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**江蘇寧滬高速公路股份有限公司**  
**JIANGSU EXPRESSWAY COMPANY LIMITED**

(Incorporated in the People's Republic of China as a joint-stock limited company)

(Stock Code: 00177)

**ANNOUNCEMENT**

**Continuing Connected Transactions**

**in Respect of**

**Gaocheng Service Area Petrol Station Lease Agreement with  
Jiangsu Expressway Petroleum Development Co., Ltd.  
Road Routine Maintenance Work Contractor Agreement with  
Jiangsu Sundian Engineering Co., Ltd.**

**and**

**Expressway Network Management Services Framework  
Agreement with Jiangsu Expressway Network Operation &  
Management Co., Ltd.**

**Important Notice:**

- **These transactions are not subject to approval by shareholders in general meeting.**
- The Audit Committee of the Board announced on 24 April 2015 that, pursuant to the announcement issued by the Company on 31 December 2014 in relation to the completion of the equity transfer of Xiyi Company by Guangjing Xicheng Company on 24 April 2015, upon such completion, three transactions currently performed by Xiyi Company become transactions of the Company, which include: (1) Gaocheng Service Area Petrol Station Lease Agreement entered into with Jiangsu Petroleum on 30 December 2014; (2) Xiyi Company 2015 Routine

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Maintenance Work Contractor Agreement entered into with Sundian Engineering on 20 December 2014; and (3) Expressway Network Management Services Framework Agreement entered into with Network Operation Company on 4 January 2014.

- As Communications Holdings, the controlling shareholder of the Company, directly and indirectly holds more than 40% equity interests in Sundian Engineering and more than 30% equity interests in each of Jiangsu Petroleum and Network Operation Company, Sundian Engineering, Network Operation Company and Jiangsu Petroleum are related/connected persons of the Company under Hong Kong Listing Rules. Accordingly, the 2015 Xiyi Company Routine Maintenance Work Contractor Agreement, Gaocheng Service Area Petrol Station Lease Agreement and Expressway Network Management Services Framework Agreement constitute continuing connected transactions of the Company. Under the Shanghai Listing Rules, such agreements constitute ordinary related transactions of the Company.
- As it is estimated that, in aggregation, capped fees under the Gaocheng Service Area Petrol Station Lease Agreement for each of 2015, 2016 and 2017, the Expressway Network Management Services Framework Agreement for each of 2015 and 2016, and the 2015 Xiyi Company Routine Maintenance Work Contractor Agreement for 2015 (together with the capped fees under the ongoing transactions entered into between the Company and its subsidiaries and such parties), are less than either the audited consolidated total assets value of the Company as at 31 December 2014, audited consolidated revenue of the Company for 2014 or 5% of the current market capitalization of the Company, such three transactions are subject to reporting and announcement requirements but are exempt from the approval at a general meeting under the Shanghai Listing Rules and the Hong Kong Listing Rules.
- Mr. Qian Yong Xiang, Mr. Chen Xiang Hui and Mr. Du Wen Yi as connected directors have abstained from voting on the resolution for these three transactions.
- The Directors (including independent non-executive Directors) are of the opinion that these three ordinary related transactions/continuing connected transactions are conducted in the course of business of the Company on normal commercial terms with fair and reasonable transaction prices, with no adverse impacts on the Company, and will not impair the interests of the Company and non-related/connected Shareholders, in particular those of minority Shareholders, and are in the interests of the Shareholders as a whole.

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

### **(I) Procedures for considering the ordinary related transactions/ continuing connected transactions**

The audit committee (the “**Audit Committee**”) of the board (the “**Board**”) of directors of Jiangsu Expressway Company Limited (the “**Company**”) held a meeting on 24 April 2015 to review the three agreements currently performed by Jiangsu Xiyi Expressway Company Limited (“**Xiyi Company**”) following the completion of the equity transfer of Xiyi Company by Jiangsu Guangjing Xicheng Expressway Company Limited (“**Guangjing Xicheng Company**”), a controlling subsidiary of the Company, on 24 April 2015, including (1) Gaocheng Service Area Petrol Station Lease Agreement entered into with Jiangsu Expressway Petroleum Development Co., Ltd. (“**Jiangsu Petroleum**”) on 30 December 2014 with a term of three years from 1 January 2015; (2) 2015 Xiyi Company Routine Maintenance Work Contractor Agreement entered into with Jiangsu Sundian Engineering Co., Ltd. (“**Sundian Engineering**”) on 20 December 2014 with a term of one year from 21 December 2014; and (3) Expressway Network Management Services Framework Agreement entered into with Jiangsu Expressway Network Operation & Management Co., Ltd. (“**Network Operation Company**”) on 4 January 2014 with a term of three years from 1 January 2014. The Audit Committee is of the opinion that the three transactions are conducted in the ordinary course of business of the Company on normal commercial terms, and transaction prices are fair and reasonable and will not impair the interests of the Company and its non-related/connected shareholders (the “**Shareholders**”), especially those of minority Shareholders, and are in the interests of Shareholders as a whole. The Audit Committee agrees to submit the three transactions to the Board for consideration.

The four independent Directors were noted of and approved the continuing performance of above three ordinary related transactions/continuing connected transactions. They also issued their opinions on the assessment of such related transactions pursuant to the Listing Rules of Shanghai Stock Exchange (the “**Shanghai Listing Rules**”).

The three related transactions/continuing connected transactions were considered and approved by the Company at the 20th meeting of the seventh session of the Board held on 24 April 2015.

As it is estimated that, in aggregation, the capped fees under the Gaocheng Service Area Petrol Station Lease Agreement for each of 2015, 2016 and 2017, the Expressway Network Management Services Framework Agreement for each

of 2015 and 2016, and the 2015 Routine Maintenance Work Contractor Agreement for 2015 (together with the capped fees under the ongoing transactions entered into between the Company and its subsidiaries and such parties), are less than either the audited consolidated total assets value of the Company as at 31 December 2014, audited consolidated revenue of the Company for 2014 or 5% of the current market capitalization of the Company, such three transactions constitute ordinary related transactions under the Shanghai Listing Rules and continuing connected transactions under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Hong Kong Listing Rules**”) which are subject to reporting and announcement requirements but are exempt from the approval at a general meeting.

Mr. Qian Yong Xiang, Mr. Chen Xiang Hui and Mr. Du Wen Yi are related / connected Directors and therefore have abstained from voting on the resolution for these three transactions. All other Directors (including four independent non-executive Directors) have voted in favor of the continuing performance of these transactions, and are of the opinion that terms of these transactions are fair and reasonable and on normal commercial terms, do not have an adverse impact on the Company and will not impair the interests of the Company and non-related / connected Shareholders, especially those of minority Shareholders, and are in the interests of Shareholders as a whole.

These ordinary related transactions/continuing connected transactions do not require approval from any other authorities.

**(II) Estimated and actual amounts of the former ordinary related transactions / continuing connected transactions**

*RMB 0’000*

Category of related / connected transactions	Related / connected party	Estimated transaction amounts for 2014 (former transaction)	Actual transaction amounts for 2014 (former transaction)	Reason for relatively significant differences between the estimated and actual transaction amounts
Receiving services rendered by the related / connected party	Network Operation Company	220	146.66	Concession on charges

Receiving services rendered by the related / connected party	Sundian Engineering	617.59	655.01	Increase in project volume; on an “as is” basis
Rendering services and leasing to the related / connected party	Jiangsu Petroleum	100	77	On an “as is” basis
Total	/	937.59	878.67	/

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

*RMB 0’000*

Category of related / connected transactions	Related / connected party	Estimated transaction amounts for 2015	Proportion to similar business (%)	Actual transaction amounts with the related / connected party accumulated from the beginning of 2014 up to the date of this announcement	Actual transaction amounts for 2013	Proportion to similar business (%)	Reason for relatively significant differences between the estimated transaction amounts for 2015 and the actual amounts of last year
Receiving services rendered by the related / connected party	Network Operation Company	150	100	146.66	152.37	100	On an “as is” basis
Receiving services rendered by the related / connected party	Sundian Engineering	657.53	100	655.01	633	100	On an “as is” basis

Rendering services and leasing to the related / connected party	Jiangsu Petroleum	100	100	77	83.31	100	On an “as is” basis
Total	/	907.53	/	884.38	868.68	/	/

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

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

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

Registered office: No. 6 Xianlin Road, Nanjing, Jiangsu Province, the PRC  
Business nature: Limited liability company  
Legal representative: Mr. Chang Qing  
Registered capital: RMB850,000,000  
Principal business: Construction, management, maintenance and toll collection of expressways

Total assets as at the end of the most recent corporate accounting period: (for the year 2014) RMB3,887,088,000 (according to the PRC Accounting Standards)

Net assets as at the end of the most recent corporate accounting period: (for the year 2014) RMB3,540,478,000 (according to the PRC Accounting Standards)

Major operating income for the most recent corporate accounting year: (for the year 2014) RMB828,075,000 (according to the PRC Accounting Standards)

Net profits for the most recent corporate accounting year: (for the year 2014) RMB483,556,000 (according to the PRC Accounting Standards)

#### **Jiangsu Xiyi Expressway Company Limited**

Registered office: No. 100 Canal East Road, Wuxi, Jiangsu, the PRC  
Business nature: Limited liability company  
Legal representative: Mr. Yang Fei

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Registered capital:	RMB824,170,000
Principal business:	Construction, management, maintenance and toll collection of expressways

Total assets as at the end of the most recent corporate accounting period: (for the year 2014)	RMB242,666,970 (according to the PRC Accounting Standards)
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Net assets as at the end of the most recent corporate accounting period: (for the year 2014)	RMB63,528,910 (according to the PRC Accounting Standards)
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Major operating income for the most recent corporate accounting year: (for the year 2014)	RMB27,630,530 (according to the PRC Accounting Standards)
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Net profits for the most recent corporate accounting year: (for the year 2014)	RMB-2,748,890 (according to the PRC Accounting Standards)
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### **Jiangsu Sundian Engineering Co., Ltd.**

Registered office:	No. 2 Maqun Road, Qixia District, Nanjing, Jiangsu
Business nature:	Limited liability company
Legal representative:	Mr. Chen Xiang Hui
Registered capital:	RMB69,050,000
Principal business:	Maintenance and overhaul of roads and bridges

Total assets as at the end of the most recent corporate accounting period: (for the year 2014)	RMB148,623,000 (according to the PRC Accounting Standards)
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Net assets as at the end of the most recent corporate accounting period: (for the year 2014)	RMB23,280,000 (according to the PRC Accounting Standards)
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Major operating income for the most recent corporate accounting year: (for the year 2014)	RMB271,715,000 (according to the PRC Accounting Standards)
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Net profits for the most recent corporate accounting year: (for the year 2014)	RMB -13,200,000 (according to the PRC Accounting Standards)
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## **Jiangsu Expressway Network Operation & Management Co., Ltd.**

Registered office:	No. 189 Maqun New Street, Nanjing
Business nature:	Limited company
Legal representative:	Mr. Chen Xiang Hui
Registered capital:	RMB144,400,000
Principal business:	inter-networked operation and management and technological research and service of expressways in Jiangsu

Total assets as at the end of the most recent corporate accounting period: (for the year 2014)	RMB1,753,447,000 (according to the PRC Accounting Standards)
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Net assets as at the end of the most recent corporate accounting period: (for the year 2014)	RMB169,373,000 (according to the PRC Accounting Standards)
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Major operating income for the most recent corporate accounting year: (for the year 2014)	RMB211,891,000 (according to the PRC Accounting Standards)
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Net profits for the most recent corporate accounting year: (for the year 2014)	RMB4,665,000 (according to the PRC Accounting Standards)
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## **Jiangsu Expressway Petroleum Development Co., Ltd.**

Registered office:	Level 3A, No. 188 Changjiang Road, Nanjing
Business nature:	Limited company
Legal representative:	Mr. Chen Xiang Hui
Registered capital:	RMB150,000,000
Principal business:	Retailing of refined oil, sales of daily commodities, automobile accessories and chemical products as well as the provision of technological consulting services.

Total assets as at the end of the most recent corporate accounting period: (for the year 2014)	RMB378,800,000 (according to the PRC Accounting Standards)
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Net assets as at the end of the most recent corporate accounting period: (for the year 2014)	RMB262,948,000 (according to the PRC Accounting Standards)
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Major operating income for most recent corporate last accounting year: (for the year 2014)	RMB8,789,304,000 (according to the PRC Accounting Standards)
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Net profits for the most recent corporate accounting year: (for the year 2014)	RMB47,312,000 (according to the PRC Accounting Standards)
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## (II) Related/Connected relationship with the Company

As Communications Holdings Company Limited (“**Communications Holdings**”), the controlling Shareholder of the Company, directly and indirectly holds more than 30% equity interests in Network Operation Company (excluding those held through the Company and Guangjing Xicheng Company) and more than 30% equity interests in each of Jiangsu Petroleum and Sundian Engineering. Network Operation Company, Jiangsu Petroleum and Sundian Engineering are related/connected persons of the Company under the Shanghai Listing Rules and Rule 14A.07 of the Hong Kong Listing Rules. Accordingly, the Gaocheng Service Area Petrol Station Lease Agreement, Expressway Network Management Services Framework Agreement and 2015 Xiyi Company Routine Maintenance Work Contractor Agreement constitute related transactions/continuing connected transactions.

Given that Guangjing Xicheng Company entered into an agreement regarding the lease of petrol stations at Yanqiao Service Area with Jiangsu Petroleum (for details, please refer to the announcement published by the Company at the Shanghai Stock Exchange and the Hong Kong Stock Exchange on 31 December 2014), and that, the Company and Guangjing Xicheng Company entered into a maintenance agreement regarding the Jiangsu Section of Shanghai – Nanjing Expressway, Guangjing Expressway and Xicheng Expressway with Sundian Engineering respectively (for details, please refer to the announcement published by the Company at the Shanghai Stock Exchange and the Hong Kong Stock Exchange on 27 March 2015), pursuant to Rule 24 of the Implementation Guidelines for Related Transactions of Listed Companies of the Shanghai Stock Exchange (《上海交易所關聯交易實施指引》), the listed company shall calculate the amounts of the related transactions based on the principle of aggregated calculation for the continuous 12 months should the related transactions be conducted with the same related person. Therefore, the amounts under the three related transactions shall be aggregated, which will then become discloseable. In addition, the Company and Guangjing Xicheng Company are both performing another framework agreement with respect to the expressway operation-network management technical services with Network Operation Company. As it is estimated that, in aggregation, the capped under the Gaocheng Service Area Petrol Station Lease Agreement for each of 2015, 2016 and 2017, the Expressway Network Management Services Framework Agreement for each of 2015 and 2016, and the 2015 Xiyi Company Routine

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Maintenance Work Contractor Agreement for 2015 (together with the capped fees under the ongoing transactions entered into between the Company and its subsidiaries and such parties), are less than either the audited consolidated total assets value of the Company as at 31 December 2014, audited consolidated revenue of the Company for 2014 or 5% of the current market capitalization of the Company, such three transactions are subject to reporting and announcement requirements but are exempt from the approval at a general meeting under Shanghai Listing Rules and Hong Kong Listing Rules.

**(III) Analysis on the relates' and connected parties' capacity in terms of contractual performance**

Xi yi Company has cooperated with Network Operation Company, Jiangsu Petroleum and Sundian Engineering for years and the previous agreements entered into with such parties by Xi yi Company have been effectively performed without any issues. At present, as Network Operation Company, Jiangsu Petroleum and Sundian Engineering are in good financial position, the Company is of the view that the relevant agreements will not expose us to any risks in relation to the performance of the relevant contracts.

**III. MAJOR TERMS OF PRICING UNDER THE ORDINARY RELATED TRANSACTIONS/CONTINUING CONNECTED TRANSACTIONS**

Xi yi Company has respectively entered into the Expressway Network Management Services Framework Agreement with Network Operation Company for a period from 4 January 2014 to 31 December 2016. The toll network management fees charged by Network Operation Company will be levied in accordance with the service fee standards under the Official Response of the Provincial Price Bureau on the Inter-network Service Fee Standards of Expressways (Su Jia Fu [2008] No. 204) (江蘇省物價局蘇價服[2008]204 號《省物價局關於高速公路聯網服務費標準的批覆》) from the Jiangsu Price Bureau which established the service fee standards at 0.2% and 2% cash and for non-cash toll revenues. Based on the actual fees paid in 2014 as well as the estimated toll revenues and the ETC traffic growth of Shanghai-Nanjing Expressway, Guangjing Expressway and Xicheng Expressway in the coming three years, the maximum toll network management fees for 2015 and 2016 are estimated to be not more than RMB3,000,000 (approximately HK\$3,760,000) and RMB4,000,000 (approximately HK\$5,010,000), respectively. The toll network management fees would be paid using the internal capital of Xi yi Company.

In order to increase operating income, Xi yi Company entered into Gaocheng Service Area Petrol Station Lease Agreement with Jiangsu Petroleum

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to continue with leasing of the petrol stations on both sides of Gaocheng Service Area along the Xiyi Expressway to Jiangsu Petroleum. The agreement will be effective from 1 January 2015 to 31 December 2017. Upon negotiation, the calculation of rent was determined to be as follows: based on the annual fuel sales volume of the petrol stations at RMB140 per tonne, together with the guaranteed rental fees of RMB500,000 per year. Based on the actual rent paid for 2014 and estimated growth of fuel sales volume in the coming three years, the rental fees for 2015, 2016 and 2017 are estimated to be not more than RMB1,000,000 (approximately HK\$1,250,000), RMB1,100,000 (approximately HK\$1,380,000) and RMB1,200,000 (approximately HK\$1,500,000), respectively.

According to the **2015 Routine Maintenance Work Contractor Agreement of Xiyi Company** entered into by Xiyi Company and Sundian Engineering, through the repair and maintenance construction of the section designated in written form by Xiyi Company, and with reference to the bid price for projects entrusted through open tender, and the arm's length negotiation after taking into account the current market price being reviewed by an independent, qualified building pricing consultant for projects entrusted through other ways, as long as the consideration involved did not go beyond the market price charged for the relevant works, Sundian Engineering would be granted the designated work with the total amount of construction fees not exceeding the maintenance service fees for 2015 and a cap of approximately RMB7,000,000 (approximately HK\$8,770,000) contemplated under the agreement. The capped maintenance service fee was determined based on the estimated construction in 2015, and having considered the actual implementation of transaction in 2014. The Company will monitor and control the circumstances to ensure that the total amount of entrusted construction would not exceed the relevant cap. The maintenance service fees would be paid using the internal capital of Xiyi Company.

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

The Xiyi Expressway has been incorporated into the toll collection network of the Jiangsu Province. In order to ensure the normal operation of the expressway toll collection system and reasonable distribution of toll revenues collected throughout the network in a timely and accurate manner, the Company requires Network Operation Company to provide the relevant technical services, network support services, information technology consultancy services and such services related to the research, organization and implementation of the toll

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collection system upgrade. Xiyi Company (as well as other members within the expressways network) shall pay toll network management fees to Network Operation Company in accordance with the fee standards as approved by the Jiangsu Price Bureau.

Jiangsu Petroleum is the largest company specialized in operation of refined oil on expressways in Jiangsu Province. The lease of petrol stations at the service area by Xiyi Company can save administrative cost while generating a relatively better rental return.

Sundian Engineering has been providing repair and maintenance services on similar terms for special repair and large- and medium-scale projects of various expressways under Xiyi Company.

Xiyi Company has always been engaged in similar business dealings with Network Operation Company, Jiangsu Petroleum and Sundian Engineering on fairly comparable terms. The Company's income and profit are not dependent on such related transactions and hence the independence of the Company as a listed company will not be impaired.

Therefore, the Board is of the view that the three transactions are conducted in the ordinary and usual course of business of the Company on normal commercial terms with fair and reasonable transaction prices, have no adverse impacts on the Company, and will not impair the interests of the Company and non-related Shareholders, in particular those of minority Shareholders, and are in the interests of the Shareholders as a whole.

## **V. DOCUMENTS AVAILABLE FOR INSPECTION**

The following documents will be available for Shareholders' inspection in normal business hours at the Secretariat Office of the Board at 6 Xianlin Avenue, Nanjing, Jiangsu Province, the PRC:

1. Board resolutions and the minutes of the meeting signed by the Directors;
2. Written documents of independent directors in respect of the three transactions and independent opinions expressed by them at the Board meeting prior to entering into the transactions;
3. Resolutions passed at the meeting of the supervisory committee of the Company;
4. Resolutions of the Audit Committee; and
5. Agreements in relation to the three related party/connected transactions.

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*For the purpose of this announcement, conversions of Renminbi into Hong Kong dollars are based on the exchange rate of RMB 79.083 = HK \$100.00 and are for reference only.*

By Order of the Board  
**Jiangsu Expressway Company Limited**  
**Yao Yong Jia**  
*Secretary to the Board*

Nanjing • the PRC 24 April 2015

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

*Qian Yong Xiang, Zhang Yang, Chen Xiang Hui, Du Wen Yi, Cheng Chang Yung Tsung, Alice, Fang Hung, Kenneth, Zhang Erzhen\*, Xu Chang Xin\*, Gao Bo\* and Chen Donghua\**

*\* Independent non-executive Directors*