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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
RELATED PARTY/CONNECTED TRANSACTIONS
IN RESPECT OF THE PROCUREMENT OF
PAVEMENT MAINTENANCE MATERIALS FROM
RELATED PARTY/CONNECTED PERSONS**

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 its contents.

On 28 April 2021, the Company and its subsidiary, Guangjing Xicheng Company, entered into pavement maintenance materials purchase contracts with Xiandai R&B Company in the amount of RMB190 million and RMB86 million, respectively.

According to Paragraph 2(2) under Article 10.1.3 of the Rules Governing the Listing of Stocks on Shanghai Stock Exchange, as Xiandai R&B Company is a related party of the Company, the matter constitutes a related party transaction. During the past twelve months, ordinary related party transactions between the Company and its direct subsidiary Guangjing Xicheng Company with Xiandai R&B Company amounted to RMB449 million, and these related party transactions amounted to RMB276 million, together representing less than 5% of the absolute value of the Company's latest audited net assets, and are exempt from approval by the general meeting.

As Communications Holding (the controlling shareholder of the Company) is a connected person of the Company, and holds, directly and indirectly, over 30% of equity interest in Xiandai R&B Company, Xiandai R&B Company is also a connected person of the Company under Rule 14A.07 of the Hong Kong Listing Rules. As such, the execution of the relevant transaction contracts between the Company and its subsidiary, Guangjing Xicheng Company, with Xiandai R&B Company and the transactions thereunder constitute connected transactions of the Company. As the percentage ratios of total assets and market capitalisation calculated under Rule 14.07 of the Hong Kong Listing Rules in respect of the total amount of the above contracts of RMB276 million are more than 0.1% but less than 5%, these transactions are only subject to announcement requirements but are exempt from the approval of independent shareholders at general meeting in accordance with Rule 14A.76(2) (a) of the Hong Kong Listing Rules.

IMPORTANT NOTICE:

1. The price of the related party/connected transactions is fair and reasonable. The related party/connected transactions have no adverse impact on the Company, will not impair the interests of the Company or non-related/connected shareholders, in particular those of the minority shareholders, and are in the interests of the Company and its shareholders as a whole.
2. During the past twelve months, the ordinary related party transactions between the Company and its direct subsidiary Jiangsu Guangjing Xicheng Expressway Limited (“**Guangjing Xicheng Company**”) with Jiangsu Sundian Engineering Co., Ltd. (“**Xiandai R&B Company**”) amounted to RMB449 million.

During the past twelve months, similar transactions (excluding these transactions) between the Company and different related parties/connected persons (including Xiandai R&B Company) amounted to RMB0.

3. These related party/connected transactions are exempt from approval by the general meeting.
4. Unless otherwise stated, (1) the currency for amounts as disclosed in this announcement is RMB and (2) all English names of PRC companies, entities and government agencies are for identification purpose only.

I. OVERVIEW OF THE RELATED PARTY/CONNECTED TRANSACTIONS

In order to improve the performance and quality of the roads, the twenty-ninth meeting of the ninth session of the Board of Directors of Jiangsu Expressway Company Limited (the “**Company**”) held on 28 April 2021 considered and approved the Resolution on the Related Party/Connected Transactions in relation to the Procurement of Pavement Maintenance Materials from Related Party/Connected Persons. The pavement maintenance materials purchase contracts were entered into by the Company and its direct subsidiary, Guangjing Xicheng Company, with Xiandai R&B Company, respectively, for the purchase of asphalt mix for pavement maintenance. On 28 April 2021, the Company and Guangjing Xicheng Company entered into pavement maintenance materials purchase contracts with Xiandai R&B Company in the amount of RMB190 million and RMB86 million, respectively for the purchase of asphalt mix for pavement maintenance.

Jiangsu Communications Holding Company Limited (“**Communications Holding**”), the controlling shareholder of the Company, holds 25% of the equity interest in Xiandai R&B Company and is the de facto controller of Xiandai R&B Company. Pursuant to Paragraph 2(2) under Article 10.1.3 of the Rules Governing the Listing of Stocks on Shanghai Stock Exchange, Xiandai R&B Company is a related party of the Company, the matter constitutes a related party transaction. As of the date of disclosure of the announcement, during the past twelve months, ordinary related party transactions between the Company and its direct subsidiary Guangjing Xicheng Company with Xiandai R&B Company amounted to RMB449 million (all for repairs and maintenance projects), and these related party transactions amounted to RMB276 million (all for pavement maintenance materials purchases), together representing less than 5% of the absolute value of the Company’s latest audited net assets, and are exempt from approval by the general meeting.

As Communications Holding (the controlling shareholder of the Company) is a connected person of the Company, and holds, directly and indirectly, over 30% of equity interest in Xiandai R&B Company, Xiandai R&B Company is also a connected person of the Company under Rule 14A.07 of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (“**Hong Kong Listing Rules**”). As such, the execution of the relevant transaction contracts between the Company and its subsidiary, Guangjing Xicheng Company, and Xiandai R&B Company and the transactions thereunder constitute connected transactions of the Company. As the percentage ratios of total assets and market capitalisation calculated under Rule 14.07 of the Hong Kong Listing Rules in respect of the total amount of the above contracts of RMB276 million are more than 0.1% but less than 5%, these transactions are only subject to announcement requirements but are exempt from the approval of independent shareholders at general meeting in accordance with Rule 14A.76(2) (a) of the Hong Kong Listing Rules.

These related party transactions do not constitute a material asset restructuring under the Measures for Administration of Material Asset Restructuring of Listed Companies (《上市公司重大資產重組管理辦法》).

II. INFORMATION ON RELATED PARTY/CONNECTED PERSON

(I) Information on the relationships with the related party/connected person

As Communications Holding, the controlling shareholder of the Company, holds 25% of the equity interest in Xiandai R&B Company and is the de facto controller of Xiandai R&B Company, Xiandai R&B Company is a related party of the Company pursuant to Paragraph 2(2) under Article 10.1.3 of the Rules Governing the Listing of Stocks on Shanghai Stock Exchange.

As Communications Holding (the controlling shareholder of the Company) is a connected person of the Company, and holds, directly and indirectly, over 30% of equity interest in Xiandai R&B Company, Xiandai R&B Company is also a connected person of the Company under Rule 14A.07 of the Hong Kong Listing Rules.

(II) Basic information on the counterparties

Jiangsu Expressway Company Limited

Registered office:	No. 6 Xianlin Avenue, Nanjing, Jiangsu Province, the PRC
Company type:	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 highways in Jiangsu Province
Total assets at the end of the latest accounting period (2020):	RMB61,095,560,000 (in accordance with the Accounting Standards for Business Enterprises of the PRC)
Net assets at the end of the latest accounting period (2020):	RMB33,049,270,000 (in accordance with the Accounting Standards for Business Enterprises of the PRC)

Revenue from operations at the end of the latest accounting period (2020):	RMB8,032,467,000 (in accordance with the Accounting Standards for Business Enterprises of the PRC)
Net profit at the end of the latest accounting period (2020):	RMB2,518,755,000 (in accordance with the Accounting Standards for Business Enterprises of the PRC)

Jiangsu Guangjing Xicheng Expressway Co., Ltd.

Registered office:	No. 6 Xianlin Avenue, Nanjing, Jiangsu Province, the PRC
Company type:	Limited liability company
Legal representative:	Zhu Zhiwei
Registered capital:	RMB2,500,000,000
Shareholders (Shareholding percentage):	Jiangsu Expressway Company Limited (85%) China Merchants Expressway Network & Technology Holdings Co., Ltd. (15%) (Note 1)
Principal business:	Construction, management, maintenance and toll collection of highways
Total assets at the end of the latest accounting period (2020):	RMB13,448,240,910 (in accordance with the Accounting Standards for Business Enterprises of the PRC)
Net assets at the end of the latest accounting period (2020):	RMB7,312,297,880 (in accordance with the Accounting Standards for Business Enterprises of the PRC)
Revenue from operations at the end of the latest accounting period (2020):	RMB1,131,478,300 (in accordance with the Accounting Standards for Business Enterprises of the PRC)
Net profit at the end of the latest accounting period (2020):	RMB465,855,760 (in accordance with the Accounting Standards for Business Enterprises of the PRC)

Jiangsu Sundian Engineering Co., Ltd.

Registered office:	Hanfu Building, No. 291 East Zhongshan Road, Xuanwu District, Nanjing, Jiangsu Province
Company type:	Limited liability company
Legal representative:	Yuan Shouguo
Registered capital:	RMB129,050,000
Shareholders (Shareholding percentage):	Jiangsu Communications Holding Company Limited (25%) <i>(Note 2)</i> Jiangsu Expressway Company Limited (7.5%) Jiangsu Guangjing Xicheng Expressway Company Limited (7.5%) <i>(Note 1)</i> Jiangsu Yanjiang Expressway Co., Ltd. (7.5%) <i>(Note 3)</i> Jiangsu Ningchang Zhenli Expressway Company Limited (7.5%) <i>(Note 4)</i> Jiangsu Sutong Bridge Company Limited (7.5%) <i>(Note 5)</i> Jiangsu Yangtze Bridge Co., Ltd. (7.5%) <i>(Note 6)</i> Jiangsu Runyang Bridge Development Co., Ltd. (7.5%) <i>(Note 7)</i> Jiangsu Taizhou Bridge Co., Ltd. (7.5%) <i>(Note 8)</i> Jiangsu Ninghang Expressway Co., Ltd. (7.5%) <i>(Note 9)</i> Jiangsu Husuzhe Expressway Co., Ltd. (7.5%) <i>(Note 3)</i>

Scope of Business:	Bridge engineering, road construction, tunnel construction, railway engineering, municipal engineering, green engineering, landscape engineering, transportation engineering, construction engineering, building curtain wall engineering, construction and decoration works, lighting, electrical and mechanical engineering, energy engineering, environmental engineering design, construction, maintenance and technical services; testing services; engineering supervision; sales and technical research and development of new materials and road maintenance equipment; research and development and sales of building materials; general cargo storage services; lease, sales and technical services of construction machinery and equipment; design, production, agency, and release of various domestic advertisements; advertising engineering construction; information technology development and services. (for projects which are subject to approval in accordance with the law, operating activities can only be conducted after being approved by the relevant authorities)
Total assets at the end of the latest accounting period (2020):	RMB1,166,638,000 (in accordance with the Accounting Standards for Business Enterprises of the PRC)
Net assets at the end of the latest accounting period (2020):	RMB478,238,000 (in accordance with the Accounting Standards for Business Enterprises of the PRC)
Revenue from operations at the end of the latest accounting period (2020):	RMB1,030,648,000 (in accordance with the Accounting Standards for Business Enterprises of the PRC)
Net profit at the end of the latest accounting period (2020):	RMB180,336,000 (in accordance with the Accounting Standards for Business Enterprises of the PRC)

Ultimate beneficial owners

Note 1: the Company's 85%-owned subsidiary. The ultimate beneficial owner of the remaining 15% interest is China Merchants Highway Network & Technology Holdings Co., Ltd. (Shenzhen Stock Exchange stock code: 001965)

Note 2: The ultimate beneficial owner: the State-owned Assets Supervision and Administration Commission of Jiangsu Provincial People's Government

Note 3: The ultimate beneficial owners are: Jiangsu Communications Holdings Co., Ltd. (55.46%) (see Note 2 above), Jiangsu Guangjing Xicheng Expressway Co., Ltd. (25.15%) (see Note 1 above), Suzhou Yanjiang Expressway Co., Ltd. (8.91%) (its ultimate beneficial owners include Changshu State-owned Assets Supervision and Administration Office (36.66%), the State-owned Assets Supervision and Administration Commission of Suzhou People's Government (24.71%), the State-owned Assets Supervision and Administration Office of Taicang People's Government (19.35%), Zhangjiagang City Public Assets Management Committee (17.90%), China Life Soochow (Suzhou) Urban Industrial Investment Enterprise (Limited Partnership) (1.45%) (whose executive partner is Soochow Venture Capital Co., Ltd.), Zhangjiagang City Public Assets Management Co., Ltd. (6.41%) (its ultimate beneficial owners are Zhangjiagang City Public Assets Management Committee (97.5%) and Zhangjiagang State-owned Assets Management Center (2.5%)), Suzhou Taicang Port Shugang Expressway Limited Company (2.48%) (its ultimate beneficial owners include the State-owned Assets Supervision and Administration Office of Taicang People's Government (38.87%), the State-owned Assets Supervision and Administration Commission of Suzhou People's Government (33.33%), and the State-owned Assets Supervision and Administration Office of Kunshan People's Government (5.54%), Jiangsu Communications Holding Co., Ltd. (4.51%) (see Note 2 above), the State-owned Assets Supervision and Administration Commission of Lianyungang People's Government (4.12%)), and the State-owned Assets Supervision and Administration Commission of Changzhou People's Government (1.58%). According to public information, there are no other person owning more than 1% of equity interests

Note 4: The Company's 100%-owned subsidiary

Note 5: The ultimate beneficial owners are: Jiangsu Communications Holding Co., Ltd. (46.54%) (see Note 2 above), and Nantong Xinhui Transportation Investment Partnership (Limited Partnership) whose general partner is Nantong Coastal Development Group Co., Ltd. (19.96%), the State-owned Assets Supervision and Administration Committee of Nantong People's Government (16.09%), the State-owned Assets Management Committee of Suzhou People's Government (15.1%), Rudong County Investment Management Office (1.32%), and State-owned Assets Supervision Management Office of Tongzhou District Government, Nantong (0.99%)

Note 6: The ultimate beneficial owners are: Jiangsu Communications Holdings Co., Ltd. (64.40%) (see Note 2 above), China Merchants Highway Network & Technology Holdings Co., Ltd. (Shenzhen Stock Exchange stock code: 001965) (21.64%), Shanghai Mintu Investment Holdings Co., Ltd. (7.00%) (its ultimate beneficial owners are: Ren Jinhua (80%) and Zhu Qing (20%)), China Development and Investment Group Co., Ltd. (6.63%) (its ultimate beneficial owner: the State-owned Assets Supervision and Administration Commission of the State Council) and Jingjiang Economic and Technological Development Corporation (0.33%) (its ultimate beneficial owner: Jingjiang Economic and Technological Development Zone Management Committee)

Note 7: The ultimate beneficial owner: Jiangsu Communications Holdings Co., Ltd. (see Note 2 above)

Note 8: The ultimate beneficial owners are: Jiangsu Yangzi Bridge Co., Ltd. (40%) (see Note 6 above), Jiangsu Communications Holdings Co., Ltd. (35%) (see Note 2 above), the State-owned assets Supervision and Administration Commission of Taizhou People's Government (20%) and the State-owned Assets Supervision and Administration Commission of Changzhou People's Government (5%)

Note 9: The ultimate beneficial owners are: Jiangsu Communications Holdings Co., Ltd. (79.99%) (see Note 2 above), Nanjing State-owned Assets Management Commission (10%), the State-owned Assets Supervision and Administration Commission of Changzhou People's Government (7.82%) and the State-owned Assets Supervision and Administration Commission of Wuxi People's Government (2.19%)

III. BASIC INFORMATION ON THE SUBJECT OF THE RELATED PARTY/ CONNECTED TRANSACTIONS

1. Subject of the transactions: pavement maintenance materials, including but not limited to modified stone matrix asphalt
2. The pricing policies of the related party/connected transactions

The prices of the related party/connected transactions are determined by negotiation between both parties on a voluntary, fair and reasonable basis with reference to the transaction price of similar materials in the market. The transaction price is fair and reasonable, has no adverse impact on the Company, will not impair the interests of the Company and the non-related/connected shareholders, in particular those of the minority shareholders, and are in the interests of the Company and its shareholders as a whole.

IV. THE MAIN CONTENTS AND PERFORMANCE ARRANGEMENTS OF THE RELATED PARTY/CONNECTED TRANSACTIONS

(I) Pavement maintenance materials purchase contract of the Company

1. Party A (Buyer): Jiangsu Expressway Company Limited
Party B (Seller): Jiangsu Sundian Engineering Co., Ltd.
2. Transaction price: RMB190 million
3. Transaction subject: pavement maintenance materials, including but not limited to modified stone matrix asphalt
4. Delivery arrangement: first batch material supply (10 May to 10 June 2021) and second batch material supply (1 July to 31 July 2021)
5. Payment method:
 - (1) Prepayment: Upon this contract comes into effect, Party A shall pay Party B 50% of the total contract price as prepayment for materials. The prepayment is no longer withheld from the progress payment.
 - (2) Progress payment: During the supply period, Party A shall pay the progress payment according to progress of the actual supply, the payment amount shall not exceed 80% of the actual supply amount.
 - (3) Settlement amount: Upon completion of the settlement audit, Party A shall pay up to 97% of the audit amount.
 - (4) The balance will be settled at the expiration of the warranty period (12 months).

Aggregate payments shall not exceed RMB190 million.
6. Term of contract: 10 May 2021 to 31 July 2021.

(II) Pavement maintenance materials purchase agreement of Guangjing Xicheng

1. Party A (Buyer): Jiangsu Guangjing Xicheng Expressway Limited
Party B (Seller): Jiangsu Sundian Engineering Co., Ltd.
2. Transaction price: RMB86 million
3. Transaction subject: pavement maintenance materials, including but not limited to modified stone matrix asphalt
4. Delivery arrangement: first batch material supply (10 May to 10 June 2021) and second batch material supply (10 July to 31 July 2021)
5. Payment method:
 - (1) Prepayment: Upon this contract comes into effect, Party A shall pay Party B 50% of the total contract price as prepayment for materials. The prepayment is no longer withheld from the progress payment.
 - (2) Progress payment: During the supply period, Party A shall pay the progress payment according to the progress of the actual supply, the payment amount shall not exceed 80% of the actual supply amount.
 - (3) Settlement amount: Upon completion of the settlement audit, Party A shall pay up to 97% of the audit amount.
 - (4) The balance will be settled at the expiration of the warranty period (12 months).Aggregate payments shall not exceed RMB86 million.
6. Term of contract: 10 May 2021 to 31 July 2021.

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

1. Purpose of the transactions: Improving the structural bearing capacity and the performance of road pavement, extending the road service life.
2. Effects on the Company: The transactions are ordinary business contracts of the Company and its subsidiary. 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 the related party/connected person. By leveraging on synergies derived from the business of the related party/connected companies, the Company and its subsidiary can save costs and improve management efficiency to ensure effective operation of principal businesses. The income and profit of the Company and its subsidiary 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 transactions do not have any adverse impacts on the Company.

VI. THE PROCEDURES FOR THE CONSIDERATION OF THE RELATED PARTY/CONNECTED TRANSACTIONS

At the twenty-ninth meeting of the ninth session of the Board of Directors of the Company held on 28 April 2021, all the directors approved and were of the unanimous view that the terms of the related party/connected transactions are fair and reasonable, and are in the interest of the Company and its shareholders as a whole. When considering the resolution, Mr. Sun Xibin, Mr. Chen Yanli and Mr. Chen Yongbing, all being related/connected directors, have abstained from voting.

Prior to considering the resolution, the five independent non-executive directors of the Company decided and agreed to submit the proposal for the above-mentioned related party/connected transactions to the twenty-ninth meeting of the ninth session of the Board of Directors for consideration and expressed independent opinions at the board meeting considering the above resolution as follows: the purchases of pavement maintenance materials from a related party/connected person are transactions in the ordinary and usual course of business, transaction terms of which are fair and reasonable and are on normal commercial terms, and the transactions will not prejudice the interests of the Company and its non-related/connected shareholders, especially the minority shareholders, and are in the interests of the Company and its shareholders as a whole.

The Audit Committee of the Board of Directors of the Company issued a written review opinion on the related party transaction as follows:

The purchase of pavement maintenance materials from related party is an ordinary business activity in compliance with the principles of objective, equity and fairness; the procedures for the consideration of and voting on the related party transactions are in compliance with relevant laws and regulations and the Articles of Association, and there is no circumstance under which the interests of the non-related shareholders and the Company are impaired.

The related party transactions are not required to be subject to approval of relevant authorities.

By Order of the Board
Yao Yongjia
Secretary to the Board

Nanjing, the PRC, 29 April 2021

As at the date of this announcement, the Directors of the Company are: Sun Xibin, Chen Yanli, Chen Yongbing, Cheng Xiaoguang, Yao Yongjia, Wu Xinhua, Ma Chung Lai, Lawrence, Zhang Zhuting, Chen Liang*, Lin Hui*, Zhou Shudong*, Liu Xiaoxing**

* *Independent non-executive Directors of the Company*