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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 PARTY/  
CONTINUING CONNECTED TRANSACTIONS**

On 27 October 2023, the Company carried out ordinary related party/continuing connected transactions with Micro Video Company, Expressway Energy Company and Wufengshan Toll Bridge Company on the following matters:

1. The Company entered into the intelligent expressway construction project agreement with Micro Video Company which will provide intelligent expressway construction services to the Company. The term of the agreement is from 1 November 2023 to 31 December 2023, and the transaction amount shall not exceed RMB7.72 million.
2. The Company entered into the digital Ninghu consultancy service project agreement with Micro Video Company which will provide digital Ninghu consultancy service to the Company. The term of the agreement is from 1 November 2023 to 31 December 2023, and the transaction amount shall not exceed RMB0.24 million.
3. The increase of leasing fees for the leasing of gas stations operation at the service areas at Maoshan, Changdanghu, Gehu and Rongbing of the Company to Expressway Energy Company. The calculation of the additional leasing fees was made with reference to the price set out in the framework agreement entered into between the Company and Expressway Energy Company on 27 March 2023, and based on the estimation, the additional amount shall not be more than RMB8 million.

4. The increase of leasing fees for the leasing of gas stations operation at service areas of Wufengshan Toll Bridge Company to the Company. The calculation of the additional leasing fees was made with reference to the price as set out in the framework agreement entered into between the Company and Wufengshan Toll Bridge Company on 27 March 2023, and based on the estimation, the additional amount shall not be more than RMB10.5 million.

Since Micro Video Company and Expressway Energy Company (as the counterparties in the transactions) and the Company are under the common control by Jiangsu Communications Holding, such transactions constitute related party transactions under the Shanghai Listing Rules. The transactions with Micro Video Company are exempted from approval and disclosure requirements of related party transactions as the transaction was awarded through the Company's public tender. As the total amount of relevant fees related to related party transactions with Expressway Energy Company accounts for less than 0.5% of the latest audited absolute value of the net assets of the Company, the related party transactions are not subject to any disclosure requirements. Wufengshan Toll Bridge Company is not a related party of the Company under the Rule 6.3.3(2) of the Shanghai Listing Rules.

Pursuant to Rule 14A.07(1) of the Hong Kong Listing Rules, Jiangsu Communications Holding, the controlling shareholder of the Company, is a connected person of the Company. As Jiangsu Communications Holding holds 10% or more equity interest in Wufengshan Toll Bridge Company, a subsidiary of the Company, Wufengshan Toll Bridge Company is a connected subsidiary of the Company under Rule 14A.16(1) of the Hong Kong Listing Rules, and thus a connected person of the Company pursuant to Rule 14A.07(5) of the Hong Kong Listing Rules. Micro Video Company and Expressway Energy Company, being subsidiaries of Jiangsu Communications Holding, are connected persons of the Company under Rules 14A.07(4) and 14A.13(1) of Hong Kong Listing Rules. As such, the entering into of the agreements between the Company and Micro Video Company in relation to the above intelligent expressway construction project and digital Ninghu consultancy service project and the provision of the services thereunder constitute continuing connected transactions of the Company; the entering into of the agreements between the Company, Expressway Energy Company and Wufengshan Toll Bridge Company in relation to the additional leasing fees for the leasing of gas stations operation projects and the conducting of the transactions thereunder also constitute continuing connected transactions of the Company.

According to Rule 14A.81 of the Hong Kong Listing Rules, the continuing connected transactions items 1 and 2 above shall be aggregated and further aggregated with the previously announced transactions; and the continuing connected transactions items 3 and 4 above shall also be aggregated with the previously announced transactions, respectively. As the revenue ratios calculated in accordance with Rule 14.07 of the Hong Kong Listing Rules in respect of the annual caps for the continuing connected transactions above all exceed 0.1% but are less than 5%, such transactions are only subject to the announcement requirement but are exempt from the independent shareholders' approval requirement at general meeting under Rule 14A.76(2) (a) of the Hong Kong Listing Rules. The above transactions shall also be subject to the annual review requirements under Rule 14A.55 to Rule 14A.59 of the Hong Kong Listing Rules.

## **IMPORTANT NOTICE:**

- The ordinary related party/continuing connected transactions are not subject to approval at general meeting.
- 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, are on normal commercial terms, and the price of the transactions are fair and reasonable. The revenue and profit of the Company are not dependent on such type of related party/connected transactions and such transactions do not affect 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/unconnected shareholders, especially the interest of the minority shareholders, and are in the interests of the Company and its shareholders as a whole.
- 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 on the consideration of ordinary related party/continuing connected transactions**

The twenty-first meeting of the tenth session of the board of directors of the Jiangsu Expressway Company Limited (the “**Company**”) held on 27 October 2023 considered and approve the carry out of ordinary related party/continuing connected transactions by the Company with Nanjing Micro Video Technology Company Limited (“**Micro Video Company**”), Jiangsu Expressway Energy Development Co., Ltd. (“**Expressway Energy Company**”) and Jiangsu Wufengshan Toll Bridge Company Limited (“**Wufengshan Toll Bridge Company**”) on the following matters:

1. The Company entered into an agreement with Micro Video Company in respect of intelligent expressway construction. The term of the agreement is from 1 November 2023 to 31 December 2023, and the transaction amount shall not exceed RMB7.72 million.
2. The Company entered into an agreement with Micro Video Company in respect of digital Ninghu consultancy service. The term of the agreement is from 1 November 2023 to 31 December 2023, and the transaction amount shall not exceed RMB0.24 million.

3. The Company increased leasing fees for the leasing of gas stations at Maoshan, Changdanghu, Gehu and Rongbing Service Areas of the Company to Expressway Energy Company for operation. The calculation of the additional leasing fees was made with reference to the price of the Framework Agreement on Related Party Transactions entered into between the Company and Expressway Energy Company on 27 March 2023, and based on the estimation, the additional amount shall not be more than RMB8 million.
4. The Company increased leasing fees for the leasing of gas stations at service areas of Wufengshan Toll Bridge Company to the Company for operation. The calculation of the additional leasing fees was made with reference to the price of the Framework Agreement on Related Party Transactions entered into between the Company and Wufengshan Toll Bridge Company on 27 March 2023, and based on the estimation, the additional amount shall not be more than RMB10.5 million.

Mr. Xu Haibei and Mr. Wang Yingjian, being related/connected directors of the Company (both being employees of Jiangsu Communications Holding Company Limited (“**Jiangsu Communications Holding**”), the controlling shareholder of the Company), have abstained from voting on the four resolutions on the above transactions. All the remaining directors have voted in favour of the above four resolutions and are of the view that the transactions are conducted in the ordinary and usual course of business of the Company, are on normal commercial terms, the terms of the transactions are fair and reasonable, and are in the interests of the shareholders of the Company 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 related party 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 related party/connected transactions and agreed to submit the same to the board of directors for consideration.

Since Micro Video Company and Expressway Energy Company (as the counterparties in the transactions) and the Company are under the common control by Jiangsu Communications Holding, such transactions constitute related party transactions under the Shanghai Listing Rules. The transactions with Micro Video Company are exempted from approval and disclosure requirements of related party transactions as the transaction was awarded through the Company’s public tender. As the total amount of relevant fees related to related party transactions with Expressway Energy Company accounts for less than 0.5% of the latest audited absolute value of the net assets of the Company, the related party transactions are not subject to any disclosure requirements. In addition, Wufengshan Toll Bridge Company is not a related party of the Company under the Rule 6.3.3(2) of the Shanghai Listing Rules.

Pursuant to Rule 14A.07(1) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Hong Kong Listing Rules**”), Jiangsu Communications Holding, the controlling shareholder of the Company, is a connected person of the Company. As Jiangsu Communications Holding holds 10% or more equity interest in Wufengshan Toll Bridge Company, a subsidiary of the Company, Wufengshan Toll Bridge Company is a connected subsidiary of the Company under Rule 14A.16(1) of the Hong Kong Listing Rules, and thus a connected person of the Company pursuant to Rule 14A.07(5) of the Hong Kong Listing Rules. Micro Video Company and Expressway Energy Company, being subsidiaries of Jiangsu Communications Holding, are connected persons of the Company under Rules 14A.07(4) and 14A.13(1) of the Hong Kong Listing Rules. As such, the entering into of the agreements between the Company and Micro Video Company in relation to the above intelligent expressway construction project and digital Ninghu consultancy service project and the provision of the services thereunder constitute continuing connected transactions of the Company; the entering into of the agreements between the Company, Expressway Energy Company and Wufengshan Toll Bridge Company in relation to the additional leasing fees for the leasing of gas stations operation projects and the conducting of the transactions thereunder also constitute continuing connected transactions of the Company.

According to Rule 14A.81 of the Hong Kong Listing Rules, the continuing connected transactions items 1 and 2 above shall be aggregated and further aggregated with the previously announced transactions; and the continuing connected transactions items 3 and 4 shall also be aggregated with the previously announced transactions, respectively. As the revenue ratios calculated in accordance with Rule 14.07 of the Hong Kong Listing Rules in respect of the annual caps for the continuing connected transactions above all exceed 0.1% but are less than 5%, such transactions are only subject to the announcement requirement but are exempt from the independent shareholders’ approval requirement at general meeting under Rule 14A.76(2)(a) of the Hong Kong Listing Rules. The above transactions shall also be subject to the annual review requirements under Rule 14A.55 to Rule 14A.59 of the Hong Kong Listing Rules.

The related party transactions are not subject to approval by any other authorities.

**(II) Estimated Amount and Category of the Ordinary Related Party/  
Continuing Connected Transactions**

Category of transaction	Related party/ Connected person	2023	2023	Estimated increase in 2023 (0,000)	Estimated increase in 2023 (0,000)
		original estimated amount (0,000)	accumulated amount as at the date of announcement (0,000)		
Provision of intelligent expressway construction service	Micro Video Company	/	/	772	772
Provision of digital Ninghu consultancy service		/	/	24	24
Leasing of gas stations at Maoshan, Changdanghu, Gehu and Rongbing Service Areas	Expressway Energy Company (as lessee)	1,240	615	360	1,600
Leasing of gas stations at service areas of Wufengshan Toll Bridge Company	Wufengshan Toll Bridge Company (as lessor)	310	219	640	950

## 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:	Chen Yunjiang
Registered capital:	RMB5,037,747,500
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 (2022):	RMB78,458,345,000 (in accordance with the Accounting Standards for Business Enterprises of the PRC)
Net assets at the end of the latest accounting period (2022):	RMB37,950,332,000 (in accordance with the Accounting Standards for Business Enterprises of the PRC)
Revenue from operations for the latest accounting period (2022):	RMB13,255,603,000 (in accordance with the Accounting Standards for Business Enterprises of the PRC)
Net profit for the latest accounting period (2022):	RMB3,747,989,000 (in accordance with the Accounting Standards for Business Enterprises of the PRC)

***Nanjing Micro Video Technology Company Limited***

Registered office: 102, Block 39, No. 66 Lingjiao City,  
Qinhuai District, Nanjing

Business nature: Limited liability company

Legal representative: Wang Mingwen

Registered capital: RMB12,003,700

Shareholders (shareholding ratio): Jiangsu Tongxingbao Smart Transport  
Technology Co., Ltd. (51%)

Ge Xiaochuan (16.16%)

Wu Wei (8.75%)

Gu Bin (7.91%)

Nanjing Ganchuang Investment  
Enterprise\* (Limited Partnership) (南  
京感創投資企業(有限合夥))  
(8.83%) <sup>(Note 1)</sup>

Nanjing Ganxiang Management  
Consulting Partnership\* (Limited  
Partnership) (南京感想管理諮詢  
合夥企業(有限合夥)) (7.35%) <sup>(Note 2)</sup>



Principal business:	Construction of and technical consultation and technical services for projects in relation to roads, transportation engineering, communications, electromechanical equipment installation, technical consulting, technical services; sales of integration of computing systems, computer network engineering, computer hardware service, hardware and electrical materials; computer software and hardware and peripheral equipment manufacturing
Total assets at the end of the latest accounting period (2022):	RMB194,149,800 (in accordance with the Accounting Standards for Business Enterprises of the PRC)
Net assets at the end of the latest accounting period (2022):	RMB96,254,230 (in accordance with the Accounting Standards for Business Enterprises of the PRC)
Revenue from operations for the latest accounting period (2022):	RMB216,280,020 (in accordance with the Accounting Standards for Business Enterprises of the PRC)
Net profit for the latest accounting period (2022):	RMB32,031,220 (in accordance with the Accounting Standards for Business Enterprises of the PRC)

***Jiangsu Expressway Energy Development Co., Ltd.***

Registered office:	24/F, A2/F, Zijin Finance Center, No. 399 Middle Jiangdong Road, Nanjing
Business nature:	Limited liability company
Legal representative:	Qi Lujun
Registered capital:	RMB150,000,000
Shareholders (shareholding ratio):	Jiangsu Communications Holding Company Limited (51.17%)  PetroChina Company Limited (8.83%) <sup>(Note 3)</sup>  Sinopec Sales Co., Ltd. (40%) <sup>(Note 4)</sup>
Principal business:	Retailing of refined oil, etc.
Total assets at the end of the latest accounting period (2022):	RMB1,081,660,000 (in accordance with the Accounting Standards for Business Enterprises of the PRC)
Net assets at the end of the latest accounting period (2022):	RMB724,210,000 (in accordance with the Accounting Standards for Business Enterprises of the PRC)
Revenue from operations for the latest accounting period (2022):	RMB7,367,950,000 (in accordance with the Accounting Standards for Business Enterprises of the PRC)
Net profit for the latest accounting period (2022):	RMB161,500,000 (in accordance with the Accounting Standards for Business Enterprises of the PRC)

***Jiangsu Wufengshan Toll Bridge Company Limited***

Registered office:	401 Gangnan Road, New District, Zhenjiang City
Business nature:	Limited liability company
Legal representative:	Wang Feng
Registered capital:	RMB4,826,350,000
Shareholders (shareholding ratio):	Jiangsu Expressway Company Limited (64.5%)  Jiangsu Communications Holding Company Limited (22.01%)  Yangzhou Traffic Industry Group Co., Ltd. (13.49%) <i>(Note 5)</i>
Principal business:	Construction of road, tunnel, bridge, wire and pipeline engineering (excluding hazardous chemicals transportation); expressway management and maintenance; management of municipal facilities
Total assets at the end of the latest accounting period (2022):	RMB12,390,295,000 (in accordance with the Accounting Standards for Business Enterprises of the PRC)
Net assets at the end of the latest accounting period (2022):	RMB4,535,385,000 (in accordance with the Accounting Standards for Business Enterprises of the PRC)
Revenue from operations for the latest accounting period (2022):	RMB395,502,000 (in accordance with the Accounting Standards for Business Enterprises of the PRC)
Net profit for the latest accounting period (2022):	RMB-166,571,000 (in accordance with the Accounting Standards for Business Enterprises of the PRC)

*Note 1:* The general partner is Huang Yingqing.

*Note 2:* The general partner is Ge Xiaochuan.

*Note 3:* A company listed in Hong Kong and Shanghai.

*Note 4:* The ultimate beneficial owner is: China Petroleum & Chemical Corporation (a company listed in Hong Kong and Shanghai) (70.4151%). Based on publicly available information, there are no other persons holding more than 3% interests in the company.

*Note 5:* Ultimate beneficial owner: Yangzhou State-owned Assets Supervision and Administration Commission.

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

Jiangsu Communications Holding, the controlling shareholder of the Company, is the actual controller of Micro Video Company and Expressway Energy Company, as such, Micro Video Company and Expressway Energy Company are related parties of the Company and the relevant transactions constitute related party transactions under Rule 6.3.3 of the Shanghai Listing Rules. In addition, Wufengshan Toll Bridge Company is not a related party of the Company under the Rule 6.3.3(2) of the Shanghai Listing Rules.

According to Rule 14A.07(1) of the Hong Kong Listing Rules, Jiangsu Communications Holding, the controlling shareholder of the Company, is a connected person of the Company. As Jiangsu Communications Holding holds 10% or more equity interest in Wufengshan Toll Bridge Company, a subsidiary of the Company, Wufengshan Toll Bridge Company is a connected subsidiary of the Company under Rule 14A.16(1) of the Hong Kong Listing Rules and thus a connected person pursuant to Rule 14A.07(5) of the Hong Kong Listing Rules. Pursuant to Rules 14A.07(4) and 14A.13(1) of the Hong Kong Listing Rules, Micro Video Company and Expressway Energy Company are subsidiaries of Jiangsu Communications Holding and thus are connected persons of the Company.

## **(III) Implementation of Related Party/Connected Transactions of the Same Type in the Previous Period and Performance Capability Analysis**

As Micro Video Company, Expressway Energy Company and the Company are subsidiaries of the same controlling shareholder, Wufengshan Toll Bridge Company is a subsidiary of the Company and the previous agreements entered into have been effectively implemented without any breach. Therefore, the Company considers that there is no risk of non-performance of the agreements for the related party/connected transactions.

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

#### 1. Intelligent Expressway Construction Service

In order to further enhance the operation and management level of the expressway, the Company, on the basis of the “Technology Research and Engineering Demonstration of the Application of Jiangsu Intelligent Expressways” provincial-level major project, intends to carry out the intelligent expressway related research and ancillary engineering construction work in the eastern section of Shanghai-Nanjing Expressway, with a view to improving the overall traffic efficiency and safety operation level of the road section. On 27 October 2023, the Company entered into a related party transaction agreement with Micro Video Company in relation to this matter, pursuant to which, Micro Video Company shall provide intelligent expressway construction service to the Company. The term of the agreement is from 1 November 2023 to 31 December 2023, and the transaction amount shall not exceed RMB7.72 million.

The successful bidder and the winning bid of the Intelligent Expressway Construction Service Project is determined by way of public tender conducted on 13 September 2023 strictly in accordance with the Bidding Law of the People’s Republic of China and its implementation regulations and the Company’s procurement management measures. This ensures that the pricing is fully competitive. There were a total of three companies participating in this public tender, among which Micro Video Company is a related party/connected person of the Company, and the other two companies are third parties independent of the Company and its related parties/connected persons. The review panel (whose members were randomly drawn from the Company’s expert pool with relevant experience) comprehensively analysed the quotations and services provided by these three companies, and chose to cooperate with Micro Video Company, which won the highest score. The fees under the agreement will be paid by the Company using its own funds or financing funds that are in line with the purpose of the funds after receiving the relevant services.

#### 2. Digital Ninghu Consultancy Service

In order to accelerate the Company’s digital transformation efforts, the Company intends to implement the digital Ninghu consultancy service project. On 27 October 2023, the Company entered into a tripartite agreement with China Design Group Co., Ltd. (“**China Design Company**”) <sup>(Note 1)</sup> and Micro Video Company in relation to this matter, pursuant to which, China Design Company and Micro Video Company shall provide digital Ninghu consultancy services to the Company. The term of the agreement is from 1 November 2023 to 31 December 2023, with the transaction amount involving China Design Company not exceeding RMB0.56 million and the transaction amount involving Micro Video Company not exceeding RMB0.24 million, or RMB0.80 million in aggregate.

The digital Ninghu consultancy service project is determined to be implemented by China Design Company and Micro Video Company strictly in accordance with the Company's procurement management measures through open competitive negotiation on 2 August 2023. This ensures that the pricing is fully competitive. Based on relevant business qualifications and experience, the Company has invited two qualified parties to engage in open competitive negotiations on the project<sup>(Note 3)</sup>. Among them, Micro Video Company<sup>(Note 4)</sup> is a related party/connected person of the Company, and the other party is a company whose ultimate beneficial owner is a third party independent of the Company and its related parties/connected persons. Both of these two participants meet other objective requirements (such as having relevant qualifications, required licenses, and no credit risk of violating regulations or contracts in national public record searches). The review panel (whose members were randomly drawn from the Company's senior manager pool with relevant experience) comprehensively analysed the quotations and services provided by these two parties, and chose to cooperate with Micro Video Company and China Design Company, which jointly won the highest score, after considering that Micro Video Company has provided excellent services in the previous engagement. The fees under the agreement will be paid by the Company from its own funds or financing funds that are in line with the purpose of the funds after receiving the relevant services.

*Note 1:* The principal business of China Design Company is planning consultation, survey and design, comprehensive testing, digital and smart business, low carbon and environmental protection business, EPC<sup>(Note 2)</sup> and whole process management of projects. To the best of the knowledge, information and belief of all directors of the Company having made all reasonable enquiries, the ultimate beneficial owner of China Design Company is a third party independent of the Company and the connected persons of the Company.

*Note 2:* EPC means that China Design Company is entrusted by the owner to carry out the whole process or several stages of contracting for the design, procurement, construction and trial operation of a construction project in accordance with the contract.

*Note 3:* In accordance with the Company's procurement management measures, the Company attempted to invite at least three suppliers to provide quotations for the digital Ninghu consultancy project, and less than three suppliers responded after two rounds of invitation. Pursuant to the Company's procurement management measures, the Company directly invited the participants of the second round to conduct open competitive negotiations after the second round of invitation.

*Note 4:* Micro Video Company and China Design Company jointly formed a party to participate in the open competitive negotiation.

### **3. Leasing of Gas Stations Operation Project**

As approved at the sixteenth meeting of the tenth session of the board of directors of the Company, on 27 March 2023, the Company entered into the Framework Agreement on Related Party Transactions with Expressway Energy Company in respect of the leasing of gas stations operations at the service areas at Maoshan, Changdanghu, Gehu and Rongbing of the Company to Expressway Energy Company. The term of the agreement is from 1 May 2023 to 30 April 2024, and the transaction amount is RMB19 million, of which: the transaction amount from 1 May 2023 to 31 December 2023 shall not exceed RMB12.4 million, and that from 1 January 2024 to 30 April 2024 shall not exceed RMB6.6 million.

Due to the significant increase in traffic volume on the road section where the service areas are located, a continuous growth of refueling volume at the gas stations in the service areas has been observed. As the leasing fees for gas stations are determined based on sales volume, the Company intends to increase the leasing fees for gas stations at the service areas at Maoshan, Changdanghu, Gehu and Rongbing by not more than RMB8 million (not more than RMB3.6 million from 1 May 2023 to 31 December 2023, and not more than RMB4.4 million from 1 January 2024 to 30 April 2024). After the upward adjustment, the transaction cap for the related party/connected transaction between the Company and Expressway Energy Company regarding the leasing of gas stations operations at the service areas at Maoshan, Changdanghu, Gehu and Rongbing shall be RMB27 million (not more than RMB16 million from 1 May 2023 to 31 December 2023, and not more than RMB11 million from 1 January 2024 to 30 April 2024). On 27 October 2023, the Company entered into the supplemental agreement with Expressway Energy Company regarding the additional leasing fees for the leasing of gas stations operation at the abovementioned service areas.

The additional amount of leasing fees for gas station operations at service areas is calculated and determined according to the pricing model <sup>(note)</sup> of the framework agreement entered into between the Company and Expressway Energy Company. The fees will be settled by both parties on a quarterly basis in accordance with the monthly report of volume provided by the lessee and will be settled in stages in accordance with the standard of RMB260 per tonne for each gas station. The difference will be made up by Expressway Energy Company at the end of the year.

*Note:* Regarding the prices of the framework agreement entered into with Expressway Energy Company on 27 March 2023, through market research on the leasing fees for gas station operations at service areas and after receiving the quotations from two other gas station operating entities, the Company finally selected Expressway Energy Company for its optimal quotation scheme in which leasing fee is determined based on the sales volume with a guarantee of minimum leasing fees, the leasing fees is calculated on the basis on the following principle: “leasing fees on tonne oil with a guarantee of minimum”. The leasing fees was calculated based on the annual fuel volume of each gas station, RMB260 per tonne for stations of 10,000 tonnes per year and below; RMB270 per tonne for stations of 10,000 to 20,000 (inclusive) tonnes per year; RMB280 per tonne for stations of 20,000 to 30,000 (inclusive) tonnes per year; RMB290 per tonne for stations of 30,000 to 40,000 (inclusive) tonnes per year; RMB300 per tonne for stations of more than 40,000 tonnes per year.

#### **4. Gas Station Leasing Project**

The leasing of gas stations at Guangling Service Area in Yangzhou by the Company was approved at the sixteenth meeting of the tenth session of the board of directors of the Company, and the Framework Agreement on Related Party Transactions with Wufengshan Toll Bridge Company was entered into on 27 March 2023. The term of the agreement is from 1 May 2023 to 30 April 2024, and the transaction amount is RMB4.5 million, of which: the transaction amount from 1 May 2023 to 31 December 2023 is RMB3.1 million, and that from 1 January 2024 to 30 April 2024 shall not exceed RMB1.4 million.

Due to the significant increase in traffic volume on the road section where the service area is located, a continuous growth of refueling volume at the gas station in the service area has been observed. As the leasing fees for gas stations are determined based on sales volume, the Company intends to increase the leasing fees for gas stations at Guangling Service Area in Yangzhou by not more than RMB10.5 million (not more than RMB6.4 million from 1 May 2023 to 31 December 2023, and not more than RMB4.1 from 1 January 2024 to 30 April 2024). After the upward adjustment, the total transaction cap for the related party/connected transaction between the Company and Wufengshan Toll Bridge Company regarding the leasing of gas stations operation at Guangling Service Area in Yangzhou shall be



RMB15 million (not more than RMB9.5 million from 1 May 2023 to 31 December 2023, and not more than RMB5.5 million from 1 January 2024 to 30 April 2024). On 27 October 2023, the Company entered into the supplemental agreement with Wufengshan Toll Bridge Company regarding the additional leasing fees for gas stations at the service area.

The additional amount of leasing fees for gas stations at the service area is calculated and determined according to the pricing model<sup>(note)</sup> of the framework agreement entered into between the Company and Wufengshan Toll Bridge Company. The lessee shall report the volume on a monthly basis and settles the leasing fees on a quarterly basis with its own funds or financing funds in line with the purpose of the funds, and make up the difference at the end of the year.

*Note:* The price set out in the framework agreement entered into with Wufengshan Toll Bridge Company on 27 March 2023 is calculated based on the sales volume and a guarantee of minimum leasing fees. As the gas stations at Guangling Service Area in Yangzhou are newly-built gas stations, in line with the principle of win-win cooperation, the leasing fees was determined based on actual oil intake, which is conducive to win-win cooperation and risk sharing of both parties. The comprehensive unit price of gasoline and diesel for this transaction is lower than the pricing of other gas station operations leasings of the same volume on other roads and bridges in the province, and the unit contract price in previous period remains unchanged at RMB240 per tonne.

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

The transactions fall within the ordinary business contracts of the Company. The prices of the contracts are determined with reference to the fair price on the market, the transactions do not impair the interests of the Company, nor do they involve any benefit transfer to the Group's internal related/connected persons. By leveraging on synergies derived from the businesses of the Group's internal related/connected 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.

The directors (including independent non-executive directors) of the Company are of the view that the above four transactions are conducted in the ordinary and usual course of business of the Company, are on normal commercial terms and the terms of the transactions are fair and reasonable. The income and profit of the Company are not dependent on such transactions and as such, the independence of the Company as a listed company will not be impaired. 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.

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

Nanjing, the PRC, 30 October 2023

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

*Chen Yunjiang, Xu Haibei, Wang Yingjian, Wang Feng, Yao Yongjia, Wu Xinhua, Li Xiaoyan, Ma Chung Lai, Lawrence, Zhou Shudong\*, Liu Xiaoxing\*, Yu Mingyuan\*, Xu Guanghua\*, Ge Yang\**

\* *Independent Non-executive Directors*