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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 ADJUSTMENT OF THE CAP OF ORDINARY RELATED PARTY/CONTINUING CONNECTED TRANSACTIONS

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

Reference is made to the announcement of the Company dated 1 April 2020 in relation to, among others, on 31 March 2020, the board of directors of the Company considered and approved the Expressway Maintenance Services Contracts entered into between each of the Company and Guangjing Xicheng Company (a controlled subsidiary of the Company) with Jiangsu Sundian, respectively.

Pursuant to the Expressway Maintenance Services Contracts, it is estimated that the total amount under the project contract for the Company will not exceed RMB340 million (not exceeding RMB305 million for the period from 1 April 2020 to 31 December 2020 and not exceeding RMB35 million for the period from 1 January 2021 to 31 March 2021).

According to the needs of production and operation, the Company proposes to increase the ordinary related party/continuing connected transactions with Jiangsu Sundian and the increase in transaction amount shall not exceed RMB75 million. The 22nd meeting of the ninth session of the board of directors of the Company was held on 28 August 2020. At the meeting, the ordinary related party/continuing connected transactions between the Company and Jiangsu Sundian were considered and approved and the Company and Jiangsu Sundian entered into the 2020 transportation security facility upgrade construction contract, the term of which shall be from the date of the contract upon the approval of the board of directors to 31 December 2020. The transaction amount under the contract is estimated to be not exceeding RMB75 million.

As Jiangsu Sundian and the Company, the counterparties of this transaction, are both controlled by Communications Holding, such transactions constitute related party transactions in accordance with the Rules Governing the Listing of Stocks on Shanghai Stock Exchange. As the total amount of relevant expenses accounts for less than 0.5% of the audited absolute value of the net assets of the Company in the latest period, it is not required to submit the transaction to the general meeting for approval.

In accordance with Rule 14A.76 of the Hong Kong Listing Rules, as the revenue ratio calculated under Rule 14.07 of the Hong Kong Listing Rules in respect of the maximum aggregate amount of the aforementioned transactions is more than 0.1% but less than 5%, the transactions were only subject to announcement requirements but were exempt from the approval of independent shareholders at general meeting in accordance with Rule 14A.76(2)(a) of the Hong Kong Listing Rules. The transactions under the abovementioned agreement shall also be subject to the annual review requirements under the Rule 14A.55 to Rule 14A.59 of the Hong Kong Listing Rules.

IMPORTANT NOTICE:

1. **The related party transaction is not subject to approval by shareholders at the general meeting.**

2. **The directors (including independent non-executive directors) of the Company are of the view that this transaction is conducted in the ordinary and usual course of business of the Company on normal commercial terms, the price of the transaction and the related terms are fair and reasonable. The revenue and profit of the Company are not dependent on such type of related party 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 un-related/un-connected shareholders, especially the interest of the minority shareholders.**

3. Other matters that need to be brought to the attention of the investors: None.

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

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

On 31 March 2020, the board of directors of Jiangsu Expressway Company Limited (the "**Company**") considered and approved the ordinary related party /continuing connected transactions between the Company and Jiangsu Guangjing Xicheng Expressway Company Limited ("**Guangjing Xicheng Company**"), a controlled subsidiary of the Company, and Jiangsu Sundian Engineering Co., Ltd. ("**Jiangsu Sundian**"), each of which entered into the Expressway Maintenance Services Contracts. Jiangsu Sundian shall provide repair and maintenance services on road sections designated by the Company and Guangjing Xicheng Company in writing for the period from 1 April 2020 to 31 March 2021 contemplated under the agreements. It is estimated that the total amount of the project contract for the Company will not exceed RMB340 million (not exceeding RMB305 million for the period from 1 April 2020 to 31 December 2020 and not exceeding RMB35 million for the period from 1 January 2021 to 31 March 2021); it is estimated that the total amount under the contracts of this project of Guangjing Xicheng Company will not exceed RMB150 million (not exceeding RMB120 million for the period from 1 April 2020 to 31 December 2020, and not exceeding RMB30 million for the period from 1 January 2021 to 31 March 2021). For details, please refer to the Lin 2020–017 and Lin 2020–021 announcements on the website of the Shanghai Stock Exchange at www.sse.com.cn and the announcement on the ordinary related/continuing connected transactions on the website of The Stock Exchange of Hong Kong Limited at www.hkexnews.hk disclosed by the Company on 1 April 2020.

According to the needs of production and operation, the Company proposes to increase the ordinary related party/continuing connected transactions with Jiangsu Sundian and the increase in transaction amount shall not exceed RMB75 million. The 22nd meeting of the ninth session of the board of directors of the Company was held on 28 August 2020. At the meeting, the ordinary related party/continuing connected transactions between the Company and Jiangsu Sundian were considered and approved and the Company and Jiangsu Sundian entered into 2020 transportation security facility upgrade construction contract, the term of which shall be from the date of the contract upon the approval of the board of directors to 31 December 2020. The transaction amount under the contract is estimated to be not exceeding RMB75 million.

Mr. Sun Xibin, Mr. Chen Yanli and Mr. Chen Yongbing (as an employee of Jiangsu Communications Holding Company Limited ("**Communications Holding**"), the controlling shareholder of the Company), being related/connected directors of the Company, have abstained from voting on the resolution. All the remaining directors have voted in favor of the resolution and are of the view that the terms of the transaction are fair and reasonable, and are in the interests of shareholders as a whole.

Five independent directors of the Company have conducted a prior review on the aforementioned ordinary related party transactions and issued their independent opinions on the ordinary related party transactions in accordance with the Rules Governing the Listing of Stocks on the Shanghai Stock Exchange. The Audit Committee of the Company has reviewed the related party transactions and agreed to submit the same to the board of directors for consideration.

As Jiangsu Sundian and the Company, the counterparties of this transaction, are both controlled by Communications Holding, such transactions constitute related party transactions in accordance with the Rules Governing the Listing of Stocks on the Shanghai Stock Exchange. As the total amount of relevant expenses accounts for less than 0.5% of the audited absolute value of the net assets of the Company in the latest period, it is not required to submit the transaction to the general meeting for approval.

In accordance with Rule 14A.76 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Hong Kong Listing Rules**"). as the revenue ratio calculated under Rule 14.07 of the Hong Kong Listing Rules in respect of the maximum aggregate amount of the aforementioned transactions is more than 0.1% but less than 5%, the transaction was only subject to announcement requirements but were exempt from the approval of independent shareholders at general meeting in accordance with Rule 14A.76(2)(a) of the Hong Kong Listing Rules. The transactions under the abovementioned agreement shall also be subject to the annual review requirements under the Rule 14A.55 to Rule 14A.59 of the Hong Kong Listing Rules.

The related party/continuing connected transactions were not subject to the approval by any other authorities.

(II) Estimation of these Ordinary Related Party/Continuing Connected Transactions

RMB0'000

Category of related party transaction	Related/ connected person	2020 Original Estimated Amount	2020 H1 Actual Amount Incurred	Estimated increase in transaction amount	2020 Current Estimated Amount
Services accepted by the Company from the related person	Jiangsu Sundian	30,500	6,126.06	7,500	38,000
Services accepted by Guangjing Xicheng Company, a non-wholly owned subsidiary of the Company, from the related person	Jiangsu Sundian	12,000	4,649.48	0	12,000
Total		42,500	10,775.54	7,500	50,000

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

(I) Basic information on the related parties/connected persons

Jiangsu Expressway Company Limited

Registered office: 6 Xianlin Avenue, Nanjing, Jiangsu Province, the PRC

Business nature: Joint-stock limited company

Legal representative: Sun Xibin

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 accounting period (2019):	RMB55,625,049,000 (in accordance with the Accounting Standards for Business Enterprises of the PRC)
Net assets at the end of the latest accounting period (2019):	RMB32,682,837,000 (in accordance with the Accounting Standards for Business Enterprises of the PRC)
Revenue from operations for the latest accounting period (2019):	RMB10,078,181,000 (in accordance with the Accounting Standards for Business Enterprises of the PRC)
Net profit for the latest accounting period (2019):	RMB4,300,485,000 (in accordance with the Accounting Standards for Business Enterprises of the PRC)

Jiangsu Sundian Engineering Co., Ltd.

Registered office:	2 Xianlin Avenue, Nanjing, Jiangsu Province, the PRC
Business nature:	Limited liability company
Legal representative:	Yuan Shouguo
Registered capital:	RMB129,050,000
Shareholders (Shareholding percentage):	Jiangsu Communications Holding Company Limited (25%) Jiangsu Expressway Company Limited (7.5%) Jiangsu Guangjing Xicheng Expressway Company Limited (7.5%) Jiangsu Yanjiang Expressway Co., Ltd.* (7.5%) Jiangsu Ningchang Zhenli Expressway Company Limited* (7.5%) Jiangsu Sutong Bridge Company Limited* (7.5%) Jiangsu Yangtze Bridge Co., Ltd.* (7.5%) Jiangsu Runyang Bridge Development Co., Ltd.* (7.5%) Jiangsu Taizhou Bridge Co., Ltd. (7.5%) Jiangsu Ninghang Expressway Co., Ltd.* (7.5%) Jiangsu Husuzhe Expressway Co., Ltd.* (7.5%)

Principal business:	Maintenance and overhaul of roads and bridges
Total assets at the end of the latest accounting period (2019):	RMB942,675,000 (in accordance with the Accounting Standards for Business Enterprises of the PRC)
Net assets at the end of the latest accounting period (2019):	RMB263,239,000 (in accordance with the Accounting Standards for Business Enterprises of the PRC)
Revenue from operations for the latest accounting period (2019):	RMB861,308,000 (in accordance with the Accounting Standards for Business Enterprises of the PRC)
Net profit for the latest accounting period (2019):	RMB103,240,000 (in accordance with the Accounting Standards for Business Enterprises of the PRC)

(II) Related Party/Connected Person Relationship with the Listed Company

Communications Holding, the controlling shareholder of the Company, is the controlling shareholder or actual controller of Jiangsu Sundian. Jiangsu Sundian is a related person of the Company, and the relevant transactions constitute related party transactions under Rule 10.1.3 of Chapter 10 of the Rules Governing the Listing of Stocks on Shanghai Stock Exchange. Pursuant to Rule 14A.07 of the Hong Kong Listing Rules, Jiangsu Sundian is a connected person of the Company and such transactions constitute continuing connected transactions.

(III) Performance Capability Analysis of Related Party/Connected Person

As Jiangsu Sundian and the Company are subsidiaries of the same controlling shareholder, previous agreements can be effectively implemented without any breach of contract. Therefore, we considered that there is no risk of non-performance of the contract for these related party/continuing connected transactions.

III. MAIN CONTENT AND PRICING POLICY OF RELATED PARTY/ CONTINUING CONNECTED TRANSACTIONS

Jiangsu Sundian shall provide quality improvement services for the traffic safety facilities on road sections designated by the Company in writing for the period from the date of signing of the contract, upon approval from the board of directors, to 31 December 2020. It is estimated that the total amount under the project contract will not be exceeding RMB75 million. The service fee for projects granted by open tender shall be determined according to the tender price. 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 entity. In principle, the fee shall not be higher than the market price of the relevant work. The total amount of the constructions shall not be higher than the capped quality improvement service fees for the traffic safety facilities for 2020 contemplated under the agreement. The cap of such service fee was determined based on the estimated construction for 2020, and having considered the actual implementation in 2019. The Company will monitor and control the status of the implementation to ensure that the total amount of entrusted construction would not exceed the relevant cap. The quality improvement service fees for the traffic safety facilities (after receipt of the related services) will be funded through the internal resources of the Company.

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

The contract is an ordinary business contract of the Company. The contract price is determined with reference to the fair price on the market, does not harm the interests of the Company, nor does it involve any benefit transfer to our Group's internal related parties/connected persons. By leveraging on synergies derived from the business of the Group's internal related parties/connected companies, the Company can save management costs and improve management efficiency to ensure effective operation of principal businesses. The income and profit of the Company are not dependent on such related party/connected transaction and hence the independence of the Company as a listed company will not be impaired. The transaction does not have any adverse impacts on the Company.

Therefore, the board of directors (including independent non-executive directors) of the Company is of the view that the transaction is conducted in the ordinary and usual course of business of the Company, the price of the transaction and related terms are fair and reasonable. The transaction does not have any adverse impacts on the Company and will not damage the interests of the Company and its un-related/un-connected shareholders, especially the interests of the minority shareholders, and are in the interests of the Company and its shareholders as a whole.

V. DOCUMENTS AVAILABLE FOR INSPECTION

1. Resolution of the board of directors and minutes signed by directors

2. Written documents of independent directors in respect of the transaction and independent opinions expressed by them at the board meeting prior to entering into the transaction

3. Resolution of the Supervisory Committee

4. Resolution of the Audit Committee

5. Relevant contract in relation to the related party transactions

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

Nanjing, the PRC, 29 August 2020

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

*Sun Xibin, Cheng Xiaoguang, 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*