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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 THE PROPOSED INVESTMENT AND  
CONSTRUCTION OF THE DANYANG TO JINTAN SECTION OF  
FULI EXPRESSWAY 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 accept legal responsibilities for the truthfulness, accuracy and completeness of its contents.**

**IMPORTANT NOTES:**

- Subject of the investments: Danyang to Jintan Section of Fuli Expressway (hereinafter referred to as the “**Danjin Project**”)
- Investment amounts: Jiangsu Expressway Company Limited (hereinafter referred to as the “**Company**”) will make capital contribution of RMB1,271.18 million to invest in Danjin Project.
- Relevant risk alert: There may be risks in relation to traffic volume fluctuations, uncertainties on toll policies, increases in financing interest rates and related assumptions not meeting expectations. The Company will implement appropriate risk control measures corresponding to the process of the project.

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

### **(1) Basic information on external investment**

In order to optimize the road network construction and continue to consolidate its dominant position in the southern Jiangsu road network, the Company intends to make a capital contribution of RMB1,271.18 million together with the investor of Changzhou City to invest in Danjin Project, utilising its self-owned fund and other funds available for capital contribution in accordance with laws and regulations. The investor of Changzhou City will make capital contribution of RMB432.82 million.

(2) The 5th meeting of the eleventh session of the board of directors of the Company held on 29 October 2024 approved the Resolution on the Investment and Construction of the Danyang to Jintan Section of Fuli Expressway Project. The above transaction is not subject to shareholders' approval at general meeting or approval of the relevant state authorities before implementation.

(3) The above transaction does not constitute a related party transaction nor a material assets restructuring.

## **II. BASIC INFORMATION OF THE INVESTOR UNDER THE INVESTMENT AGREEMENT**

### **(1) Jiangsu Expressway Company Limited**

Registered office:	6 Xianlin Avenue, Nanjing, Jiangsu Province, the PRC
Business nature:	Joint-stock limited company
Legal representative:	Chen Yunjiang
Registered capital:	RMB5,037,747,500
Principal business:	Construction, management, maintenance and toll collection of toll roads and expressways in Jiangsu Province
Total assets at the end of the latest business accounting period (2023)#:	RMB78,661,444,000

Net assets at the end of the latest business accounting period (2023)#:	RMB40,888,508,000
Main business revenue of the latest business accounting period (2023)#:	RMB15,192,010,000
Net profit of the latest business accounting period (2023)#:	RMB4,609,625,000

# *In accordance with the Accounting Standards for Business Enterprises of the PRC.*

The Company had total assets of RMB84,000,993,670 and net assets of RMB47,006,715,970 as at 30 September 2024; business revenue of RMB14,058,443,580 and net profit of RMB4,338,870,730 for the period from January to September 2024.

- (2) Given that the investment cooperation agreement has not been entered into, identities of the other investors will be disclosed in the progress announcement.**

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

The route of Danjin Project originates from the Danyang New District Hub at the intersection of Shanghai-Chengdu Expressway, connects to the existing Zhenjiang-Danyang Expressway in the north, extends southward through the east of Danyang, Yiling, east of Jintan and Jiaze, ends at the Jintan Economic Development Zone Hub at the intersection of Shanghai-Wuzhou Expressway, and connects to the existing Changzhou-Liyang Expressway. The total length of the route is 41.35 kilometers, including 28.627 kilometers of Danyang section and 12.723 kilometers of Changzhou section. The entire route of the project will be constructed as a two-way six-lane highway with a construction period of four years. According to the “Jiangsu Provincial Development and Reform Commission’s Approval on the Preliminary Design of the Danyang to Jintan Section of the Fuli Expressway (Danyang-Jintan Expressway)” (Su Fa Gai Ji Chu Fa (2022) No. 928) (《江蘇省發展改革委關於阜寧至溧陽高速公路丹陽至金壇段(丹陽至金壇高速公路)初步設計的批覆》(蘇發改基礎發(2022)928號)) and the relevant documents of the Jiangsu Provincial Government,

the budget for the preliminary design of the Danjin Project is estimated to be RMB14.563 billion and the budget based on construction drawings is estimated to be approximately RMB13.412 billion. 40% of the project will be financed by way of capital and the rest will be financed by way of bank loans. The capital for this project is planned to be contributed in two phrases. The initial registered capital of the project company is RMB1.704 billion, with a capital contribution of RMB1,271.18 million to be made by the Company, with a shareholding ratio of 74.6%; the investor of Changzhou City shall contribute RMB432.82 million, with a shareholding ratio of 25.4%. Further capital will be raised by way of the capital increase of the project company, with a potential inclusion of social capital. The investing entities will incrementally increase their capital contributions based on the progress of the project construction and the associated funding requirements. The final actual contribution shall not exceed 40% of the total investment, as determined by the final accounts report upon project completion.

The proposed investment in the Danjin Project is still in the preparatory stage. Upon the signing of the investment cooperation agreement, the Company will publish an announcement on the progress in accordance with the regulatory requirements of the two stock exchanges.

#### **IV. THE MAIN CONTENTS OF THE EXTERNAL INVESTMENT CONTRACT**

The proposed investment in the Danjin project is currently in the preparatory stage. An investment cooperation agreement will be signed upon confirmation of all contributing parties.

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

Danjin Expressway connects to Zhendan Expressway and Wufengshan Bridge in the north and Changli Expressway in the south, which is an important part of G4013 Yangzhou-Leqing Expressway with robust development potentials. The project links up two major horizontal corridors, being the Shanghai-Nanjing Expressway and the Ningchang Expressway, which will enhance the capacity and efficiency of the entire regional transportation network, lay the foundation for the future traffic volume and toll revenues of the project road, further strengthen the Company's asset size and economic efficiency, and be of great significance in further consolidating the Company's dominant position in the southern Jiangsu road network.

The directors of the Company are unanimously of the view that the above project has investment value. The directors of the Company (including the independent non-executive directors) consider the above project is in the interests of the shareholders of the Company as a whole.

## **VI. RISKS ANALYSIS FOR THE EXTERNAL INVESTMENT**

### **(I) Risk of traffic volume fluctuations**

Traffic volume is the primary determinant of toll revenue. If the actual traffic volume undertaken by the project fall below the predicted scale, the expected cash flow to cover operating expenses, create profits and repay the principal and interest of the financing will not be able to be generated, which may pose a financial risk.

Measures: The Company will deepen the traffic volume research at the investment decision-making stage to identify potential risks and avoid them in a timely manner; boost traffic flow monitoring and forecasting to recognize trends and patterns of traffic flow changes as early as possible; and enhance the study of socio-economic and industrial structure changes to more accurately grasp the root causes of traffic volume fluctuations and adopt necessary measures.

### **(II) Risks of uncertainties in toll policies (rate/term)**

Under the current national differentiation policy and the general trend of reducing freight transportation costs, there may be concessions or adjustments to toll standards required by policies during the project's operating period. The new Toll Highway Management Regulations (《收費公路管理條例》) have not yet been released, a study on the pricing mechanism of expressways for the "15th Five-Year Plan" has been initiated in Jiangsu Province, and there are uncertainties in the future adjustments to toll standards in Jiangsu Province.

Measures: Firstly, the Company will comprehensively consider varieties of different toll standard scenarios at the option study stage and conduct analysis on the economic benefits and financial indicators under each scenario to determine the risk tolerance level in advance. Secondly, the Company will strengthen communication with government authorities throughout the project's full cycle, aiming to strive for the most favorable conditions.

### **(III) Risks of increases in financing interest rates**

Currently, the Loan Prime Rates over five years are at historically low level. Given the loan duration of the Danjin Project is a bit long, there may be fluctuations and adjustments to the interest rates over time. Projects which require long-term borrowings are generally subject to floating interest rates. In the event that interest rates rise in the future, this would lead to higher financing costs, thereby resulting in a decrease in the net income and affecting the investment revenues of the project.

Measures: The Company shall actively seek for policy bank loans to reduce the current financing interest rates with communications with multiple banks. This aims to mitigate the risk of the increase in benchmark interest rates to some extent.

#### **(IV) Risks of related assumptions not meeting expectations**

The traffic volume forecast of the project is based on the latest expressway network planning, and taking into consideration the reconstruction and expansion projects of Zhendan Expressway and Changli Expressway which will be commenced before and after 2040. However, during the construction and operation of the Danjin Project, the reconstruction and expansion plans of Zhendan Expressway and Changli Expressway may be advanced or postponed, or the surrounding areas may include new toll roads.

Measures: The Company, the controlling shareholder of Jiangsu Zhendan Expressway Company Limited (江蘇鎮丹高速公路有限公司) which operates Zhendan Expressway, will utilize its own resource advantages and endeavor to facilitate the implementation of the relevant road network reconstruction and expansion as planned.

By Order of the Board  
**Wang Feng**  
*Executive Director*

Nanjing, the PRC, 30 October 2024

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

*Chen Yunjiang, Wang Yingjian, Wang Feng, Zhang Xinyu, Wu Xinhua, Zhou Wei, Ma Chung Lai, Lawrence, Xu Guanghua\*, Ge Yang\*, Gu Zhaoyang\*, Tan Shijun\*, Sun Lijun\**

\* *Independent Non-executive Directors*