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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 OF RELATED/CONTINUING CONNECTED
TRANSACTIONS IN RESPECT OF THE FINANCIAL
SERVICES AGREEMENT ENTERED INTO WITH JIANGSU
COMMUNICATIONS HOLDING GROUP FINANCE CO., LTD.**

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.

The Company and Group Finance Company entered into the Financial Services Agreement on 22 March 2019, for a term of three years commencing on 1 April 2019. The financial services to be provided to the Group include deposit services, settlement services, financing services, electronic commercial draft services and other financial services. The maximum daily deposit balance (including accrued interests) shall not exceed RMB500 million, and Group Finance Company undertakes that the deposit interest rates shall not be lower than the interest rate offered to the Group by any joint-stock or large state-owned commercial banks in China or lower than the average interest rate applicable to the deposits of the same kinds and for the same period made by any third party with Group Finance Company. The Company will strictly limit the maximum daily deposit such that it would not represent 5% or more of the total asset, audited revenue, and market capitalisation of the Company calculated in accordance with Rule 14.07 of the Hong Kong Listing Rules, whichever is the lowest. Meanwhile, the Group Finance Company has granted a comprehensive revolving credit of at least RMB2 billion to the Group, and undertook that the loan interest rate would not be higher than the benchmark interest rate for deposits for the same period set by the People's Bank of China and the rate offered to the Group by any joint-stock or large state-owned commercial banks in China. The Group is not required to provide any security pledge or guarantee.

Given that both Group Finance Company and the Company are controlled by Communications Holding, such transactions constitute related transactions under the Shanghai Listing Rules. In accordance with Rule 14A.07 under the Hong Kong Listing Rules, Group Finance Company is a connected person of the Company, the abovementioned transactions constitute continuing connected transaction. As the applicable percentage ratios (excluding the profits ratio) for the deposit services are less than 5%, pursuant to Rule 14A.76(2)(a) of the Hong Kong Listing Rules, the deposit services transaction is subject to the announcement requirement, but is not required to seek independent shareholders' approval at the general meeting. The deposit services transaction contemplated under the abovementioned contract is also subject to the annual review requirements under Rules 14A.55 to 14A.59 of the Hong Kong Listing Rules. As the comprehensive revolving credit is granted on normal commercial terms and the Group is not required to provide any security or guarantee, the transactions under the comprehensive revolving credit are exempt from announcement and independent shareholders' approval requirement under Chapter 14A of the Hong Kong Listing Rules. As the annual cap of service fees of other financial services under the Financial Services Agreement is RMB4,800,000, and no percentage ratios exceed 0.1%, such transactions are exempt from announcement and independent shareholders' approval requirement under Chapter 14A of the Hong Kong Listing Rules.

I. BASIC INFORMATION ON THE RELATED/CONTINUING CONNECTED TRANSACTIONS

Jiangsu Expressway Company Limited (hereinafter referred to as the “**Company**”) held the seventh meeting of the ninth session of the board of directors on 22 March 2019 to review and approve the Financial Services Agreement for a term of three years commencing on 1 April 2019 entered into between the Company and Jiangsu Communications Holding Group Finance Co., Ltd. (hereinafter referred to as “**Group Finance Company**”). The financial services to be provided to the Company and its subsidiaries (collectively, the “**Group**”) include deposit services, settlement services, financing services, electronic commercial draft services and other financial services. Given the possible change in external financial policies and the financing environment, the Company entered into the Financial Services Agreement with Group Finance Company to broaden financing channels, enhance the Company’s capital allocation ability, so as to ensure the requirement for operating capital.

According to the Financial Services Agreement, the maximum daily deposit balance (including accrued interests) shall not exceed RMB500 million, and Group Finance Company undertakes that the deposit interest rates shall not be lower than the interest rate offered to the Group by any joint-stock or large state-owned commercial banks in China or lower than the average interest rate applicable to the deposits of the same kinds and for the same period made by any third party with Group Finance Company. The Company will strictly limit the maximum daily deposit balance such that it would not represent 5% or more of the total asset, audited revenue, and market capitalisation of the Company calculated in accordance with Rule 14.07 of the Hong Kong Listing Rules, whichever is the lowest. Meanwhile, the Group Finance Company has granted a comprehensive revolving credit in the amount of at least RMB2 billion to the Group, and undertook that the loan interest rate would not be higher than the benchmark interest rate of deposits for the same period set by the People’s Bank of China and the rate offered to the Group by any joint-stock or large state-owned commercial banks in China. The Group is not required to provide any security or guarantee.

Save for Mr. Gu Dejun, Mr. Chen Yanli and Mr. Chen Yongbing, all being related/connected directors, who have abstained voting, the remaining directors of the Company, including the five independent non-executive directors, all voted in favour of such transaction.

The five independent non-executive directors carried out the prior assessment of the above-mentioned related transactions and have issued an opinion on assessment of the related transaction pursuant to the Rules Governing the Listing of Securities on the Shanghai Stock Exchange (hereinafter referred to as “**Shanghai Listing Rules**”). The audit committee of the Company has assessed such related transactions and agreed to submit such matter to the board of directors for consideration. Given that both Group Finance Company and the Company are controlled by Jiangsu Communications Holding Company Limited (hereinafter referred to as “**Communications Holding**”), such transactions constitute related transactions under the Shanghai Listing Rules. In accordance with Rule 14A.07 under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (hereinafter referred to as the “**Hong Kong Listing Rules**”), Group Finance Company is a connected person of the Company, the abovementioned transactions constitute continuing connected transactions. As the applicable percentage ratios (excluding the profits ratio) for the deposit services are less than 5%, pursuant to Rule 14A.76(2)(a) of the Hong Kong Listing Rules, the deposit services transaction is subject to announcement requirement, but is not required to seek independent shareholders’ approval at the general meeting. The deposit services transaction contemplated under the abovementioned contract is also subject to the annual review requirements under Rules 14A.55 to 14A.59 of the Hong Kong Listing Rules. As the comprehensive revolving credit is granted on normal commercial terms and the Group is not required to provide any security or guarantee, the transactions under the comprehensive revolving credit are exempt from announcement and independent shareholders’ approval requirement under Chapter 14A of the Hong Kong Listing Rules. As the annual cap of service fees of other financial services under the Financial Services Agreement is RMB4,800,000 and no percentage ratios exceed 0.1%, such transactions are exempt from announcement and independent shareholders’ approval requirement under Chapter 14A of the Hong Kong Listing Rules.

These related transactions are not required to be submitted at the general meeting for approval.

These related transactions do not constitute a material asset reorganization under the Administrative Measures for the Material Asset Reorganizations of Listed Companies.

II. THE INFORMATION OF RELATED/CONNECTED PARTY

(I) The information on related/connected relationship

Given that both Group Finance Company and the Company are controlled by Communications Holding, Group Finance Company constitutes a related legal person under Rule 10.1.3 (2) of Rules Governing the Listing of Stocks on Shanghai Stock Exchange. In accordance with Rule 14A.07 under the Hong Kong Listing Rules, Group Finance Company is a connected person of the Company, and the transactions contemplated under the above mentioned Financial Services Agreement constitute continuing connected transactions.

(II) Basic information on related/connected party

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 (2018):	RMB48,162,729,000 (In accordance with the Accounting Standards for Business Enterprises of the PRC)
Net assets at the end of the latest business accounting period (2018):	RMB29,353,857,000 (In accordance with the Accounting Standards for Business Enterprises of the PRC)
Main business revenue at the end of the latest business accounting period (2018):	RMB9,969,011,000 (In accordance with the Accounting Standards for Business Enterprises of the PRC)
Net profit at the end of the latest business accounting period (2018):	RMB4,475,711,000 (In accordance with the Accounting Standards for Business Enterprises of the PRC)

Basic information on Group Finance Company

Corporate form:	limited liability company
Registered address:	Floor 3–4, No. 291 East Zhongshan Road, Nanjing City
Legal representative:	Wang Zhan
Registered capital:	RMB1,000,000,000
Date of incorporation:	December 2011
Scope of business:	provision of financial and financing consultancy and credit verification and relevant consultancy and agency businesses to the members; assisting the members to receive and pay the amounts from transactions; approved insurance agency; provision of security to members; handling the entrusted loans between or among the members; acceptance and discount of negotiable instruments for the members; handling settlement by transfer of accounts between the members and design of settlement and clearance plans; taking deposit from the members; granting loans and financial lease to the members; interbank lending; handling entrusted investments between the members, underwriting the corporate bonds of the members; investment in securities (excluding investment in secondary stock market).

2. Shareholding structure of the related/connected party (as of 31 December 2018)

Shareholders	Contribution (RMB0'000)	Percentage of shareholding (%)
Jiangsu Communications Holding Company Limited	80,000	80
Jiangsu Jinghu Expressway Company Limited	10,000	10
Jiangsu Runyang Bridge Development Co., Ltd.	10,000	10
Total	100,000	100

3. Development of main businesses of the related/connected party in the past three years

As a non-bank financial institution established with the approval of China Banking Regulatory Commission (“CBRC”), Group Finance Company is qualified to provide various financial services to group members and meets all the indicators required under the Measures for the Administration of Finance Companies of Enterprise Groups (《企業集團財務公司管理辦法》) issued by CBRC, and thus maintained a satisfactory operating results and strong corporate strength.

4. Related/connected party has no other relationships with the Company in terms of property rights, business, assets, claims and debts, personnel, etc.

5. Major financial indicators

Major financial indicators of Group Finance Company over the past two years are as follows:

Unit: RMB0’000

Items	31 December 2018	31 December 2017
Total assets	1,332,477.84	1,042,957.85
Net assets	146,273.51	135,706.45
	2018	2017
Operating revenue	38,039.13	27,716.27
Net profit	15,567.06	11,061.88

(Note: the above financial data of Group Finance Company for 2018 is unaudited.)

III. THE MAIN CONTENTS AND PRICING POLICIES OF THE FINANCIAL SERVICES AGREEMENT

(I) Deposit services

The deposit interest rates provided by Group Finance Company shall not be lower than the interest rate offered to the Group by any joint-stock or large state-owned commercial banks in China, or lower than the average interest rate applicable to the deposits of the same kinds and for the same period made by any third party with Group Finance Company.

The maximum daily deposit balance (including interest) made by the Group with Group Finance Company shall not exceed RMB500 million, and in principle shall not exceed the various outstanding financing amounts withdrawn and existing under the comprehensive revolving credit granted by Group Finance Company, any excess amount shall be transferred to the account designated by the Company within 3 working days. The Company will strictly limit the maximum daily deposit such that it would not be 5% or more of the total asset, audited revenue, and market capitalisation of the Company calculated in accordance with Rule 14.07 of the Hong Kong Listing Rules, whichever is the lowest. Group Finance Company shall ensure the security of the Group's deposits. If it fails to fully settle the deposits or interest on time, the Company shall have the right to terminate the Financial Services Agreement, and offset its loans against the deposits with Group Finance Company according to laws. If the Group incurred economic losses due to other breaches of agreement by Group Finance Company, Group Finance Company shall make full compensation and the Company shall have the right to terminate the Financial Services Agreement. It is estimated that the interest on deposits from 1 April 2019 to 31 December 2019, for 2020 and 2021, and from 1 January 2022 to 31 March 2022 will not exceed RMB4.554 million, RMB6.072 million, RMB6.072 million and RMB1.518 million, respectively. Interest will be paid quarterly.

(II) Settlement services

Group Finance Company will provide the Company with services such as collection of accounts receivable, payment and division and allocation of tolls and ancillary services related to settlement business in accordance with the Group's instructions or this agreement. Based on the total service fees incurred in 2016, 2017 and 2018, and from 1 January 2019 to 21 March 2019, as well as the forecast of service growth for the coming three years, it is estimated that the total service fees from 1 April 2019 to 31 December 2019, for 2020 and 2021, and from 1 January 2022 to 31 March 2022 will not exceed RMB4.8 million, respectively. The fees for the agreement will be paid using the internal resources of the Group after the services are provided.

(III) Financing services

In compliance with relevant national laws and regulations, Group Finance Company provides financing consultation or financing solutions for the Group according to the Group's operation and development needs, and proactively helps the Group to implement internal and external financing matters.

In compliance with relevant national laws and regulations, the Group Finance Company provides comprehensive revolving credit services for the Group according to the Group's operation and development needs. Within the term of this agreement, Group Finance Company has granted to the Group a comprehensive revolving credit line in the amount of at least RMB2 billion, and the Group may handle financing matters such as loans, acceptance of negotiable instruments, discounted bills, security, etc. under and within the scope of such comprehensive revolving credit line, and Group Finance Company will satisfy the demands of the Group in priority to the extent that its capital sources allow.

The loan interest rate charged by Group Finance Company for the Group is determined by the parties after negotiation with reference to the interest rate announced by the People's Bank of China and taking into account of the market conditions. It shall not be higher than the benchmark interest rate for the same period as prescribed by the People's Bank of China and not be higher than the interest rate offered to the Group by any joint-stock or large state-owned commercial banks in China. The Group is not required to provide any pledge or guarantee. It is estimated that the interest on loans from 1 April 2019 to 31 December 2019, for 2020 and 2021, and from 1 January 2022 to 31 March 2022 will not exceed RMB65.25 million, RMB87 million, RMB87 million and RMB21.75 million respectively. Interest will be paid on the last date of each interest period as agreed using the internal resources of the Group.

(IV) Electronic commercial draft services

Acceptance services: to sign the electronic commercial draft issued by the Group, and undertake to pay a determined amount to the payee or bearer designated by Group Finance Company on the maturity date of the draft.

Discount services: due to the need of capital, the Group will transfer the rights of commercial drafts to Group Finance Company through endorsement before the expiration date of the electronic commercial drafts. After deducting the discount interest, Group Finance Company will pay the balance to the Group.

Based on the total service fees incurred in 2016, 2017 and 2018, and from 1 January 2019 to 21 March 2019, as well as the forecast of service growth for the coming three years, it is estimated that the total service fees from 1 April 2019 to 31 December 2019, for 2020 and 2021, and from 1 January 2022 to 31 March 2022 will not exceed RMB4.8 million, respectively. The fees under the agreement will be paid with the internal resources of the Group after the services are provided.

(V) Other financial services

Group Finance Company provides entrusted loan and other financial services within its business scope as per the Group's instructions and demands. Before Group Finance Company provides other financial services to the Group, both parties need to negotiate and enter into separate agreements.

The fees charged by Group Finance Company for providing other financial services shall not be higher than the reasonable fees charged by the domestic major financial institutes for similar services. Based on the total service fees incurred in 2016, 2017 and 2018, and from 1 January 2019 to 21 March 2019, as well as the forecast of service growth for the coming three years, it is estimated that the total service fees from 1 April 2019 to 31 December 2019, for 2020 and 2021, and from 1 January 2022 to 31 March 2022 will not exceed RMB4.8 million, respectively. The fees under the agreement will be paid with the internal resources of the Group after the services are provided.

(VI) Term of the Financial Services Agreement

The Financial Services Agreement will take effect for a term of three years commencing from 1 April 2019.

IV. RISK PREVENTION

The Company has formulated the risk management plan for conducting the financing business of deposits and loans with Group Finance Company, which enables the Company to effectively prevent and timely control and mitigate its risks of capital with the Group Finance Company, and thus securing capital safety.

V. PURPOSE OF THE RELATED/CONTINUING CONNECTED TRANSACTION AND ITS EFFECTS ON THE COMPANY

Given the possible change in external financial policies and the financing environment, the Company entered into the Financial Services Agreement with Group Finance Company to broaden financing channels and enhance the Group's capital allocation ability, so as to ensure the requirement for operating capital.

As a non-bank financial institution established with the approval of CBRC, Group Finance Company is qualified to provide various financial services to group members and meets all the indicators required under the Measures for the Administration of Finance Companies of Enterprise Groups issued by CBRC. In respect of the provision of deposit services, loan services, capital settlement services and other financial services by the Group Finance Company for the Group, both parties shall follow the principles of equality, willingness, complementarities, mutual benefit and win-win cooperation. Without affecting the operation and allocation of its capital, the Group can make full use of the internal financial service platform provided by the Group Finance Company, thus lowering financing costs, enhancing capital use efficiency, accelerating turnover of capital and maximize returns on capital.

VI. THE PROCEDURES FOR THE CONSIDERATION OF THE TRANSACTION

The transactions have been considered and approved at the seventh meeting of the ninth session of the board of directors of the Company, at which Mr. Gu Dejun, Mr. Chen Yanli and Mr. Chen Yongbing, the related/connected directors, have abstained from voting. The transactions are not required to be submitted at the general meeting for consideration.

The five independent non-executive directors of the Company agreed to submit the proposal for the transaction at the seventh meeting of the ninth session of the board of directors for consideration and expressed independent opinions as follows: the transactions are arisen in the ordinary and usual course of business of the Company on normal commercial terms, the transaction prices are fair and reasonable, the transactions do not impose any negative effects on the Company, the income and profit of the Company are not dependent on such transactions, and there are no circumstances affecting the independence of the Company as a listed company, and the transaction does not prejudice the interests of the Company and its unrelated shareholders, especially the minority shareholders, and is in the interests of the shareholders as a whole.

The audit committee of Company issued audit opinion in writing on the transaction, which is as follows:

The Financial Services Agreement is entered into on the basis of willingness, equality and fairness, and does not prejudice the legitimate interests of the Company and its minority shareholders. When the Group Finance Company provides deposit services, loan services, capital settlement services and other financial services for the Company, both parties shall follow the principles of equality, willingness, complementarities, mutual benefit and win-win cooperation. Without affecting the operation and allocation of its capital, the Company can make full use of the internal financial service platform provided by the Group Finance Company, thus lowering financing costs, enhancing capital use efficiency, accelerating turnover of capital, ensuring sufficient capital for its operation, enhancing its capital allocation capabilities and maximize returns on capital. It does not prejudice the legitimate interests of the Company and its unrelated shareholders.

In light of the above, we agreed to submit the matters in relation to Financial Services Agreement entered into by the Company and the Group Finance Company to the board of directors for consideration.

The transactions are not subject to the approval of competent authorities.

VII. INFORMATION ON THE HISTORICAL RELATED/CONTINUING CONNECTED TRANSACTIONS THAT NEED TO BE SPECIALLY STATED

RMB Yuan

	For the nine months ended December 2016	For the twelve months ended December 2017	For the twelve months ended December 2018	For the two months ended February 2019
Maximum daily deposit balance (including interest accrued)	59,000,000	218,000,000	351,000,000	261,000,000
Interest on deposits	824,019	2,452,339	3,824,866	<i>(Note 1)</i>
Maximum daily credit loan	400,000,000	830,000,000	980,000,000	950,000,000
Interest accrued on credit loan	14,565,875	40,000,433	31,781,583	<i>(Note 1)</i>

Note 1: Interests are not due yet.

VIII. ATTACHMENTS TO THE ONLINE ANNOUNCEMENT

1. Prior approval opinion on the transaction from the independent directors;
2. Audit opinion in writing on the transaction from the audit committee of the board of directors.

IX. DOCUMENTS FOR INSPECTION

1. The resolutions of the board of directors and minutes of meetings signed by the directors;
2. The written documents of prior approval of the transaction by the independent directors;
3. Resolutions of the supervisory committee;
4. Resolutions of the audit committee;
5. Financial Services Agreement;
6. Risk management plan for conducting the financing business of deposits and loans with Group Finance Company.

By Order of the Board
Yao Yong Jia
Secretary to the Board

Nanjing, the PRC, 22 March 2019

As at the date of this announcement, 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*