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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 INVESTMENT IN WIDENING
CONSTRUCTION OF SECTION FROM GUANGLING HUB TO
JINGJIANG HUB OF G2 BEIJING-SHANGHAI EXPRESSWAY**

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:

1. Subject of the investment: investment in the construction of the widening project of the section from Guangling Hub to Jingjiang Hub of the G2 Beijing-Shanghai Expressway under Jiangsu Guangjing Xicheng Expressway Co., Ltd. (江蘇廣靖錫澄高速公路有限責任公司) (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 “**Guangjing North Section Widening Project**”).
2. Investment amount: RMB2,904,769,400.
3. Relevant risk alert: There may be risks in relation to potential changes in national policies on toll roads and operations. The Company will implement appropriate risk control measures in accordance with the progress of the project.

I. OVERVIEW OF THE EXTERNAL INVESTMENTS

In order to further enhance the transportation capacity of the national expressways, safeguard the function of the river crossings, promote the regional economic development, and promote the healthy and sustainable development of the Company, on 27 August 2024, the Company considered and approved the Resolution on the Investment in the Widening Construction of the Section from Guangling Hub to Jingjiang Hub of the G2 Beijing-Shanghai Expressway under Jiangsu Guangjing Xicheng Company, a Subsidiary of the Company at the second meeting of the eleventh session of the Board. Guangjing Xicheng Company, a subsidiary of the Company, will invest RMB2,904,769,400 to construct the Guangjing North Section Widening Project. The approved total budget of the project is RMB2,904,769,400, with the capital fund accounting for 50% of the total project investment (RMB1,452,384,700), which is to be borne by Guangjing Xicheng Company. In addition to the capital fund, the local government will contribute RMB135 million, and the remainder is to be funded by Guangjing Xicheng Company by way of bank loans. 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 second meeting of the eleventh session of the Board within the scope of the decision-making authority of the Board, and no approval from the general meeting is required.

The investment does not constitute a material asset reorganisation as stipulated in the Administrative Measures for Major Assets Restructuring of Listed Companies (《上市公司重大資產重組管理辦法》) 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. (招商局公路網絡科技控股股份有限公司)	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	30 June 2024	31 December 2023
	(Unaudited)	(Audited)
Total Assets	1,657,777.24	1,607,328.7
Total liabilities	712,066.86	693,514.91
Net assets	945,710.38	913,813.79

Items	January to June 2024	For the year 2023
	(Unaudited)	(Audited)
Operating revenue	125,202.4	264,129.28
Including: toll income	79,275.22	182,745.65
Net profit	52,170.81	68,207.53

The financial statements of Guangjing Xicheng Company for 2023 have been audited by KPMG Huazhen LLP, who issued a standard unqualified audit report. KPMG Huazhen LLP is an audit institution in compliance with the requirements of the Securities Law.

III. BASIC INFORMATION OF THE TARGET OF THE INVESTMENT

The section from Guangling Hub to Jingjiang Hub of the G2 Beijing-Shanghai Expressway, which is owned and operated by Guangjing Xicheng Company, is a significant component of the national expressway network, the main channel of the north-south expressways in Jiangsu Province, as well as the confluence section of Jiangyin Bridge and Jiangyin-Jingjiang Yangtze River Tunnel North Connection, thus a crucial high-speed corridor in the region. Due to the rapid growth of the regional economy and significant traffic demand, the traffic volume has continued to proliferate since its opening to traffic, with an average annual growth rate of 7.4% over the past decade, and this section is poised to become the bottleneck section of the two major river crossings to the north, making it imperative to enhance its traffic capacity. The implementation of the Guangjing North Section Widening Project is of great significance to further enhance the operational capacity of the expressway network, eliminate the bottleneck sections of the expressway network, improve the traffic conditions along the route, and alleviate the escalating congestion of the river crossings.

The Guangjing North Section Widening Project, with a total length of 10.54 km, starts from the Guangling Hub at the intersection of the Beijing-Shanghai Expressway, Shanghai-Shaanxi Expressway and Yancheng-Jingjiang Expressway in Taixing City, passes through Taixing City and Jingjiang City along the existing expressways, and ends at the north side of the Jingjiang Hub at the intersection of Beijing-Shanghai Expressway and Jiangyin-Jingjiang Yangtze River Tunnel North Connection. The project adopts an on-site widening construction plan along both sides of the existing expressway, and the entire route is built to the expressway standard, being widened from a dual six-lane carriageway to a dual ten-lane carriageway, with a design speed of 120km/hour and the width of subgrade maintained at 49.5 meters. Construction of the project is scheduled to commence in 2024 and be completed in 2027, at which time it will open to traffic, with an expected construction period of three and a half years. This project has been approved by the Jiangsu Development & Reform Commission, and its preliminary design has been approved by the Ministry of Transport of the People's Republic of China.

The approved total budget of the project is RMB2,904,769,400, with the capital fund (RMB1,452,384,700) accounting for 50% of the total project investment, which is to be borne by Guangjing Xicheng Company. The remaining portion other than the capital fund will be funded through domestic bank loans and contribution by local government; Jingjiang Municipal People's Government will contribute RMB135 million, while the remainder will be funded by Guangjing Xicheng Company by way of bank loans.

IV. IMPACT OF EXTERNAL INVESTMENT ON THE COMPANY

Guangjing Expressway represents high-quality road assets and resource of the Company. It is one of the core assets of Guangjing Xicheng Company, a subsidiary of the Company, whose operating right is expected to expire in 2029. The implementation of the Guangjing North Section Widening Project will help to extend the term of operating right of the Guangjing Expressway, improve the traffic capacity and toll income of the Guangjing Expressway, and promote the sustainable development of Guangjing Xicheng Company, thereby further enhancing the Company's core competitiveness in the toll roads industry, which is in line with the Company's development strategy.

The Guangjing North Section Widening Project will have a low impact on the Company's profit during the construction period and the initial period of operation; and in the long run, it is expected to have a positive effect on the Company's financial position and operating results, contributing to the improved performance and enhanced benefits for the Company. Therefore, investment in the project is in line with the Company's development strategy and the interests of its shareholders as a whole.

V. RISKS ANALYSIS FOR THE EXTERNAL INVESTMENT

(I) Policy risks

According to the procedures for the approval of toll rates and periods for expressways in Jiangsu Province, the approval of toll schemes is generally initiated immediately before the expressways are open to traffic. Therefore, it is not currently possible to obtain approval from the Jiangsu Provincial People's Government for the re-approval of toll periods and rates. Consequently, there are uncertainties regarding future toll periods and rates.

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, trying our best to obtain policy support.

(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 project construction 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 budget 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.

Measures: The project is located in 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. 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. After the project is open 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; the promotion and publicity of service area and advertising facilities shall be increased to improve the revenue from other businesses; and the communication with the government and competent authorities shall be strengthened to seek an increase in the toll rates of the widening project.

(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: Funds will be raised 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
Wang Feng
Executive Director

Nanjing, the PRC, 28 August 2024

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

Chen Yunjiang, Wang Yingjian, Zhou Hong, 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*