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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 PROVISION FOR ASSETS IMPAIRMENT**

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 severally and jointly accept responsibility for the truthfulness, accuracy and completeness of this announcement.

The Proposal in Relation to Provision for Assets Impairment was considered and approved by the board of directors of Jiangsu Expressway Company Limited (the “**Company**”) on 23 March 2018. The Audit Committee of the Company reviewed the proposal and approved to submit it to the board of directors for consideration. All directors of the Company voted for the proposal. Pursuant to the Listing Rules of the Shanghai Stock Exchange, the details are disclosed as follows:

### **I. OVERVIEW OF PROVISION FOR ASSETS IMPAIRMENT**

In November 2017, the Jiangsu provincial government issued the Approval on Removal of Panjia Garden Toll Station along Nanjing-Lianyungang Highway (Su Zheng Fu [2017] No. 99) (《關於同意撤銷寧連公路潘家花園收費站的批復》(蘇政複〔2017〕99號)) to the Nanjing municipal government, approving the removal of Panjia Garden Toll Station along Nanjing-Lianyungang Highway. Although the document had not specified the precise timing for cessation of toll collection, according to Article 5 of the Accounting Standards for Business Enterprises No. 8 – Assets Impairment, the following signs would

indicate a possible assets impairment: (II) there are significant changes in the economic, technical or legal environment in which the enterprise operates and in the market where the asset is located in the current period or near future resulting in adverse impacts on the enterprise. (V) the asset has already been or will be left idle, ceased to be used, or planned to be early disposed of. As the removal of toll station along Nanjing-Lianyungang Highway met the requirements of the Accounting Standards for Business Enterprises No. 8 and showed an indication of assets impairment, the Company made provision for intangible asset impairment in respect of toll road concession rights of Nanjing-Lianyungang Highway during 2017.

## **II. PARTICULARS OF PROVISION FOR ASSETS IMPAIRMENT**

### **(I) Provision for assets impairment**

Due to acceleration of urbanization in the regions along highways in recent years, the Panjia Garden Toll Station along Nanjing-Lianyungang Highway has been included in the sub-center of the city. In order to facilitate the development of the Najing Jiangbei New District, the Nanjing municipal government made an application for removal of Panjia Garden Toll Station to the Jiangsu provincial government in May 2017. In November 2017, Jiangsu provincial government issued the Approval on Removal of Panjia Garden Toll Station along Nanjing-Lianyungang Highway (Su Zheng Fu [2017] No. 99), according to which “the removal of Panjia Garden Toll Station along Nanjing-Lianyungang Highway was approved. Nanjing municipal government shall properly handle the issues concerning debts and allocation of staff subsequent to the removal of the toll station to ensure social stability.” However, there is no specific time for cessation of toll collection stipulated in the above document. The Company is currently in proactive communication with the highway administration authorities, and will make an announcement if there is further information.

### **(II) Method, basis and standards for provision for assets impairment**

In accordance with Article 5 of the Accounting Standards for Business Enterprises No. 8 – Assets Impairment and relevant requirements of accounting policy implemented by the Company, the following signs would indicate a possible assets impairment: (II) there are significant changes in the economic, technical or legal environment in which the enterprise operates and in the market where the asset is located in the current period or near future resulting in adverse impacts on the enterprise. (V) the asset has already been or will be left idle, ceased to be used, or planned to be early disposed of.

As the removal of Panjia Garden Toll Station along Nanjing-Lianyungang Highway met the requirements of the Accounting Standards for Business Enterprises No. 8 and showed signs of assets impairment, the Company therefore made provision for intangible asset impairment in respect of toll road concession rights of Nanjing-Lianyungang Highway in 2017.

### **III. IMPACTS OF PROVISION FOR ASSETS IMPAIRMENT ON THE FINANCIAL POSITIONS OF THE COMPANY**

On 31 December 2017, the balance of the intangible assets in respect of toll road concession rights of Nanjing-Lianyungang Highway was RMB267,738,000. The preliminarily estimated compensation for the removal of the toll station is approximately RMB50,000,000 (The actual figure will be assessed by a third party appraisal institution based on the actual timing of removal of the toll station and cessation of the toll collection and subject to government approval.) According to a preliminary estimation, the removal of Panjia Garden Toll Station and early termination of toll road concession rights of Nanjing-Lianyungang Highway will result in an assets impairment loss of approximately RMB217,738,000 incurred by the Company.

### **IV. OPINIONS OF THE INDEPENDENT DIRECTORS AND SUPERVISORY COMMITTEE ON THE PROVISION FOR ASSETS IMPAIRMENT**

Opinion of the Independent Directors:

The provision for assets impairment made by the Company is in line with the Accounting Standards for Business Enterprises, which could give a fair view of the financial positions and operating results of the Company, provide true, reliable and accurate accounting information to investors and will not prejudice the interest of the Company and its shareholders, in particular minority shareholders, as a whole. In respect of the provision for assets impairment, the appropriate decision-making procedure has been performed and its voting procedure is in compliance with the requirements of relevant laws, administrative regulations and the articles of association of the Company. Therefore, the provision for assets impairment is approved.

## Opinion of Supervisory Committee:

In accordance with the Accounting Standards for Business Enterprises and relevant accounting policies of the Company, the provision for assets impairment is in line with the actual circumstances of the Company. Upon provision for assets impairment, the assets conditions of the Company can be reflected in a fairer manner, which is in line with the interest of the Company and its shareholders as a whole, and will not prejudice the interests of the Company and minority shareholders. The decision-making procedure of the provision for assets impairment is in compliance with the Company Law, Securities Law and the Listing Rules of the Shanghai Stock Exchange and requirements of the articles of association of the Company. Therefore, the provision for assets impairment is approved.

## V. DOCUMENTS AVAILABLE FOR INSPECTION

1. Resolution of the board of directors and the minutes signed by directors
2. Independent opinion of the independent directors
3. Resolution of the Supervisory Committee
4. Resolution of the Audit Committee

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

Nanjing, the PRC, 26 March 2018

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

*Chang Qing, Gu Dejun, Wu Xinhua, Du Wenyi, Yao Yongjia, Hu Yu, Ma Chung Lai, Lawrence, Zhang Erzhen\*, Zhang Zhuting\*, Chen Liang\*, Lin Hui\**

\* *Independent Non-executive Directors*