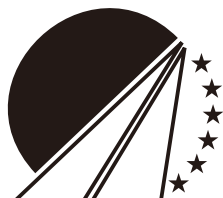


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**江蘇寧滬高速公路股份有限公司**  
**JIANGSU EXPRESSWAY COMPANY LIMITED**

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

**(Stock Code: 00177)**

**DISCLOSEABLE TRANSACTION**  
**PROGRESS OF EXTERNAL INVESTMENTS**  
**ANNOUNCEMENT**

The board of directors of the Company and all members thereof hereby warrant that there is no false representations or misleading statements contained in, or material omissions from, this announcement and jointly and severally accept responsibility for the truthfulness, accuracy and completeness of this announcement.

On 24 March 2017,

- (1) the Company entered into an agreement with Zhenjiang Transportation and Yangzhou Transportation to establish Wufengshan Company on the investment, construction, operation and management of the Wufengshan Cross River Channel. The Company's capital investment will be RMB2,997.08 million, representing 64.5% of the registered capital of Wufengshan Company.
- (2) Guangjing Xicheng Company, a subsidiary of the Company, entered into an agreement with Yixing Transportation Investment to establish Yichang Company on the investment, construction, operation and management of Yichang Expressway. Guangjing Xicheng Company's capital investment will be RMB909 million, representing 60% of the registered capital of Yichang Company.

Pursuant to Rule 14.07 of the Hong Kong Listing Rules, the applicable percentage ratios are more than 5% but less than 25%. As such, the investment in the Wufengshan Cross River Channel project is a discloseable transaction of the Company. The transaction is subject to the requirements for reporting and announcement under the chapter 14 of the Hong Kong Listing Rules, but it is not subject to the requirement for shareholders' approval. The applicable percentage ratios for the investment in the Yichang Expressway project are less than 5%.

## **IMPORTANT NOTES:**

1. Subjects of the investments: The Company is investing in the new project of Wufengshan Toll Bridge and North-South Approach Expressways (“**Wufengshan Cross River Channel**”). Jiangsu Guangjing Xicheng Expressway Company Limited (“**Guangjing Xicheng Company**”), a subsidiary of the Company is investing in the new project of the Jiangsu section of Yixing to Changxing Expressway (“**Yichang Expressway**”).
2. Investment amounts: The Company is investing not more than RMB3.3 billion in the new project of Wufengshan Cross River Channel. Guangjing Xicheng Company is investing not more than RMB1 billion in the new project of Yichang Expressway.
3. Risk alert: There may be risks in relation to potential changes in national policies on toll roads, increase in the investments, changes in interest rates and operational risks. The Company will control the relevant risks in view of the progress of the projects.

## **I. OVERVIEW OF THE EXTERNAL INVESTMENTS**

### **(I) Basic information of the external investments**

To further expand the asset scale of toll roads and bridges for the principal business of Jiangsu Expressway Company Limited (the “**Company**”), consolidate the Company's leading position in the expressway network in southern Jiangsu Province and promote steady growth of revenue from the Company's principal business, at the tenth meeting of eighth session of the board of directors held on 5 September 2016, the board of directors of the Company considered and approved the investment by the Company in the Wufengshan Cross River Channel. At the thirteenth meeting of the eighth session of the board of directors held on 3 March 2017, the board of directors of the Company considered and approved the investment by the subsidiary Guangjing Xicheng Company in the new project of Yichang Expressway. Please refer to the announcements published by the Company on 6 September 2016 and 4 March 2017 in China Securities Journal and

Shanghai Securities News and on the website of the Shanghai Stock Exchange (www.sse.com.cn) and the website of The Stock Exchange of Hong Kong (www.hkexnews.hk) for details.

On 24 March 2017, the Company entered into an agreement with Zhenjiang Transportation Industry Group Co. Ltd. (“**Zhenjiang Transportation**”) and Yangzhou Transportation Industrial Group Co. Ltd. (“**Yangzhou Transportation**”) to establish the Jiangsu Wufengshan Toll Bridge Company Limited (“**Wufengshan Company**”) to take charge of the investment, construction, operation and management of the Wufengshan Cross River Channel.

On 24 March 2017, Guangjing Xicheng Company and Yixing Transportation Industrial Investment and Management Co. Ltd. (“**Yixing Transportation Investment**”) entered into an agreement to establish the Jiangsu Yichang Expressway Company Limited (“**Yichang Company**”) to take charge of the investment, construction, operation and management of Yichang Expressway.

## (II) Consideration and approval for the projects

At the eighth meeting of the tenth session of the board of directors held on 5 September 2016, the investment in Wufengshan Cross River Channel was considered and approved by the Company. The transaction is neither a related/connected transaction, nor a major asset restructuring. It is not subject to the requirement of shareholders’ approval at a general meeting. In February 2017, the Wufengshan Cross River Channel project received approval from the Jiangsu Provincial Development and Reform Commission for the project feasibility study report.

At the thirteenth meeting of the tenth session of the board of directors held on 3 March 2017, the investment in the Yichang Expressway by Guangjing Xicheng Company was considered and approved by the Company. The transaction is neither a related/connected transaction, nor a major asset restructuring. It is not subject to the requirement of shareholders’ approval at a general meeting. In January 2017, the Yichang Expressway project received approval from the Jiangsu Provincial Development and Reform Commission for the project feasibility study report.

Pursuant to Rule 14.07 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (“**Hong Kong Listing Rules**”), the applicable percentage ratios are more than 5% but less than 25%. As such, the investment in the Wufengshan Cross River Channel project is a discloseable transaction of the Company. The transaction is subject to the requirements for reporting and announcement under the chapter 14 of Hong Kong Listing Rules, but it is not subject to the requirement for shareholders’ approval. The applicable percentage ratios for the investment in the Yichang Expressway project are less than 5%.

## **II. BASIC INFORMATION OF THE PARTIES OF THE INVESTMENT AGREEMENTS**

### **(I) Basic information of the Company:**

Name:	Jiangsu Expressway Company Limited
Credibility Code:	91320000134762764K
Corporate form:	joint stock limited company
Legal representative:	Chang Qing
Registered capital:	RMB5,037,747,500
Date of establishment:	1 August 1992
Address:	No. 6 Xianlin Avenue, Nanjing City, Jiangsu, P.R.C.
Operating period:	From 1 August 1992
Scope of business:	retail of petroleum products, automobile repair, accommodation, food and beverage, sale of food, retail and rental of publications (the aforesaid are operated by authorized branch organizations); construction, management, maintenance and charging of fees of expressways, etc.

As of 31 December 2016, the Company’s audited total assets amounted to RMB36,282,574,000, net assets amounted to RMB22,941,857,000, revenue from principal businesses was RMB9,201,297,000 and net profit was RMB3,437,138,000.

**Basic information of Guangjing Xicheng Company:**

Name:	Jiangsu Guangjing Xicheng Expressway Company Limited
Credibility Code:	91320000714089457T
Corporate form:	limited liability company
Legal representative:	Yang Fei
Registered capital:	RMB2,500,000,000
Date of establishment:	16 September 1997
Address:	No. 6 Xianlin Avenue, Nanjing City
Operating period:	From 16 September 1997

Principal businesses: construction, management, maintenance and charging of fees of expressways, resource storage, department stores, textiles, groceries, hardware, electrics, petrochemicals, automobiles, motorcycles and sale of components and accessories, equipment rental, real estate rental, venue rental and automobile repair, etc.

As of 31 December 2016, Guangjing Xicheng Company's audited total assets amounted to RMB6,401,700,000, net assets amounted to RMB3,686,093,000, revenue from principal businesses was RMB1,180,275,000 and net profit was RMB607,142,000.

**Basic information of Zhenjiang Transportation:**

Name:	Zhenjiang Transportation Industry Group Co. Ltd.
Credibility Code:	91321100141392052J
Corporate form:	limited liability company
Legal representative:	Yu Guogen
Registered capital:	RMB1,000,000,000
Date of establishment:	5 November 1992

Address: No. 200, Guantangqiao Road, Runzhou District, Zhenjiang City

Operating period: From 5 November 1992

Principal businesses: investment and construction of highways and transport infrastructures, development of auxiliary projects, technical consultancy for transport projects

As of 31 December 2016, Zhejiang Transportation's audited total assets amounted to RMB112,702,187,000, net assets amounted to RMB43,898,590,000, revenue from principal businesses was RMB2,446,709,000 and net profit was RMB408,084,000.

**Basic information of Yangzhou Transportation:**

Name: Yangzhou Transportation Industrial Group Co. Ltd.

Credibility Code: 913210007487100378

Corporate form: limited liability company (corporation sole proprietorship)

Legal representative: Ling Weidong

Registered capital: RMB5,519,651,500

Date of establishment: 13 March 2003

Address: Flat 3, Sunsheng Commercial Centre, No. 525, Wenchang West Road, Yangzhou City

Operating period: From 13 March 2003

Principal businesses: operation and property rights management of state-owned assets within the scope authorized by the municipal government

As of 31 December 2016, Yangzhou Transportation's audited total assets amounted to RMB12,834,532,000, net assets amounted to RMB6,034,164,740, revenue from principal businesses was RMB1,013,048,610 and net profit was RMB46,542,820.

**Basic information of Yixing Transportation Investment:**

Name:	Yixing Transportation Industrial Investment Management Co. Ltd.
Credibility Code:	91320282555804870B
Corporate form:	limited company
Legal representative:	Wu Jingan
Registered capital:	RMB50,000,000
Date of establishment:	12 May 2010
Address:	No. 33, Jingxi Road, Yicheng Avenue, Yixing City
Operating period:	From 12 May 2010 to 4 May 2025
Principal businesses:	operation and management of capital and other assets (stripped assets, borrowed and rented assets of reformed enterprises) of state fully-owned, controlled and invested transport subsidiaries.

As of 31 December 2016, Yixing Transportation Industrial Investment and Management Co. Ltd.'s audited total assets amounted to RMB476,448,900, net assets amounted to RMB233,535,700, revenue from principal businesses was RMB0 and net profit was RMB-146,800.

There is no relationship of property rights, business, assets, claims and liabilities and personnel between the counterparties on the one hand and the Company and Guangjing Xicheng Company on the other.



### **III. BASIC INFORMATION OF THE INVESTMENT**

#### **(I) The basic information of companies establishment**

The registered capital of Wufengshan Company is RMB4,646,800,000. Its scope of business is: construction of road, tunnel, bridge, wire and pipeline engineering; road management and maintenance; municipal facilities management etc. The registered capital is funded by cash. There are five members in the board of directors of Wufengshan Company, four of them are elected by the shareholders, of whom 2 directors would be nominated by the Company, 1 director would be nominated by Zhenjiang Transportation and 1 director would be nominated by Yangzhou Transportation; 1 director, being staff representative would be elected by the staff assembly.

The Company, Zhenjiang Transportation and Yangzhou Transportation would make their capital contribution in Wufengshan Company in cash. The Company, Zhenjiang Transportation and Yangzhou Transportation would hold 64.5%, 22.01% and 13.49% of the equity of Wufengshan Company, respectively. To the best of the Directors' knowledge, after all reasonable inquiries, Zhenjiang Communications Company and Yangzhou Communications Company, being local governmental infrastructural project investors, and their respective ultimate beneficial owners are independent third parties not related to the Company and are not connected persons of the Company.

The registered capital of Yichang Company is RMB1,515,000,000. Its scope of business is: construction of road engineering, tunnel engineering, bridge engineering, wireline engineering and pipeline engineering; road management and maintenance; municipal facilities management. The registered capital is funded by cash. There are five members in the board of directors of Yichang Company, four of them are elected by the shareholders; of whom 2 directors would be nominated by Guangjing Xicheng Company and 1 director, being staff representative would be elected by the staff assembly.

Guangjing Xicheng Company and Yixing Transportation Investment would make their capital contribution in Yichang Company in cash. Guangjing Xicheng Company and Yixing Transportation Investment would hold 60% and 40% of the equity of Yichang Company, respectively. Guangjing Xicheng Company is a 85% subsidiary of the Company. Yixing Traffic Investment Company's core function is investment and management of local government infrastructural investment projects. To the best of the Directors' knowledge, and to all reasonable inquiries, Zhenjiang Transportation and Yangzhou Transportation and their respective ultimate beneficial owners are independent third parties not related to the Company and are not connected persons of the Company.



## **(II) The basic information of Investment projects**

Wufengshan Cross River Channel is part of the Yangtze River Delta expressway network planned by the Ministry of Transport of the People's Republic of China and the expressway network of "Five Vertical, Nine Horizontal and Five Union" (五縱九橫五聯) planned by the government of the Jiangsu Province. It is also the most convenient and efficient means of north-south river crossing transportation channels between the Beijing-Tianjin region and the Yangtze River Delta region and it is the most direct north and south bound expressway channel of central Jiangsu Province and accordingly holds an important position in the expressway network of the Jiangsu Province and outlay of the Yangtze River crossing channels. Wufengshan Toll Bridge has a length of 2.877 kilometers, it is a Dual-four lane expressway. The construction cost amounts to RMB2,708,000,000 (static investment, exclusive of loan interest during construction period), of which 40% to be funded by capital and 60% to be funded by bank loan. Wufengshan Cross River Channel will commence construction in 2017, and is expected to complete and open in 2020.

Yichang Expressway is an important part of the Lianyungang-Nanjing-Yixing Expressway of "Vertical Four (縱四)" line under planning of Jiangsu Province expressway network, with a full length of route of 25.672km, its starting point connects with Ninghang Expressway and the its southern ending point connects with the completed Hangzhou-Changxing Expressway on the border of Jiangsu and Zhejiang provinces. It adopts the Dual-three lane (雙向六車道) standard and has an estimated investment amount of approximately RMB3.787 billion, of which 40% to be funded by capital and 60% to be funded by bank loan.

## **IV. THE MAIN CONTENT OF EXTERNAL INVESTMENT CONTRACTS**

### **The main terms of the agreement of establishing Wufengshan Company:**

According to the relevant provisions of the state construction project capital rules and approval from the relevant departments of the state, Wufengshan Cross River Channel project investment is estimated at approximately RMB11,617 million, the project capital is RMB4,646.8 million, representing 40% of the project investment. The investors: the Company will invest RMB2,997.08 million, representing 64.5% of the registered capital, Zhenjiang Communications Company will invest RMB1,022.72 million, representing 22.01% of registered capital and Yangzhou Communications will invest RMB627 million, representing 13.49% of registered capital.

In respect of the capital contribution to Wufengshan Company, approximately RMB929.36 million, representing 20% of the registered capital have to be made upon its registration, approximately RMB139.404 million, representing 30% of the registered capital have to be made by the end of May 2017 and approximately RMB2,323.4 million, being 50% of the registered capital have to be made by the end of October 2017. After obtaining the preliminary design approval for Wufengshan Cross River Channel, the investment parties will adjust the amount of investment on the bases of the approval amount and will sign a supplemental capital contribution agreement. In the event the final settle amount of Wufengshan Cross River Channel is beyond the approved budget, 40% of the amount which exceeds the budget should be settled on a pro rata basis by all investing parites by the way of capital increase.

Wufengshan Company will issue notices of payment at its registration. The investing parties must make capital contribution in accordance with the requirements specified in the notice in time. If one party fails to make full payment on time, it shall pay a daily late charge at 0.05% of the outstanding payment and interest loss. Each investing party's liability is limited to its capital contribution to Wufengshan Company and shall be entitled to rights porportion to its capital contribution. Wufengshan Company shall be responsible for all its debt, supported by its assets.

**The main terms of the agreement of establishing Yichang Company:**

Yichang Expressway project investment is estimated to be RMB3.787 million, the project capital is RMB1,515 million, representing 40% of the project investment. The investment parties: Guangjing Xicheng Company will invest RMB909 million, representing 60% of the registered capital and Yixing Communications Investment Company will invest RMB606 million, representing 40% of the registered capital.

In respect of capital contribution to Yichang Company, RMB606 million should be made at its registration and RMB909 million should be made before December 2017. If the final settle amount of Yichang Expressway project exceeds the approved budget, the excess should be contributed by investing parties of Yichang Company by way of capital increase.

Within 15 working days after the approval of Yichang Company name pre-approval registration, the investing parties should remit the capital contribution to the basic account of Yichang Company. The remittance time will be deemed as the time of capital contribution. Capital contribution must be made in full and on time in accordance with the requirements set out in the notice of contribution. If one party fails to make full payment on time, it shall pay a daily late charge at 0.05% of the outstanding payment and interest loss. Each investing party's

liability is limited to its capital contribution to Yichang Company and shall be entitled to rights proportion to its capital contribution. Yichang Company shall be responsible for all its debt, supported by its assets.

## **V. THE IMPACT OF EXTERNAL INVESTMENT OF THE COMPANY**

The investment of the Company in Wufengshan Cross River Channel and the investment of Guangjing Xicheng Company in Yichang Expressway will further secure prime expressway channel resources in the region and consolidate the leading position of the Company in the southern Jiangsu expressway network. The two investments will efficiently offset network diversion, promote the steady growth of the core business, achieve core business expansion and sustainable development, hence, having a material strategic significance. Based on the preliminary estimates on Wufengshan Cross River Channel and Yichang Expressway, the directors of the Company are of the view that the above projects have a definite investment value. The directors (of the Company including the independent non-executive directors) consider the terms of the transaction to be fair and reasonable and in the interests of the shareholders of the Company as a whole.

## **VI. RISK ANALYSIS OF EXTERNAL INVESTMENT**

### **(I) Policy Risk**

Due to the long operation period of the projects, toll road policy during the operation period may change, and the future operation of the projects is uncertain.

Response measures: The Company will strengthen policy research, track policy changes and actively respond to such changes. Toll road policy is considered relatively stable.

### **(II) Risk on increases in investment**

The construction of expressway involves land acquisition and demolition, as well as design, bidding, construction and completion of settlement and other aspects, which involves a wide range of unforeseen factors and may lead to total project investment exceeds budget.

Response measures: the Company will optimize the design in order to minimize the volume of land possession, demolition and construction; organize lawful tender and sign a strict construction contract; strengthen the construction site management, stringent control of construction costs.

### **(III) Operational risk**

The project traffic volume and toll income are affected by regional economic development, comprehensive traffic development and road network change, which may reduce the accuracy of forecasting and the actual income may not meet expectation.

Response measures: Standardize operation and management after the opening of the expressways to ensure a good and smooth traffic conditions, to provide better quality of highway services to attract traffic; since Wufengshan Cross river Channel and Yichang Expressway located in southern Jiangsu economically developed areas which is the important location in the road network, the growth potential of traffic and toll revenue growth is greater and the business risk is relatively small.

### **(IV) Interest rate risk**

Given the significant investments by this project, the corresponding amount of debt financing is relatively large, market interest rate changes will have an impact on investment income.

Response measures: Raise fund in multi-channel, try to use low-cost financing, with a certain percentage of fixed-rate financing.

## **VII. DOCUMENTS AVAILABLE FOR INSPECTION**

1. Board resolutions signed by the Directors
2. Feasibility reports for the two projects
3. External Investment Agreements

The board of directors of  
**Jiangsu Expressway Company Limited**

Nanjing, the PRC, 27 March 2017

*As at the date of this announcement, the Directors of the Company are: Chang Qing, Gu Dejun, Du Wenyi, Wu Xinhua, Hu Yu, Shang Hong, Ma Chung Lai, Lawrence, Zhang Erzhen\*, Zhang Zhuting\*, Chen Liang\*, Lin Hui\**

\* *Independent Non-executive Directors*