and reasonable; the Company does not rely on such related party/connected transaction to generate its income or profit, and 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/non-connected shareholders, in particular those of minority shareholders, will not be impaired; and the transaction is in the interests of the Company and its shareholders as a whole.

All independent directors of the Company conducted prior review on the above transaction and issued independent opinions in respect thereof pursuant to the Rules Governing the Listing of Stocks on the Shanghai Stock Exchange.

The transaction does not require approval from any other authorities.

II. BASIC INFORMATION ON THE RELATED/CONNECTED PARTIES

Jiangsu Communications Holding Company Limited

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| Registered office: | 291 Zhongshan East Road, Nanjing, Jiangsu Province, the PRC |
| Business nature: | Limited liability company |
| Legal representative: | Cai Renjie (蔡仁傑) |
| Registered capital: | RMB16,800,000,000 |
| Principal business: | Investment, construction, operation and management of transport infrastructure, transportation and related industries; highway toll collection and ancillary services; sales of refined oil; financial leasing; transportation services; industrial investment; domestic trade, etc. |
| Total assets at the end of the latest business accounting period (2017): | RMB292,389,600,000 (In accordance with the Accounting Standards for Business Enterprises of the PRC) |
| Net assets at the end of the latest business accounting period (2017): | RMB103,396,227,000 (In accordance with the Accounting Standards for Business Enterprises of the PRC) |
| Core business revenue for the latest business accounting period (2017): | RMB44,756,177,000 (In accordance with the Accounting Standards for Business Enterprises of the PRC) |
| Net profit for the latest business accounting period (2017): | RMB8,699,842,000 (In accordance with the Accounting Standards for Business Enterprises of the PRC) |

China Merchants Expressway Network & Technology Holdings Co., Ltd.

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| Registered office: | 5th Floor, China Merchants Tower, No.118, Jianguo Road, Chaoyang District, Beijing |
| Business nature: | Other joint-stock limited company (listed) |
| Legal representative: | Wang Xiufeng (王秀峰) |
| Registered capital: | RMB6,178,211,497 |
| Principal business: | Investment, development, construction, operation and management of highways, bridges, terminals, ports and channel infrastructure; investment management; development of new technologies, new products and new materials related to transport infrastructure, as well as sales of products; sales of building materials, mechanical and electrical equipment, automobiles and accessories, hardware and electrical appliances, and general merchandise; economic information consulting; personnel training. |
| Total assets at the end of the latest business accounting period (2017): | RMB65,170,485,620 (In accordance with the Accounting Standards for Business Enterprises of the PRC) |
| Net assets at the end of the latest business accounting period (2017): | RMB46,361,122,360 (In accordance with the Accounting Standards for Business Enterprises of the PRC) |
| Core business revenue for the latest business accounting period (2017): | RMB5,325,186,890 (In accordance with the Accounting Standards for Business Enterprises of the PRC) |
| Net profit for the latest business accounting period (2017): | RMB4,018,915,650 (In accordance with the Accounting Standards for Business Enterprises of the PRC) |

Jiangsu Expressway Company Limited

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| Registered office: | 6 Xianlin Avenue, Nanjing, Jiangsu Province, the PRC |
| Business nature: | Joint-stock limited company |
| Legal representative: | Gu Dejun (顧德軍) |
| 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 Guangjing Xicheng Expressway Company Limited

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| Registered office: | 6 Xianlin Avenue, Nanjing, Jiangsu Province, the PRC |
| Business nature: | Limited liability company |
| Legal representative: | Xu Zemin (徐澤敏) |
| 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 before tax for the latest business accounting period (2017) | RMB778,816,000 (In accordance with the Accounting Standards for Business Enterprises of the PRC) |
| Net profit after tax for the latest business accounting period (2017): | RMB633,738,000 (In accordance with the Accounting Standards for Business Enterprises of the PRC) |
| Net profit before tax for the business accounting period of 2016: | RMB750,177,000 (In accordance with the Accounting Standards for Business Enterprises of the PRC) |
| Net profit after tax for the business accounting period of 2016: | RMB607,142,000 (In accordance with the Accounting Standards for Business Enterprises of the PRC) |

Unaudited total assets at 30 June 2018: RMB10,600,384,000 (In accordance with the Accounting Standards for Business Enterprises of the PRC)

Unaudited net assets at 30 June 2018: RMB6,355,243,000 (In accordance with the Accounting Standards for Business Enterprises of the PRC)

III. BASIC INFORMATION ON SUBJECT MATTER OF THE TRANSACTION

1. China Merchants Expressway Network and Communications Holding have agreed that the consideration for the 15% equity interests in Guangjing Xicheng Company shall be RMB804,867,300.

The property right in relation to the transfer of the equity interests in Guangjing Xicheng Company is clear and free from any mortgages, pledges and other selling restrictions. It is neither subject to litigations, arbitrations or judicial measures such as seizure or freezing, nor subject to any other circumstances that may affect the transfer of ownership.

According to the PRC Company Law, where a shareholder intends to transfer his shares to anyone other than the shareholders, the other shareholders have a pre-emptive right to purchase the shares to be transferred on the same terms upon their request. Therefore, after Communications Holding, the controlling shareholder of the Company, becomes the 15% shareholder of Guangjing Xicheng Company, if the Company intends to transfer its shares in Guangjing Xicheng Company to anyone other than a shareholder, Communications Holding has a pre-emptive right over those shares; vice versa.

IV. PURPOSE OF THE RELATED PARTY/CONNECTED TRANSACTION AND THE EFFECTS THEREOF ON THE COMPANY

The Company is of the view that the waiver of the right of first refusal in relation to the equity interests in Guangjing Xicheng Company is conducive to the benign operation and sustainable development of Guangjing Xicheng Company without causing any material impact on the control of Guangjing Xicheng Company, and is in line with the development strategy and future business development objectives of the Company without any prejudice to the interests of the Company or benefit transfer to the related/connected persons. The independence of the Company as a listed company will not be impaired and there will be no adverse impact on the Company.

V. OPINIONS FROM INDEPENDENT DIRECTORS

All independent directors of the Company are of the opinion that the transaction is conducive to the benign operation and sustainable development of Guangjing Xicheng Company and is in line with the development strategy and future business development objectives of the Company; and the transaction is conducted on normal commercial terms, which is fair and reasonable and in the interests of the Company and its shareholders as a whole and will not have any adverse impact on the Company.

VI. OPINIONS FROM THE SUPERVISORY COMMITTEE

The supervisory committee is of the opinion that the waiver of the right of first refusal has been considered by the Board of the Company and there is no need to submit the same to the general meeting of the Company for consideration; the decision-making procedures comply with the requirements of relevant laws and regulations, the PRC Company Law, the Rules Governing the Listing of Securities on the Shanghai Stock Exchange and the Articles of Association of the Company; and the waiver of the right of first refusal will not affect the rights and interests owned by the Company in Guangjing Xicheng Company or have any adverse impact on the business operation of the Company, nor will it prejudice the rights and interests of the Company and its shareholders as a whole. Therefore, the supervisory committee is in favour of the Resolution in relation to the Company's Waiver of its Right of First Refusal to Acquire Equity Interests in its Subsidiary Jiangsu Guangjing Xicheng Expressway Company Limited and the Related Party/ Connected Transaction.

VII. DOCUMENTS AVAILABLE FOR INSPECTION

1. Board resolution and minutes of the Board meeting signed by the directors
2. Prior written approval given by the independent directors and their independent opinions expressed at the Board meeting
3. Resolution of the supervisory committee

By order of the Board
Yao Yongjia
Company Secretary

Nanjing, the PRC, 13 December 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 Xiaoxing**

* *Independent non-executive directors*