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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 PROGRESS OF INVESTMENT IN THE
LONGTAN CROSS-RIVER CHANNEL PROJECT**

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

Reference is made to the announcement of the Company dated 27 April 2019 in relation to investment in the construction of the Longtan Cross-river Channel. On 25 June 2019, the Company entered into an agreement with Nanjing Highway and Yangzhou Transportation to jointly establish Longtan Bridge Company to take charge of the investment, construction, operation and management of the Longtan Cross-river Channel. The Company will invest not more than RMB1.4 billion in the new project of Longtan Cross-river Channel.

The above transaction does not constitute a related party transaction nor a material assets restructuring and thus is not subject to approval at general meeting of the Company.

Since percentage ratios of the maximum amount of the above transaction calculated under Rule 14.07 of the Hong Kong Listing Rules is less than 5%, thus under Rule 14.08 of the Hong Kong Listing Rules, the above transaction does not constitute a discloseable transaction nor requires approval from independent shareholders at general meeting of the Company.

To the best of the directors' knowledge, information and belief having made all reasonable enquiries, the Counterparties and their ultimate beneficial owners are third parties independent of the Company and its connected persons (as defined under the Hong Kong Listing Rules). Therefore, the above transaction does not constitute a connected transaction within the meaning of the Hong Kong Listing Rules.

IMPORTANT NOTES:

- Subject of the investment: Jiangsu Expressway Company Limited (the “**Company**”) is investing in the new project of Longtan Cross-river Channel.
- Investment amount: The Company will invest not more than RMB1.4 billion in the new project of Longtan Cross-river Channel.
- 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 construction and operational risks. The Company will control the relevant risks in view of the progress of the projects.

I. OVERVIEW OF THE EXTERNAL INVESTMENT

To further expand the asset scale of toll roads and bridges for the principal business of 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 ninth meeting of ninth session of the board of directors held on 26 April 2019, the board of directors of the Company considered and approved the investment by the Company in the new project of Longtan Cross-river Channel with a capital contribution of not more than RMB1.4 billion and authorized Mr. Sun Xibin, a director of the Company, to handle the relevant subsequent matters. Please refer to the announcements published by the Company on 27 April 2019 in China Securities Journal and Securities Times 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 25 June 2019, the Company entered into an agreement with Nanjing Highway Development (Group) Co., Ltd. (“**Nanjing Highway**”) and Yangzhou Transportation Industrial Group Co., Ltd. (“**Yangzhou Transportation**”) to jointly establish Jiangsu Longtan Bridge Co., Ltd. (“**Longtan Bridge Company**”) to take charge of the investment, construction, operation and management of the Longtan Cross-river Channel.

The above transaction does not constitute a related party transaction nor a material assets restructuring and thus is not subject to approval at general meeting of the Company.

Since the percentage ratios of the maximum amount of the above transaction calculated under Rule 14.07 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (“**Hong Kong Listing Rules**”) is less than 5%, thus under Rule 14.08 of the Hong Kong Listing Rules, the above transaction does not constitute a discloseable transaction nor requires approval from independent shareholders at general meeting of the Company.

To the best of the directors’ knowledge, information and belief having made all reasonable enquiries, Nanjing Highway and Yangzhou Transportation (collectively referred to as the “**Counterparties**”) and their ultimate beneficial owners are third parties independent of the Company and its connected persons (as defined under the Hong Kong Listing Rules). Therefore, the above transaction does not constitute a connected transaction within the meaning of the Hong Kong Listing Rules.

II. BASIC INFORMATION OF THE PARTIES OF THE INVESTMENT AGREEMENT

Basic information of the Company:

Basic information			
Credibility Code	91320000134762764K	Name	Jiangsu Expressway Company Limited
Corporate form	joint stock limited company	Legal representative	Gu Dejun
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	to	
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 2018, the Company’s audited total assets amounted to RMB48,162,729,000, net assets amounted to RMB29,353,857,000, revenue from principal businesses was RMB9,969,011,000 and net profit was RMB4,475,711,000.

Basic information of Nanjing Highway:

Basic information			
Credibility Code	913201007305431116	Name	Nanjing Highway Development (Group) Co., Ltd.
Corporate form	limited liability company (sole proprietorship of legal person)	Legal representative	Shen Xiaodong
Registered capital	RMB5,696,500,000	Date of establishment	20 July 2001
Address	Room 2401–2412, Block One, No. 268 Zhongshan Road, Xuanwu District, Nanjing City		
Operating period from	20 July 2001	to	19 July 2051
Scope of business	investment in highway infrastructure and related industries (holding or shareholding) and unified operation and management; construction, maintenance, operation and management of expressways and supporting facilities; private properties leasing; private premises leasing; machinery and equipment leasing; sales; design, manufacturing, agency, and release of various domestic advertisements. (Projects subject to approvals according to laws shall operate upon the approval of relevant authorities.)		

As of 31 December 2018, the company's audited total assets amounted to RMB24,158,142,580, net assets amounted to RMB8,322,140,600, revenue from principal businesses was RMB1,326,084,520 and net profit was RMB484,917,580.

Basic information of Yangzhou Transportation:

Basic information			
Credibility Code	913210007487100378	Name	Yangzhou Transportation Industrial Group Co., Ltd.
Corporate form	limited liability company (sole proprietorship of legal person)	Legal representative	Ling Weidong
Registered capital	RMB5,519,651,500	Date of establishment	13 March 2003
Address	Building Three, Xinsheng Business Center, No. 525 Wenchang West Road, Yangzhou City		
Operating period from	13 March 2003	to	
Scope of business	construction and management of transportation infrastructure; transportation, warehousing and logistics services; site operation and management; automobile trade, inspection, maintenance and driver training; real estate development and house leasing. (Projects subject to approvals according to laws shall operate upon the approval of relevant authorities.)		

As of 31 December 2018, the company's audited total assets amounted to RMB15,506,548,000, net assets amounted to RMB6,568,793,000, revenue from principal businesses was RMB997,319,000 and net profit was RMB52,097,000.

III. BASIC INFORMATION OF THE INVESTMENT

(I) Basic information of company establishment

The registered capital of Longtan Bridge Company is RMB2,318 million. Its scope of business covers: construction of road, tunnel, bridge, wire and pipeline engineering (excluding hazardous chemicals transportation), road management and maintenance ; municipal facilities management; warehousing services (excluding hazardous articles); leasing of owned houses and sites and leasing of machinery and equipment (all of which do not include financing leases); sales design, production, agency, and release of domestic advertisements of general machinery, special equipment, transportation equipment, electrical machinery, hardware, transportation equipment, electric materials, computers, communication equipment (excluding ground receiving facilities and launching devices for satellite TV broadcasting), electronic products, instrumentation, office machinery, textiles, services and daily necessities, daily groceries (excluding fireworks), cultural and sporting goods and equipment (excluding crossbow), automobiles, motorcycles and spare parts, chemical products and raw materials (excluding hazardous chemicals). (The following scope is restricted to branches: retail of books, newspapers, cigarettes, cigars (operation with valid license); food sales, catering services (operation of the items listed in the food business licenses); No. 0 diesel (excluding sales of dangerous chemicals with the closed cup flash point $\leq 60^{\circ}\text{C}$); accommodation services; road transportation of general goods; automobile repair and maintenance (operation with valid license).) (the operation activities of the items subject to approval according to law shall be carried out after approval by relevant departments)

The registered capital is funded by cash. The board of directors of Longtan Bridge Company shall comprises of 5 members, 4 of them are elected by the shareholders, of whom 2 directors would be nominated by the Company, 1 director would be nominated by Nanjing Highway and 1 director would be nominated by Yangzhou Transportation; 1 director, being staff representative, would be elected by the staff assembly.

The Company, Nanjing Highway and Yangzhou Transportation would make their capital contribution in Longtan Bridge Company in cash. The Company, Nanjing Highway and Yangzhou Transportation would hold 53.6%, 31.8% and 14.6% of the capital of Longtan Bridge Company, respectively. Nanjing Highway and Yangzhou Transportation, being local governmental infrastructural project investors, are not related to the Company.

(II) The basic information of the project

The Longtan Cross-river Channel is part of and a dominant project of the Yizheng to Lukou Airport expressway section of S47 under the Plan of Jiangsu Province on expressway network (2017 to 2035), which is linked up with a number of expressways including Nanjing-Yancheng Expressway (under planning), Shanghai-Shaanxi Expressway, Shanghai-Nanjing Expressway, Changchun-Shenzhen Expressway, etc., and therefore is of great significance in optimizing regional expressway networking and enhancing the interconnection among different road networkings. In addition, running through Yizheng Chemical Industry Park, Longtan Port, Nanjing Comprehensive Bonded Zone, Jurong economic development zone, Nanjing Lukou Airport and other economic areas, Longtan Cross-river Channel plays an important role in improving the transportation and logistics systems of Longtan Port and Lukou Airport, creating a hub for combined transport by river, sea and air and establishing an integrated traffic and transport system. Longtan Cross-river Channel has a length of 4.963 kilometers with a 1,560-meter-long suspension bridge made of steel box girder as its main span. It is a standard dual-three lane expressway. Seated between Nanjing Yangtze River No. 4 Bridge and Runyang Bridge, the Channel is 17 kilometers away from Nanjing Yangtze River No. 4 Bridge westward and 29 kilometers away from Runyang Bridge eastward. The projects starts from the Yangtze River Dike at the north bank in Yizheng, traverses Yangtze River at the eastern estuary of Chuhe River and ends at the S338 provincial road. The project has a construction period of around five years and is planned to commence construction in full swing in 2019 and to be completed and opened for traffic as synchronized with its north-south approach expressways. Total investment of Longtan Cross-river Channel under the approval of project feasibility report amounts to RMB5,793 million, of which RMB2,318 million (accounting for 40%) will be funded by capital and the remaining RMB3,475 million will be funded by bank loans. The Company will make a contribution of RMB1,243 million with its self-owned funds, accounting for 53.6% of the total contribution amount, and each of Nanjing Highway and Yangzhou Transportation will contribute RMB737 million and RMB338 million, accounting for 31.8% and 14.6% respectively with non-debt funds.

IV. THE MAIN CONTENT OF EXTERNAL INVESTMENT CONTRACTS

The major terms of the agreement for establishing Longtan Bridge Company:

According to approval of project feasibility report, the estimated investment of Longtan Cross-river Channel project amounts to RMB5,793 million, of which, RMB2,318 million or 40% will be funded by capital, comprising RMB1,243 million to be contributed by the Company with its self-owned funds and non-debt funds of RMB737 million and RMB338 million to be contributed by each of Nanjing Highway (Investing Party B designated by Nanjing Government) and Yangzhou Transportation (Investing Party C designated by Yangzhou Government); and the remaining construction funds will be raised by the Company through loans from domestic banks.

In respect of capital contribution to the company, each of RMB69.54 million (or 3%), RMB162.26 million (or 7%), RMB162.26 million (or 7%), RMB788.12 million (or 34%), RMB811.30 million (or 35%) and RMB324.52 million (or 14%) will be made at its registration, before June 2019, December 2019, June 2020, December 2020 and December 2021, respectively. Upon approval of the preliminary design on the Longtan Cross-river Channel project, the investing parties shall make adjustments to their respective contribution amount based on the approved budget and enter into supplemental contribution agreements therefor; in case that the final settlement amount exceeds the approved budget, the excess shall be contributed by the investing parties by way of capital increase.

V. THE IMPACT OF THE EXTERNAL INVESTMENT ON THE COMPANY

The Longtan Cross-river Channel Project, as an important part of the new outer ring of Nanjing, connects Shanghai-Nanjing Expressway, Shanghai-Shaanxi Expressway and a number of other important expressways, and links Longtan Port with Nanjing Lukou International Airport. Thus, the project enjoys obvious geographical advantages. From a strategic perspective, investing in the project will further expand the Company's toll road and bridge operations, give full play to the Company's scale advantages in regional road network operation and management, and further enhance the Company's share in the regional road network, which is of great significance for maintaining the Company's leading position in the road network of southern Jiangsu and cross-river bridge projects.

The directors of the Company are of the view that the above project has 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 THE EXTERNAL INVESTMENT

(I) Analysis of risks associated with investment in the Longtan Cross-river Channel Project

1. Policy risk

As toll road policies may change during the long operation period of the project, there are uncertainties associated with the future operation of the project.

Response measures: the Company will strengthen studies on toll road policies, track policy changes and proactively respond to such changes. So far, the toll road policies are considered relatively stable.

2. Risk on increases in investment

The construction of an 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 the total project investment exceeding budget.

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

3. Construction risks

Construction risks include risks that may be caused to the surrounding environment during the construction period, and other risks such as construction delay caused by external force majeure.

Response measures: a series of risk prevention measures have been worked out for the project, which will reduce and even eliminate construction risks to a certain extent.

4. Operational risk

The traffic volume and toll income of the project are significantly affected by regional economic development, comprehensive transport development and road network changes, which may reduce the accuracy of forecasting and the actual income may fall short of expectation.

Response measures: standardize operation and management after the opening of the expressway and ensure good and smooth traffic conditions to provide better quality of highway services to attract traffic; as the project claims an important position in the road network of the economically developed areas of southern Jiangsu, the growth potentials of traffic volume and toll income are huge and the business risk is relatively small.

5. Interest rate risk

Given the amount to be invested in the project is significant, the corresponding size of debt financing is relatively large, market interest rate changes will have an impact on investment income.

Response measures: raise fund through multiple channels, try to use low-cost financing, coupled with a certain percentage of fixed-rate financing.

VII. DOCUMENTS AVAILABLE FOR INSPECTION

1. Board resolution signed by the Directors
2. The Project Feasibility Report
3. Investment Agreement

By Order of the Board
Yao Yongjia
Secretary to the Board

Nanjing, the PRC, 26 June 2019

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

Gu Dejun, Sun Xibin, Yao Yongjia, Chen Yanli, Chen Yongbing, Wu Xinhua, Hu Yu, Ma Chung Lai, Lawrence, Zhang Zhuting, Chen Liang*, Lin Hui*, Zhou Shudong*, Liu Xiaoxing**

* *Independent Non-executive Directors*