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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 IN RELATION TO THE INVESTMENT IN THE
XIYI EXPRESSWAY SOUTH SECTION WIDENING 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 its contents.

IMPORTANT NOTES:

- Subject of the investments: the widening project of Xueyan Hub-Xiwu Hub section of Wuxi-Yixing Expressway under Jiangsu Guangjing Xicheng Expressway Co., Ltd. (hereinafter referred to as “**Guangjing Xicheng Company**”), a subsidiary of Jiangsu Expressway Company Limited (hereinafter referred to as the “**Company**”) (hereinafter referred to as the “**Xiyi Expressway South Section Widening Project**”).
- Investment amounts: the estimated budget of Xiyi Expressway South Section Widening Project amounts to RMB7,754.91 million.
- Relevant risk alert: There may be risks in relation to potential changes in national policies on toll roads and operations, among others. The Company will conduct relevant risk control based on the project progress.

I. OVERVIEW OF THE EXTERNAL INVESTMENTS

In order to serve the integration of the Yangtze River Delta region, build a road network channel that matches transportation capacity, meet the fast-growing transportation needs, and promote the healthy and sustainable development of the Company, the Company considered and approved the Resolution in relation to the Investment in the Xiyi Expressway South Section Widening Project by Guangjing Xicheng Company, a subsidiary of the Company, at the 11th meeting of the tenth session of the Board on 17 June 2022. Guangjing Xicheng Company, a subsidiary of the Company, will invest RMB7,754.91 million to conduct the Xiyi Expressway South Section Widening Project, among which, the capital fund will be approximately RMB3,101.96 million, which will be funded out of the self-owned funds of Guangjing Xicheng Company, a subsidiary of the Company, accounting for 40% of the total investment. The remaining portion other than the capital fund will be funded through domestic bank loans and local government's contribution. The total construction period will be approximately 3.5 years.

According to the Rules Governing the Listing of Stocks on the Shanghai Stock Exchange (《上海證券交易所股票上市規則》), the Articles of Association and other relevant regulations, the investment was considered and approved at the 11th meeting of the tenth session of the Board within the scope of the decision-making authority of the Board, and no approval from the general meeting is required.

According to the relevant provisions of the Rules Governing the Listing of Stocks on the Shanghai Stock Exchange and the Administrative Measures for Major Assets Restructuring of Listed Companies (《上市公司重大資產重組管理辦法》), the investment does not constitute a material asset reorganisation and is not a related party transaction.

II. BASIC INFORMATION OF THE INVESTOR UNDER THE INVESTMENT AGREEMENT

- (1) Name: Jiangsu Guangjing Xicheng Expressway Co., Ltd.
- (2) Business nature: Limited liability company
- (3) Registered capital: RMB2,500,000,000
- (4) Registered address: 6 Xianlin Avenue, Nanjing, Jiangsu Province
- (5) Legal representative: Lou Jun

- (6) Scope of business: construction, management, maintenance and toll collection of expressways
- (7) Particulars of shareholders:

No.	Names of shareholders	Shareholdings
1	Jiangsu Expressway Company Limited	85.00%
2	China Merchants Expressway Network & Technology Holdings Co., Ltd.	15.00%

- (8) Key financial data:

The key financial data of Guangjing Xicheng Company for the latest year and period are as follows:

Unit: RMB0' 000

Items	31 March	31 December
	2022	2021
	(Unaudited)	(Audited)
Total Assets	1,468,618.46	1,466,259.36
Net assets	782,107.52	774,954.25

Items	January to	2021
	March 2022	(Audited)
	(Unaudited)	
Operating revenue	33,512.16	271,546.18
Including: toll income	33,056.35	155,174.34
Net profit	11,189.77	55,780.18

The financial statements of Guangjing Xicheng Company for 2021 have been audited by KPMG Huazhen LLP, which is an audit institution in compliance with the requirements of the Securities Law.

III. BASIC INFORMATION OF THE TARGET OF THE INVESTMENT

Xiyi Expressway has a total length of 69.3 kilometres connecting between Wuxi and Yixing, which is an important part of the Taicang-Gaochun Expressway channel for “Hengjiu (i.e. nine crosswise expressways)” under the expressway network layout plan of Jiangsu Province, and is a two-way four-lane expressway, mainly serving the social and economic links of Wuxi, Yixing, Changzhou and other cities. With the opening of Changyi Expressway Phase I, Yichang Expressway, Wufengshan River Crossing Channel and Suxichang South Expressway to traffic, the regional road network layout will be greatly adjusted. The two-way four-lane technical standard of Xiyi Expressway South Section will become a bottleneck in the road network with an urgent need for widening and reconstruction.

The construction scope of the Xiyi Expressway South Section Widening Project starts from the northern side of Xueyan Hub, which intersects Suxichang South Expressway, passing through Wujin District, Changzhou City, Yixing City, and ends at Xiwu Hub, which intersects Ninghang Expressway, with a total length of 35.735 kilometres. The project is planned to adopt the overall widening plan of “focusing on two-side broadening, separation and widening of certain road sections”. The entire lane of the project will be widened in accordance with the two-way eight-lane expressway standard, which is designed with a speed limit of 120 km/h and a road base width of 42 metres. The estimated budget of the preliminary design for the Xiyi Expressway South Section Widening Project is RMB7,754.91 million. The project is planned to commence construction in January 2023 and commence operation by the end of June 2026. The total construction period is approximately 3.5 years. Currently, the feasibility study and preliminary design for the project has been approved by Jiangsu Development and Reform Commission.

Guangjing Xicheng Company, a subsidiary of the Company, shall be responsible for raising the entire funds of the project, among which, the capital fund will be approximately RMB3,101.96 million, which will be funded out of the self-owned funds of Guangjing Xicheng Company, a subsidiary of the Company, accounting for 40% of the total investment. The remaining portion other than the capital fund will be funded through domestic bank loans and contribution by the local government: Yixing Municipal People’s Government will contribute RMB52 million, while the remaining will be funded by domestic bank loans.

IV. IMPACT OF EXTERNAL INVESTMENT ON THE LISTED COMPANY

Xiyi Expressway is high-quality road assets and resource of the Company, and is one of the core assets of Guangjing Xicheng Company, a subsidiary of the Company. Conducting the renovation and widening will substantially enhance its traffic capacity and service level, ease the traffic pressure on the section of this expressway, and improve the traffic experience for car owners, which, in turn, will play a positive role in future business performance and long-term development of the Company with significant social and economic benefit.

The investment in this project will increase the long-term profitability of the Company, improve core competitiveness, which will be conducive to promoting the long-term sustainable development and creating greater value for the shareholders.

V. RISKS ANALYSIS FOR THE EXTERNAL INVESTMENT

(I) Policy risks

Due to the long operation period of the project, the policies on toll roads may change during the operation period. The future operation of the project (toll period and toll rates) is subject to uncertainty.

Measures: The Company will strengthen its policy research by following the changes in policy and rendering positive responses as well as enhancing communication by vigorously advancing the works relating the application for the re-approval of the toll collection period for this section of the expressway to the government and authorities.

(II) Construction risks

This widening project involves land expropriation, advertising facilities, land expropriation and demolition and construction design, construction implementation and budget control on construction completion, etc. Deviation in any area can result in change in scale of the project as well as delay in completion. Further, there is also a risk of increase in the total investment amount in the widening project which may be caused by uncontrollable variables, namely inflation, interest rate change, increasing raw materials and facilities prices and construction implementation management.

Measures: The Company will optimize the design and construction plan to reduce land occupation, demolishment and construction volume, arrange tendering process adhering to applicable laws and regulations and sign comprehensive construction contracts, reinforce on-site management of construction sites, monitor raw material costs, strictly enforce auditing inspection system, make reasonable assessment of costs and properly handle budge control on construction completion.

(III) Operational risks

The traffic volume and toll revenue of the project are affected by the regional economic development, integrated traffic development and changes in the road network to great extent, which may reduce the accuracy of the forecast and cause the actual revenue falling short of expectations. The Xiyi Expressway South Section is an important part of the passageway connecting the southern and northern of Jiangsu province, featuring better geographical advantages and great potential for growth in traffic volume and toll revenue. And the Company has fully taken into account the future economic, traffic planning and road network changes in the region, and also considered the diversion effect of other road sections and other means of transport, therefore, the operational risks are relatively low.

Measures: After the project is opened to traffic, the operation and management of the project will be standardized to ensure good and smooth road conditions, providing better quality services for the public and attract traffic flow; the ETC shall be promoted to reduce the cost of labor; and the promotion and publicity of service area and advertising facilities so as to improve the revenue from other businesses.

(IV) Interest rate risks

The fund invested into the project is of a large amount and debt financing accounts for a sizable portion. Change in market interest rate will affect the costs of capital applied and, accordingly, the return of the project.

Measures: The Company will raise the funds through various ways for which low-cost financing is most preferable and a certain proportion of fixed-rate financing shall be included where possible.

By Order of the Board
Yao Yongjia
Secretary to the Board

Nanjing, the PRC, 18 June 2022

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

Chen Yunjiang, Chen Yanli, Wang Yingjian, Wang Feng, Yao Yongjia, Wu Xinhua, Li Xiaoyan, Ma Chung Lai, Lawrence, Zhou Shudong, Liu Xiaoxing*, Yu Mingyuan*, Xu Guanghua*, Ge Yang**

* *Independent Non-executive Directors*