ANNOUNCEMENT OF ADJUSTMENT OF THE ORDINARY RELATED PARTY TRANSACTIONS/
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.

On 24 December 2020, Guangjing Xicheng Company (a controlled subsidiary of the Company) entered into a supplemental agreement with Expressway Petroleum Company in relation to the contracts for leasing of petrol stations entered into on 23 March 2018 by Guangjing Xicheng Company with Expressway Petroleum Company and its wholly-owned subsidiary, respectively, and the supplemental agreements entered into on 31 March 2020, with the term of the agreements remaining unchanged. The total contract amount will be adjusted and increased to not exceeding RMB14.5 million for 2020.

As the revenue ratio calculated under Rule 14.07 of the Hong Kong Listing Rules in respect of the maximum annual cap of the transactions is more than 0.1% but less than 5%, the transactions are only subject to announcement requirement but are exempt from the requirement of independent shareholders’ approval at general meeting in accordance with Rule 14A.76(2)(a) of the Hong Kong Listing Rules.
IMPORTANT NOTICE:

1. The ordinary related party transactions/continuing connected transactions are 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 the transactions are conducted in the ordinary and usual course of business of the Company on normal commercial terms, and the prices of the transactions are fair and reasonable. The revenue and profit of the Company are not dependent on such type of ordinary related party transactions/continuing connected 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 unrelated 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 TRANSACTIONS/CONTINUING CONNECTED TRANSACTIONS

(I) Procedures for the Consideration of Ordinary Related Party Transactions/Continuing Connected Transactions

At the 23rd meeting of the eighth session of the board of directors held on 23 March 2018, the Company considered and approved the ordinary related party transactions/continuing connected transactions between Jiangsu Guangjing Xicheng Expressway Company Limited (a controlled subsidiary of the Company) (hereinafter referred to as “Guangjing Xicheng Company”) and Jiangsu Expressway Petroleum Development Co., Ltd. (hereinafter referred to as “Expressway Petroleum Company”), and approved the entering into of contract for the leasing of petrol stations at Yanqiao Service Area, Yixing Service Area (on both sides) and Guangling Service Area (on both sides) by Guangjing Xicheng Company (a controlled subsidiary of the Company) with Expressway Petroleum Company and its wholly-owned subsidiary, respectively, pursuant to which Guangjing Xicheng Company provided the leasing services to Expressway Petroleum Company and its wholly-owned subsidiary. The guaranteed rental fees are RMB500,000 per year and the term of the agreements is three years, expiring at the end of 2020. Determined based on the petrol sales volume, the total contract rental amount for 2020 will not exceed RMB12 million. Guangjing Xicheng Company entered into the contracts for the leasing of petrol stations with Expressway Petroleum Company and its wholly-owned subsidiary, respectively, on 23 March 2018.
Subsequently, due to the lift of the rental pricing standard by Expressway Petroleum Company, at the 18th meeting of the ninth session of the board of directors of the Company held on 31 March 2020, the resolution in relation to adjustment to the cap for the ordinary related party transactions/continuing connected transactions between Guangjing Xicheng Company (a controlled subsidiary of the Company) and Expressway Petroleum Company was considered and approved, and the entering into of supplemental agreements by Guangjing Xicheng Company with Expressway Petroleum Company and its wholly-owned subsidiary was approved, with the term of the agreement remaining unchanged. The total contract amount for 2020 will be adjusted and increased to not exceeding RMB13.2 million. Guangjing Xicheng Company entered into supplemental agreements with Expressway Petroleum Company and its wholly-owned subsidiary, respectively, on 31 March 2020.

For details of the above-mentioned matters, please refer to the announcements published by the Company on 26 March 2018 and 1 April 2020 on the website of the Shanghai Stock Exchange at www.sse.com.cn and the announcements on the continuing connected transactions published by the Company on 23 March 2018 and 1 April 2020 on the website of Hong Kong Stock Exchange at www.hkexnews.hk.

In view of the increase in petrol sales volume as a result of the growing traffic flow and the winter sales, the entering into of supplemental agreements by Guangjing Xicheng Company with Expressway Petroleum Company and its wholly-owned subsidiary was considered and approved at the 26th meeting of the ninth session of the board of directors held on 24 December 2020, with the term of the agreement remaining unchanged. The total contract amount for 2020 will be adjusted and increased to not exceeding RMB14.5 million. Guangjing Xicheng Company entered into supplemental agreement with Expressway Petroleum Company on 24 December 2020.

Mr. Sun Xibin, Mr. Chen Yanli and Mr. Chen Yongbing, being related party/connected directors of the Company, have abstained from voting on the resolution. All the remaining directors have voted in favor of the above resolutions and are of the view that the terms of the transactions are fair and reasonable, and are in the interests of shareholders as a whole.

The five independent directors of the Company have conducted a prior review on the 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 Expressway Petroleum Company together with its wholly-owned subsidiary, as the counterparty in the transactions, and the Company are under the common control by Jiangsu Communications Holding Company Limited (hereinafter referred to as “Jiangsu Communications Holding”), such transactions constitute related party transactions under 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, the transaction is not subject to approval by the shareholders at general meeting.

In accordance with Rule 14A.76 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”), as the revenue ratio calculated under Rule 14.07 of the Hong Kong Listing Rules in respect of the maximum annual cap of the transactions is more than 0.1% but less than 5%, the transactions are only subject to announcement requirement but are exempt from the requirement of independent shareholders’ approval at general meeting in accordance with Rule 14A.76(2)(a) of the Hong Kong Listing Rules.

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

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

<table>
<thead>
<tr>
<th>Category of related party transaction</th>
<th>Related person</th>
<th>2020 original estimated amount</th>
<th>2020 accumulated amount as at 30 November</th>
<th>Estimated increase in transaction amount</th>
<th>2020 current estimated amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Related leasing provided by Guangjing Xicheng Company, a controlled subsidiary of the Company, to related person</td>
<td>Expressway Petroleum Company</td>
<td>1,320</td>
<td>1,215</td>
<td>130</td>
<td>1,450</td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td>1,320</td>
<td>1,215</td>
<td>130</td>
<td>1,450</td>
</tr>
</tbody>
</table>
II. INFORMATION ON AND RELATED/CONNECTED 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 Expressway Petroleum Development Co., Ltd.

Registered office: 22nd Floor, Building 1, Financial City, No. 99 Jialing Jiangdong Street, Jianye District, Nanjing

Business nature: Limited company

Legal representative: Cheng Xiu Hu

Registered capital: RMB150,000,000

Shareholders (Shareholding percentage):
- Jiangsu Communications Holding Company Limited (51.17%)
- PetroChina Company Limited (8.83%)
- Sinopec Sales Co., Ltd. (40%)

Principal business: Refined oil retail, sales of general merchandise, auto parts, chemical products, and technical consulting services

Total assets at the end of the latest accounting period (2019): RMB760,217,000 (in accordance with the Accounting Standards for Business Enterprises of the PRC)

Net assets at the end of the latest accounting period (2019): RMB576,049,000 (in accordance with the Accounting Standards for Business Enterprises of the PRC)

Revenue from operations for the latest accounting period (2019): RMB7,063,899,000 (in accordance with the Accounting Standards for Business Enterprises of the PRC)

Net profit for the latest accounting period (2019): RMB168,579,000 (in accordance with the Accounting Standards for Business Enterprises of the PRC)
(II) Related Party/Connected Relationship with the Listed Company

Jiangsu Communications Holding, the controlling shareholder of the Company, is the de facto controller of Expressway Petroleum Company. Expressway Petroleum Company is a related party 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. Expressway Petroleum Company is a connected person of the Company under Rule 14A.07 of the Hong Kong Listing Rules, and the relevant transactions constitute continuing connected transactions.

(III) Analysis of Performance Capability of Related/Connected Parties

As Expressway Petroleum Company and the Company are subsidiaries of a same controlling shareholder, previous agreements can be effectively implemented without any breach of contract. Therefore, we consider that there is no performance risk in relation to the contract for these related party transactions.

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

Guangjing Xicheng Company (a controlled subsidiary of the Company) has entered into Service Area Petrol Stations Leasing Contract with Expressway Petroleum Company, pursuant to which, the petrol stations of the service areas of Ningchang Zhenli Company will be leased to Expressway Petroleum Company for operation. The term of the Petrol Stations Leasing Contract entered into between Guangjing Xicheng Company and Expressway Petroleum Company is from 1 April 2018 to 31 December 2020 with the total amount of the contract for 2020 not exceeding RMB12,000,000. A supplemental agreement was entered into on 31 March 2020, pursuant to which, the total amount of the contract for 2020 will be adjusted and increased to not exceeding RMB13,200,000. However, Guangjing Xicheng Company has now entered into another supplemental agreement with Expressway Petroleum Company, pursuant to which, the total amount of the contract for 2020 will be adjusted and increased to not exceeding RMB14,500,000, among which, the amount of contract not exceeding RMB5,170,000 for petrol station at Guangling Service Area, the amount of contract not exceeding RMB7,880,000 for petrol station at Yanqiao Service Area, and the amount of contract not exceeding RMB1,450,000 for petrol station at Yixing Service Area.
IV. PURPOSE OF THE ORDINARY RELATED PARTY TRANSACTIONS/CONTINUING CONNECTED TRANSACTIONS AND THEIR EFFECTS ON THE COMPANY

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

Therefore, the board of directors of the Company (including independent non-executive directors) is of the view that the transactions are conducted in the ordinary and usual course of business of the Company and the price and relevant terms of the transactions are fair and reasonable. The transactions do not have any adverse impacts on the Company and will not impair the interests of the Company and its unrelated/unconnected 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 approval of the transactions and independent opinions expressed by them at the board meeting prior to the entering into of the transactions

3. Resolutions of the Supervisory Committee
4. Resolutions of the Audit Committee

5. Relevant contracts in relation to the transactions

By Order of the Board

Yao Yongjia
Secretary to the Board

Nanjing, the PRC, 25 December 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, Ma Chung Lai, Lawrence, Zhang Zhuting*, Chen Liang*, Lin Hui*, Zhou Shudong*, Liu Xiaoxing*

* Independent Non-executive Directors