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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 ORDINARY RELATED/CONTINUING  
CONNECTED TRANSACTIONS**

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 23 August 2019, the board of directors of the Company considered and approved the following ordinary related/continuing connected transactions, and entered into contracts in relation thereto:

- (1) Zhendan Company, a subsidiary of the Company, and Media Company entered into the Management Cooperation Agreement on entrusting the overall advertising business to Media Company for management. The term of the agreement shall commence on 1 January 2020 and end on 31 December 2022. Based on the estimated services to be provided in the coming three years, the contract sums for 2020, 2021 and 2022 between Zhendan Company and Media Company will be not more than RMB100,000, RMB200,000 and RMB200,000, respectively; and
- (2) Each of the Company and Zhendan Company entered into the Toll Collector Room Renovation Project Contract with Micro Video, with estimated contract amount totalling not more than RMB1.51 million and RMB150,000, respectively; each of Yangtze River Management Company, a wholly-owned subsidiary of the Company, and Guangjing Xicheng Company, a subsidiary of the Company, entered into the Office System Upgrade Contract with Micro Video, with estimated contract amount totalling not more than RMB190,000 and RMB110,000, respectively.

The parties of the transactions are related persons of the Company and its subsidiaries, and such transactions constitute related transactions under Rule 10.1.3 of Chapter 10 of the Shanghai Listing Rules.

As Communications Holding, the controlling shareholder of the Company, holds more than 30% equity interest in Media Company and Micro Video, directly and/or indirectly, Media Company and Micro Video are connected persons of the Company, and entering into the Management Cooperation Agreement, the Toll Collector Room Renovation Project Contracts and the Office System Upgrade Contracts as well as the transactions contemplated thereunder constitute continuing connected transactions of the Company under Rule 14A.07 of the Hong Kong Listing Rules.

As certain of the applicable percentage ratios under all contracts in relation to the management of advertising business entered into by the Company and all its subsidiaries with Media Company (including the Management Cooperation Agreement) exceed 0.1% but are less than 5%, such transactions are subject to the announcement requirement under Rule 14A.76(2)(a) of the Hong Kong Listing Rules but are exempted from approval by independent shareholders at the general meeting. As all applicable percentage ratios for the estimated total amounts under the aforesaid Toll Collector Room Renovation Project Contracts and the Office System Upgrade Contracts are less than 0.1%, such transactions are not subject to any disclosure requirements under Rule 14A.76 of the Hong Kong Listing Rules.

#### **IMPORTANT NOTICE:**

- 1. These related/connected transactions are not subject to approval by shareholders at general meeting.**
- 2. The directors (including independent non-executive directors) of the Company are of the view that the two transactions are conducted in the ordinary and usual course of business of the Company on normal commercial terms with fair and reasonable transaction prices. The Company's income and profit are not dependent on such related/connected transactions and hence the independence of the Company as a listed company will not be impaired. They do not have any adverse impacts on the Company and will not impair the interests of the Company and non-related/connected shareholders, in particular those of the minority shareholders.**
- 3. Other matters need to be brought to the attention of investors: Nil.**

## I. BASIC INFORMATION ON ORDINARY RELATED/CONTINUING CONNECTED TRANSACTIONS

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

On 23 August 2019, the board of directors of Jiangsu Expressway Company Limited (the “**Company**”) considered and approved the following ordinary related/continuing connected transactions, and entered into contracts in relation thereto:

- (1) It was approved that Jiangsu Zhendan Expressway Company Limited (“**Zhendan Company**”), a subsidiary of the Company, and Jiangsu Communications & Culture Media Company Limited (“**Media Company**”) entered into the management cooperation agreement on entrusting the overall advertising business to Media Company for management (the “**Management Cooperation Agreement**”). The term of the agreement shall commence on 1 January 2020 and end on 31 December 2022. Based on the estimated services to be provided in the coming three years, the contract sums for 2020, 2021 and 2022 between Zhendan Company and Media Company will be not more than RMB100,000, RMB200,000 and RMB200,000, respectively.
- (2) It was approved that each of the Company and Zhendan Company entered into the contract in relation to the toll collector room renovation project (“**Toll Collector Room Renovation Project Contract**”) with Nanjing Micro Video Technology Company Limited (南京感動科技有限公司) (“**Micro Video**”), with estimated contract amount totalling not more than RMB1.51 million and RMB150,000, respectively; and each of Jiangsu Yangtze River Expressway Management Co., Ltd. (“**Yangtze River Management Company**”, a wholly-owned subsidiary of the Company, and Jiangsu Guangjing Xicheng Expressway Company Limited (“**Guangjing Xicheng Company**”), a subsidiary of the Company, entered into contract on the upgrade of office system (“**Office System Upgrade Contract**”) with Micro Video, with estimated contract amount totalling not more than RMB190,000 and RMB110,000, respectively.

In accordance with Rule 8 of the Implementation Guidelines for Related Transactions of the Shanghai Stock Exchange, as all counterparties of the two resolutions are related parties of the Company, the transactions constitute related transactions, with an aggregated amount triggering the relevant disclosure requirements. As the total amount of relevant fees represents less than 5% of the absolute value of the audited net assets of the Company for the most recent period, it is not subject to approval by shareholders at general meeting.

As Jiangsu Communications Holding Company Limited (江蘇交通控股有限公司) (“**Communications Holding**”), the controlling shareholder of the Company, holds more than 30% equity interest in Media Company and Micro Video, directly and/or indirectly, Media Company and Micro Video are connected persons of the Company, and the entering into the Management Cooperation Agreement, the Toll Collector Room Renovation Project Contracts and the Office System Upgrade Contracts as well as the transactions contemplated thereunder constitute continuing connected transactions of the Company under Rule 14A.07 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Hong Kong Listing Rules**”).

As certain of the applicable percentage ratios under all contracts in relation to the management of advertising business entered into by the Company and all its subsidiaries with Media Company (including the Management Cooperation Agreement) exceed 0.1% but are less than 5%, such transactions are subject to the announcement requirement under Rule 14A.76(2)(a) of the Hong Kong Listing Rules but are exempted from approval by independent shareholders at the general meeting. As all applicable percentage ratios for the estimated total amounts under the aforesaid Toll Collector Room Renovation Project Contracts and the Office System Upgrade Contracts are less than 0.1%, such transactions are not subject to any disclosure requirements under Rule 14A.76 of the Hong Kong Listing Rules.

Mr. Gu Dejun, Mr. Chen Yanli and Mr. Chen Yongbing, being related directors, have abstained from voting on the two resolutions. All the remaining directors have voted in favour of the resolutions, and are of the view that the transactions are fair and reasonable, and are in the interests of the shareholders as a whole.

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

The aforesaid related transactions are not subject to the approval by any other departments.

**(II) Estimation and implementation of previous ordinary related/continuing connected transactions**

*RMB0'000*

<b>Category of related/ connected transactions</b>	<b>Related/ connected person</b>	<b>2018 (Previous) Estimated Amount</b>	<b>2018 (Previous) Actual Amount Incurred</b>	<b>Reason for Material Difference between Estimated Amount and Actual Amount Incurred</b>
Lease provided by Zhendan Company for related persons	Media Company	0	0	/
Services received by the Company from related persons	Micro Video	0	0	/
Services received by Zhendan Company from related persons	Micro Video	0	0	/
Services received by Yangtze River Management Company from related persons	Micro Video	0	0	/
Services received by Guangjing Xicheng Company from related persons	Micro Video	0	0	/
<b>Total</b>	<b>/</b>	<b>0</b>	<b>0</b>	<b>/</b>

**(III) Estimated amounts and categories of the current ordinary related/  
continuing connected transactions**

*RMB0'000*

Category of related/connected transactions	Related/ connected person	Estimated Amount of 2019	Proportion in business of the same kind (%)	Accumulated Transaction Amount Incurred with Related/ Connected Persons from the Beginning of 2019 to the Date of this Announcement	Actual Amount Incurred of 2018	Proportion in business of the same kind (%)	Reason for Material Difference between Current Estimated Amount and Actual Amount Incurred last year
Lease provided by Zhendan Company for related persons	Media Company	0	0	0	0	0	/
Services provided by Micro Video for related persons	The Company	151	77.04	0	0	0	/
	Zhendan Company	15	7.65	0	0	0	/
	Yangtze River Management Company	19	9.70	0	0	0	/
	Guangjing Xicheng Company	11	5.61	0	0	0	/
	Subtotal	<u>196</u>	<u>100</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>/</u>
Total	/	<u><u>196</u></u>	<u><u>/</u></u>	<u><u>0</u></u>	<u><u>0</u></u>	<u><u>/</u></u>	<u><u>/</u></u>

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

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

#### *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 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 accounting period (2018):	RMB29,353,857,000 (In accordance with the Accounting Standards for Business Enterprises of the PRC)
Principal business revenue for the latest accounting period (2018):	RMB9,969,011,000 (In accordance with the Accounting Standards for Business Enterprises of the PRC)
Net profit for the latest accounting period (2018):	RMB4,475,711,000 (In accordance with the Accounting Standards for Business Enterprises of the PRC)

***Jiangsu Zhendan Expressway Company Limited***

Registered office:	6 Xianlin Avenue, Nanjing, Jiangsu Province, the PRC
Business nature:	Limited liability company
Legal representative:	Li Jie
Registered capital:	RMB605,590,000
Principal business:	Expressway passenger and freight transportation; repair and maintenance of vehicles; tourist services; accommodation; sales of newspapers, periodicals and other publications; catering services, retailing of food, cigarettes (cigars) and refined oil (the aforesaid business scope is subject to the branch license requirements); highway construction, management maintenance and collection of tolls from vehicles according to the relevant rules; warehousing services; design, production, agency and publication of various domestic advertisements; sales of groceries, textiles, daily necessities, metals, electronics, chemicals, automotive components and aquatic products; technical consultation for high-end expressways; lease of properties and venues; property management services. (Projects subject to approval as required by laws shall only be conducted after approval by the competent authority)
Total assets at the end of the latest accounting period (2018):	RMB1,736,756,000 (In accordance with the Accounting Standards for Business Enterprises of the PRC)
Net assets at the end of the latest accounting period (2018):	RMB586,142,000 (In accordance with the Accounting Standards for Business Enterprises of the PRC)



Principal business revenue for the latest accounting period (2018): RMB14,095,000 (In accordance with the Accounting Standards for Business Enterprises of the PRC)

Net profit for the latest accounting period (2018): -RMB20,336,000 (net loss) (In accordance with the Accounting Standards for Business Enterprises of the PRC)

***Jiangsu Yangtze River Expressway Management Co., Ltd.***

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

Business nature: Limited liability company (sole proprietorship of legal person)

Legal representative: Jilin

Registered capital: RMB50,000,000

Principal business: Construction, management, operation and maintenance of Yangtze River Bridge, expressways and other transportation infrastructures; sale of raw and auxiliary materials and equipment related to the construction and management of bridges and expressways; technological development; technical consultation; warehousing (excluding hazardous chemicals); leasing of common machines and pipelines; design, production, publication and outdoor agency and print advertising; domestic trade (Projects subject to approval as required by laws shall only be conducted after approval by the competent authority)

Total assets at the end of the latest accounting period (2018): Nil (In accordance with the Accounting Standards for Business Enterprises of the PRC)

Net assets at the end of the latest business accounting period (2018): Nil (In accordance with the Accounting Standards for Business Enterprises of the PRC)

Main business revenue for the latest accounting period (2018): Nil (In accordance with the Accounting Standards for Business Enterprises of the PRC)

Net profit for the latest accounting period (2018): Nil (In accordance with the Accounting Standards for Business Enterprises of the PRC)

As Yangtze River Management Company was just incorporated on 6 June 2019, no financial information for the relevant accounting period.

***Jiangsu Guangjing Xicheng Expressway Company Limited***

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

Business nature: Limited liability company

Legal representative: Wu Shanggang

Registered capital: RMB2,500,000,000

Principal business: Construction, management, maintenance and toll collection of expressways

Total assets at the end of the latest accounting period (2018): RMB10,967,044,000 (In accordance with the Accounting Standards for Business Enterprises of the PRC)

Net assets at the end of the latest accounting period (2018): RMB6,258,137,000 (In accordance with the Accounting Standards for Business Enterprises of the PRC)

Principal business revenue for the latest accounting period (2018): RMB1,316,435,000 (In accordance with the Accounting Standards for Business Enterprises of the PRC)

Net profit for the latest business accounting period (2018): RMB656,670,000 (In accordance with the Accounting Standards for Business Enterprises of the PRC)

***Jiangsu Communications & Culture Media Company Limited***

Registered office:	13/F, Block A3, Technology & Innovation Complex, No. 8 Bailongjiang East Street, Jianye District, Nanjing City
Business nature:	Limited liability company
Legal representative:	Cheng Xiaoguang
Registered capital:	RMB200,000,000
Principal business:	Design, production, agency and publication of domestic advertising; marketing planning, cultural and artistic exchange planning, corporate image planning, business management consulting services, economic information consulting services, conference services, exhibition services; indoor and outdoor decoration engineering, design and installation of signs, light boxes and neon lights; leasing of equipment and facilities; development of tourist attractions, investment in tourism projects; film and television planning and production, development and investment of film and television cultural programs.
Total assets at the end of the latest accounting period (2018):	RMB168,822,210 (In accordance with the Accounting Standards for Business Enterprises of the PRC)
Net assets at the end of the latest accounting period (2018):	RMB102,132,740 (In accordance with the Accounting Standards for Business Enterprises of the PRC)

Principal business revenue for the latest accounting period (2018): RMB2,668,120 (In accordance with the Accounting Standards for Business Enterprises of the PRC)

Net profit for the latest accounting period (2018): -RMB5,067,260 (net loss) (In accordance with the Accounting Standards for Business Enterprises of the PRC)

***Nanjing Micro Video Technology Company Limited (南京感動科技有限公司)***

Registered office: No. 66 Lingjiao City Qinhuai District, Nanjing City

Business nature: Limited liability company

Legal representative: Wang Mingwen

Registered capital: RMB12,003,700

Principal business: Construction of and technical consultation and technical services for projects in relation to roads, transportation, communications, electromechanical equipment installation, electronic and intelligent engineering, network and security; integration of computing systems; computer data processing; manufacturing (only by branches) and processing (only by branches) of computer equipment; development, services, transfer, consultation and sales of technologies concerning computer hardware and software; computer network engineering design; sales of computer peripherals, office equipment, chemical products, building materials, electronic components and hardware and electric materials.

Total assets at the end of the latest accounting period (2018): RMB29,809,000 (In accordance with the Accounting Standards for Business Enterprises of the PRC)

Net assets at the end of the RMB20,270,000 (In accordance with the latest accounting period Accounting Standards for Business Enterprises of the PRC) (2018):

Principal business revenue for RMB33,400,000 (In accordance with the the latest accounting period Accounting Standards for Business Enterprises of the PRC) (2018):

Net profit for the latest RMB8,056,000 (In accordance with the accounting period (2018): Accounting Standards for Business Enterprises of the PRC)

## **(II) Related/Connected Relationship with the Listed Company**

The counterparties of the transactions are related persons of the Company and its subsidiaries, and such transactions constitute related transactions under Rule 10.1.3 of Chapter 10 of the Shanghai Listing Rules.

Both Media Company and Micro Video are connected persons of the Company, and the aforesaid transactions constitute connected transactions of the Company under Rule 14A.07 of the Hong Kong Listing Rules.

## **(III) Performance capability analysis of related parties/connected persons**

Media Company, being the related party/connected person, have effectively implemented the previous agreements without any breach of contract; Micro Video, being the related party/connected person, is a creditworthy company which has subsisted in accordance laws, is under normal operation, and has no impediment in terms of fulfillment of agreements. In view of the foregoing, the Company considered that there is no risk of non-performance of the contracts for the two related transactions.

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

- (I) Zhendan Company entered into agreement with Media Company to entrust the management of the overall advertising business to Media Company. The term of the agreement shall commence on 1 January 2020 and end on 31 December 2022. Media Company shall be responsible for the investment, construction, operation and management of advertising facilities, and Zhendan Company shall be entitled to 20% of the revenue received by Media Company from advertising contracts with third parties. Based on the estimated services to be provided in the coming three years, the estimated contract sums for 2020, 2021 and 2022 between Zhendan Company and Media Company will be not more than RMB100,000, RMB200,000 and RMB200,000, respectively. Relevant fees under the agreement shall be subject to settlement by 15 June and 15 December, respectively, in each year, and payable by Media Company in cash.
- (II) Each of the Company and Zhendan Company entered into the Toll Collector Room Renovation Project Contracts with Micro Video for the year 2019. Based on the estimated workload for 2019, the respective cumulative contract amount is expected to be not more than RMB1.51 million and RMB150,000, respectively; each of Yangtze River Management Company and Guangjing Xicheng Company entered into the Office System Upgrade Contracts with Micro Video for the year 2019. Based on the estimated workload for 2019, the respective total contract amount is expected to be not more than RMB190,000 and RMB110,000, respectively. The aggregate estimated contract amount of the aforesaid four transactions shall be not more than RMB1.96 million. Relevant fees under the respective contract shall be payable by the Company, Zhendan Company, Yangtze River Management Company and Guangjing Xicheng Company respectively with their internal sources after receipt of their respective underlying services.

The prices for the aforesaid related/connected transactions are determined by the parties through negotiation after taking into account comparable transactions in the market in accordance with fair and reasonable pricing principles.

#### **IV. PURPOSE OF THE RELATED/CONTINUING CONNECTED TRANSACTIONS AND THEIR EFFECTS ON THE COMPANY**

The contracts involved in the above transactions are entered into in the ordinary course of business of the Company and its subsidiaries. The contract prices are all determined with reference to the fair price in the market, does not harm the interests of the Company, nor does it involve any benefit transfer to our Group's internal related/connected persons. The income and profit of the Company and its subsidiaries are not dependent on such related/continuing 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.

In view of the foregoing, the directors of the Company are of the view that the two transactions are conducted in the ordinary and usual course of business of the Company and its subsidiaries, and the prices of the transactions are fair and reasonable. The transactions do not have any adverse impacts on the Company, will not prejudice the interests of the Company and its non-related/connected party shareholders, in particular those of minority shareholders, and are in the interests of the Company and its shareholders as a whole.

The directors (including independent non-executive directors) of the Company are of the view that the transaction terms of the Management Cooperation Agreement, the Toll Collector Room Renovation Project Contracts and the Office System Upgrade Contracts are fair and reasonable, and are in the interests of the Company and its shareholders as a whole.

## V. DOCUMENTS AVAILABLE FOR INSPECTION

1. Resolutions of the board of directors and minutes signed by directors
2. Written documents of independent directors in respect of their prior approval of the two transactions and their independent opinions expressed at the board meeting
3. Resolutions of the Supervisory Committee
4. Resolutions of the Audit Committee
5. Relevant contracts in relation to the related transactions

By Order of the Board  
**Yao Yongjia**  
*Secretary to the Board*

Nanjing, the PRC, 26 August 2019

*As at the date of this announcement, the Directors of the Company are: Gu Dejun, Chen Yanli, Chen Yongbing, Sun Xibin, Yao Yong jia, Wu Xinhua, Hu Yu, Ma Chung Lai, Lawrence, Zhang Zhuting\*, Chen Liang \*, Lin Hui \*, Zhou Shudong\*, Liu Xiaoxing\**

*\* Independent Non-executive Directors of the Company*