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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 CHANGES IN ACCOUNTING ESTIMATES

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.

IMPORTANT NOTICE:

- The changes in accounting estimates refer to the adjustments made by Jiangsu Expressway Company Limited (hereinafter referred to as the “**Company**”) to the remaining traffic volume data used for the amortization of concession intangible assets of road and bridge companies within the scope of the consolidated statements from 1 April 2022.
- The changes in accounting estimates are accounted for using the prospective application method, and no retrospective adjustment is required to be made to the disclosed financial statements. There will be no impact on the financial position and operating results of the Company and its subsidiaries (hereinafter referred to as the “**Group**”) in previous years.
- The changes in accounting estimates are not required to be submitted to the general meeting of the Company for consideration.
- Unless otherwise defined, capitalised terms used in this announcement shall have the same meaning as set out in the annual report of the Company for the year ended 31 December 2021.

In accordance with the requirements of the Accounting Standards for Business Enterprises and the relevant accounting policies of the Group, the Company adopts the traffic volume method to amortize the expressway operating rights. In order to reflect the amortized cost of the road and bridge assets more objectively and fairly, the Company now engages professional institution to predict the traffic volume of the expressways under its management in the future toll period, which will be used as the basis for amortization of the Company's remaining expressway operating rights during the operating period.

The changes in accounting estimates have been considered and approved at the ninth meeting of the tenth session of the board of directors of the Company and are not required to be submitted to the general meeting of the Company for consideration.

I. Reasons for the changes in accounting estimates

According to the Group's accounting policy on intangible assets – toll road operation rights, the intangible assets – toll road operation rights are amortized using traffic volume method, namely, the amortized amount of the toll road operation rights for a month is calculated at a proportion of the actual traffic volume to the sum of the actual traffic volume and the estimated remaining future traffic volume at that month. In view of the difference between the actual traffic volume and the estimated traffic volume of the Group's major toll roads in recent years, and the estimated possible changes in the remaining traffic volume of the Group in the future, the Group has engaged an independent professional traffic research institute to re-predict the traffic volume of the above expressways in the future operation period. The amortisation of the above intangible assets – toll road operation rights of the Group is calculated based on the adjusted remaining future traffic volume from 1 April 2022.

II. Date of changes in accounting

The changes in accounting estimates of the Company shall be implemented from 1 April 2022.

III. Details of the changes in accounting estimates

Since 1 April 2022, the Group has adjusted the remaining traffic volume used in the calculation of amortisation of concession intangible assets of Jiangsu Section of Shanghai-Nanjing Expressway, Ningchang Expressway, Zhenli Expressway, Zhendan Expressway, North-South Connection of Wufengshan Toll Bridge, Wufengshan Toll Bridge, Guangjing Expressway, Xicheng Expressway, Xiyi Expressway, Huantaihu Expressway, Changyi Expressway and Yichang Expressway. These adjustments are changes in accounting estimates and are applied prospectively without retrospective adjustments.

IV. Assumption analysis for the three years prior to the date of change in accounting estimates

Assuming that the changes in accounting estimates are adopted by the Group from 1 January 2019, the impact on the amortization, total profit before income tax and total assets within the scope of consolidation of the Company for the first quarter of 2019 to 2022 is as follows:

In 2019, the impact on the amortization of highway operation rights of the Company within the scope of consolidation was RMB-137,744,100, the total profit before income tax increased by RMB137,744,100, and the total assets increased by RMB137,744,100.

In 2020, the impact on the amortization of highway operation rights of the Company within the scope of consolidation was RMB-131,525,900, the total profit before income tax increased by RMB131,525,900, and the total assets increased by RMB131,525,900.

In 2021, the impact on the amortization of highway operation rights of the Company within the scope of consolidation was RMB-248,655,700, the total profit before income tax increased by RMB248,655,700, and the total assets increased by RMB248,655,700.

In the first quarter of 2022, the impact on the amortization of highway operation rights of the Company within the scope of consolidation was RMB-29,632,400, the total profit before income tax increased by RMB29,632,400, and total assets increased by RMB29,632,400.

V. Impact of the changes in accounting estimates on the Company

According to the relevant provisions of the Accounting Standards for Business Enterprises No. 28 – Changes in Accounting Policies, Accounting Estimates and Corrections of Errors, the changes in accounting estimates are accounted for using the prospective method without retrospective adjustment, and will not affect the financial position and operating results of the previous years.

Based on the intangible assets – highway operation rights of the Group as at 31 March 2022, the changes in accounting estimates are expected to result in a decrease of RMB245,000,000 in the amortization of intangible assets and an increase of RMB184,000,000 in each of owner's equity and net profit of the Group in 2022.

VI. Conclusive opinions of independent directors, supervisory committee and accounting firm

1. Opinions of independent directors

The changes in accounting estimates of the Company can reflect the financial position and operating results of the Company in a more objective and fair manner, and the accounting information after the changes will be more accurate and reliable. The changes in accounting estimates will not have a significant impact on the Company's financial position, operating results and cash flows. The relevant consideration and decision-making procedures are in compliance with the requirements of relevant laws and regulations, and do not prejudice the interests of the Company and any shareholder, especially the minority shareholders. Therefore, the changes in accounting estimates of the Company are approved.

2. Opinions of the supervisory committee

The changes in accounting estimates of the Company were effectively combined with the actual situation of the Company and in compliance with the requirements of relevant accounting policies. The revised accounting estimates can reflect the Company's financial position and operating results more fairly and accurately, which is conducive to improving the quality of the Company's financial information. The changes in accounting estimates will not have a significant impact on the financial statements of the Company, and the changes in accounting estimates of the Company are approved.

3. Opinions of the Accounting Firm

Based on the actual situation of the changes in accounting estimates of the Company, KPMG Huazhen LLP (hereinafter referred to as the “**Accounting Firm**”) has performed other procedures that the Accounting Firm considered necessary, such as checking, inquiring, sample checking records and documents. Based on the above procedures the Accounting Firm has performed and the evidence the Accounting Firm has obtained, the Accounting Firm is not aware of any material non-compliance with the Accounting Standards for Business Enterprises in any material aspect.

By order of the Board
Yao Yongjia
Secretary to the Board

Nanjing, the PRC, 30 April 2022

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

Cheng Xiaoguang, Chen Yanli, Wang Yingjian, Yao Yongjia, Wu Xinhua, Li Xiaoyan, Ma Chung Lai, Lawrence, Lin Hui, Zhou Shudong*, Liu Xiaoxing*, Yu Mingyuan*, Xu Guanghua**

* *Independent Non-executive Directors*