

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



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 CHANGE OF ACCOUNTING FIRM

The board of directors of the Company and all directors 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:

- Name of the accounting firm to be engaged: KPMG Huazhen LLP
- Name of the accounting firm formerly engaged: Deloitte Touche Tohmatsu Certified Public Accountants LLP
- According to the requirements of Trial Measures for Provincial Enterprises to Select and Employ Accounting Firms for Audit Quality Management (《省屬企業選聘會計師事務所於審計質量管理試行辦法》) issued by the State-owned Assets Supervision and Administration Commission (the “SASAC”) of Jiangsu Province, the engagement term of the former accounting firm has expired. Starting from 2021, Deloitte Touche Tohmatsu Certified Public Accountants LLP will cease to be the Company’s external auditor for audit service. The Company proposed to appoint KPMG Huazhen LLP as its auditor of financial report, internal control and other relevant matters for the year of 2021. The matter is subject to consideration at the general meeting.

The Proposal in Relation to the Change of the Company’s Auditor of Financial Report and Internal Control for the Year of 2021 (《關於變更公司2021年度財務報告審計師和內部控制審計師的議案》) was considered and approved at the twenty-eighth meeting of the ninth session of the board of directors of the Company convened by Jiangsu Expressway Company Limited (the “**Company**”) on 26 March 2021, pursuant to which the Company proposed to appoint KPMG Huazhen LLP as the Company’s auditor of financial report, internal control and other relevant matters for the year of 2021. The relevant matters are hereby announced as follows:

I. BASIC INFORMATION ON THE PROPOSED APPOINTMENT OF THE ACCOUNTING FIRM

(I) Information about the institution

1. Basic information

Established on 18 August 1992 in Beijing, KPMG Huazhen Accounting Firm (畢馬威華振會計師事務所) was converted into a special general partnership upon approval from the Ministry of Finance on 5 July 2012 and renamed as KPMG Huazhen LLP (“**KPMG Huazhen**”). It obtained the industrial and commercial business license on 10 July 2012 and officially started operating since 1 August 2012.

KPMG Huazhen is headquartered in Beijing at the registered address of 8/F, Office Tower E2, Oriental Plaza, 1 East Chang An Avenue, Dongcheng District, Beijing.

The business scope of KPMG Huazhen includes: auditing the financial statements of companies and issuing auditor’s reports; verifying corporate capital and issuing capital verification reports; dealing with auditing matters in relation to corporate mergers, divisions and liquidation, and issuing relevant reports; auditing financial statements for the year of capital construction; agency accounting; accounting consulting, tax consulting, management consulting and accounting training; and other businesses stipulated by laws and regulations.

KPMG Huazhen currently has 16 branches in China, all of which are self-established. KPMG Huazhen has established a complete quality control system and internal management system, implemented the substantive integrated management and unified the allocation of resources in the headquarters and all branches in all aspects of internal management.

Business qualifications of KPMG Huazhen include:

- Business license (unified social credit code: 91110000599649382G)

- Accounting firm practising certificate (No. of accounting firm: 11000241)
- Qualification of audit business for H-share enterprises, etc.

KPMG Huazhen is an accounting firm with qualifications related to securities and futures businesses approved by the Ministry of Finance and the China Securities Regulatory Commission, which were canceled accordingly pursuant to the Securities Law of the People's Republic of China (as amended and passed on 28 December 2019) effective from 1 March 2020. KPMG Huazhen has been engaged in securities service business for years, including the engagement in annual report audit projects of 44 listed companies for 2019 (For details, please refer to the specific information set forth in the business scale below).

In addition, KPMG Huazhen is also an accounting firm registered with the US PCAOB (Public Company Accounting Oversight Board) and the UK FRC (Financial Reporting Council) to carry out relevant auditing business.

Since its establishment, KPMG Huazhen has been a member of the global organization of independent member firms affiliated with KPMG International. As a global organization comprising professional members, KPMG had member firms in 146 countries and regions across the world in December 2020, with over 226,000 professionals providing audit, tax and consulting and other professional services.

The audit business of the Company for the year of 2021 is primarily undertaken by KPMG Huazhen LLP, Nanjing Branch. The branch is an office set up by KPMG Huazhen for facilitating the business development and implementation. Under the authorization of the headquarters, all branches shall undertake and implement businesses and issue reports in accordance with the unified business management system as well as quality management policy and procedures, and implement substantive integrated management for headquarters and branches in terms of technical standard, quality control, human resources, finance, business and information management and other aspects.

KPMG Huazhen, Nanjing Branch was set up by KPMG Huazhen in Nanjing in 2015. Its industrial and commercial establishment and registration date is 19 August 2015, and its registered address is 12/F, 18 Zhongshan Road, Xuanwu District, Nanjing, and its unified social credit code of the business license is 91320100339334616N, and the practising certificate number of the branch is 110002413201.

2. Information about the personnel

The chief partner of KPMG Huazhen is Zou Jun (鄒俊), Chinese, qualified as a Chinese Certified Public Accountant, and without any change since 1 April 2015.

As of 31 December 2020, KPMG Huazhen had 4,476 practitioners in total, including 167 partners, representing a net increase of 18 partners as compared to that on 31 December 2019. KPMG Huazhen had 926 certified public accountants, including over 600 accountants previously engaged in securities service business, representing a net increase of 57 certified public accountants as compared to that on 31 December 2019.

3. Business scale

The total revenue from audited business of KPMG Huazhen for 2019 exceeded RMB3.3 billion, of which the revenue from audit business exceeded RMB3 billion (including the revenue from domestic statutory securities business of over RMB600 million, the revenue from other securities business of over RMB700 million and the total revenue from securities business of over RMB1.3 billion). The net assets at the end of the year exceeded RMB400 million.

In 2019, KPMG Huazhen provided audit service for approximately 4,000 companies, with its engagement in the annual report auditing projects for 44 listed companies, and received a total audit fee of RMB329 million for auditing the financial statements of listed companies. Such listed companies were mainly engaged in industries including manufacturing, finance, mining, transportation, warehousing and post, wholesale and retail, real estate, information transmission, software and information technology service, health and social work, with the average asset value of RMB1,322.164 billion. KPMG Huazhen has previous audit experience in relation to the same industry in which Jiangsu Expressway Company Limited operates.

4. Investor protection capability

KPMG Huazhen has sound investor protection capacity. It makes unified provision for occupational risk fund, purchases occupational insurance and pays premiums annually through its headquarters, with the coverage of its Beijing headquarter and all branches according to the relevant requirements of laws and regulations. As the cumulative occupational risk fund has been fully accrued in previous years and

occupational insurance has been purchased annually, there is no need to accrue additional occupational risk fund for 2019. The sum of cumulative compensation limit of purchased occupational insurance and occupational risk fund of KPMG Huazhen has exceeded RMB200 million, which is in line with the relevant requirements of laws and regulations.

KPMG Huazhen is able to bear the civil compensation liability which may arise from audit failure according to law.

5. *Integrity record*

KPMG Huazhen and its practitioners have no record of violations of the independence requirements in the Code of Professional Ethics for Chinese Certified Public Accountants (《中國註冊會計師職業道德守則》).

In the past three years, neither KPMG Huazhen nor its practitioners has been subject to any criminal punishment, administrative punishment or self-discipline supervision measures imposed by regulatory authorities arising from practice quality or violation of the Code of Professional Ethics for Chinese Certified Public Accountants.

KPMG Huazhen was subject to two administrative supervision measures from the local securities regulatory authorities in 2018 due to its practice. The above decisions, whereby warning letters were issued, were administrative supervision measures instead of administrative punishment. According to the requirements of relevant laws and regulations, such administrative supervision measures did not affect the continuous engagement in or performance of securities service business and other businesses by KPMG Huazhen.

(II) Information about the project members

1. *Information about the project personnel*

Information about the key project team members of KPMG Huazhen to be engaged in the audit project of financial statements and internal control of Jiangsu Expressway Company Limited for the year of 2021 is as follows:

(1) *Project partner and signing certified public accountants*

Huang Wenhui (黃文輝), the project partner of this project, qualified as a Chinese Certified Public Accountant, is a signing certified public accountant for this project. Huang Wenhui joined KPMG Huazhen in

2001 for full-time work. He currently serves as a partner of the audit business in KPMG Huazhen. Huang Wenhui has been a practitioner for more than 19 years and a partner for more than 7 years in the firm. Huang Wenhui has more than 19 years of experience in the securities business, and does not hold any part-time position.

Zhou Xuchun (周徐春), qualified as a Chinese Certified Public Accountant, is another signing certified public accountant for this project. Zhou Xuchun joined KPMG Huazhen in 2005 for full-time work. He currently serves as a partner of the audit business in KPMG Huazhen. Zhou Xuchun has been a practitioner for more than 15 years and a partner for more than 3 years in the firm. Zhou Xuchun has more than 15 years of experience in the securities business, and does not hold any part-time position.

(2) *Quality control reviewer*

Frankie C.Y. Lai (黎志賢), qualified as a Chinese Certified Public Accountant and a practising member of the Hong Kong Institute of Certified Public Accountants, is the quality control reviewer for this project. Frankie C.Y. Lai joined KPMG Huazhen in 1997 for full-time work. He currently serves as a partner of the audit business in KPMG Huazhen. Frankie C.Y. Lai has been a practitioner for more than 23 years and a partner for more than 11 years in the firm. Frankie C.Y. Lai has more than 15 years of experience in the securities business, and does not hold any part-time position.

2. *Independence and integrity record of the above relevant personnel*

In the past three years, none of the above relevant personnel has been subject to any criminal punishment, administrative punishment, administrative supervision measures or self-discipline supervision measures imposed by regulatory authorities arising from practice quality or violation of the Code of Professional Ethics for Chinese Certified Public Accountants.

(III) Audit fee

KPMG Huazhen charges for its audit service based on such factors as the level of responsibility, level of complexity, work requirements, and working conditions and hours required, as well as expertise and work experience devoted by the personnel at all levels involved in the engagement. The audit fee in 2021 is RMB3 million, representing a decrease of 6% as compared with that of the previous year.

- (IV) Save for the above matters, there is no other information which is discloseable as required by the Shanghai Stock Exchange but has not been disclosed.

II. EXPLANATION ON THE PROPOSED CHANGE OF ACCOUNTING FIRM

(I) Information about the accounting firm formerly engaged by the Company and the auditor's opinion of last year

The predecessor of Deloitte Touche Tohmatsu Certified Public Accountants LLP (“**Deloitte CPA**”) is Deloitte Touche Tohmatsu Shanghai CPA Ltd. established in February 1993, which was renamed as Deloitte Touche Tohmatsu CPA Ltd. in 2002 and converted into a special general partnership upon approval from the Ministry of Finance and other departments in September 2012. With the registered address at 30/F, 222 Yan An Road East, Huangpu District, Shanghai, Deloitte CPA is an integral part of Deloitte global network. Deloitte CPA possesses the securities and futures related business permits and the practising certificates for accounting firms, and has been engaged in the securities service business.

Deloitte CPA issued a standard unqualified audit opinion on the 2020 Annual Financial Report and the 2020 Annual Internal Control Audit Report of the Company.

(II) Reasons for changing the accounting firm

Deloitte CPA was formerly engaged by the Company as its financial auditor and internal control auditor. Yang Bei (楊蓓), the signing accountant for the 2020 audit report, has served for 2 consecutive years and provided signing service for 2 consecutive years; Chen Shi (陳石), the signing accountant, has served for 1 year and provided signing service for 2 consecutive years. According to the requirements of the Trial Measures for Provincial Enterprises to Select and Employ Accounting Firms for Audit Quality Management (《省屬企業選聘會計師事務所於審計質量管理試行辦法》) issued by the SASAC of Jiangsu Province, the engagement term of the former accounting firm has expired. From 2021, Deloitte CPA will cease to be the Company's external auditor for audit service.

(III) Relevant communication

The Company has communicated with Deloitte CPA regarding the change of accounting firm, and Deloitte CPA has been clearly informed of such matter and confirmed that it has no objection. Deloitte CPA has confirmed in writing that there are no matters in relation to their retirement which should be brought to the attention of the shareholders of the Company.

During its engagement as the auditor of the Company, Deloitte CPA has demonstrated diligence and responsibility, strictly complied with relevant national laws and regulations, adhered to independent audit with a fair and objective attitude, and earnestly fulfilled its duties as an auditor. The Company hereby expresses heartfelt gratitude to Deloitte CPA for its hard work!

II. PROCEDURES TO BE PERFORMED FOR THE CHANGE OF ACCOUNTING FIRM

(I) Opinion of the Audit Committee of the Board

The Proposal in Relation to the Change of the Company's Auditor of Financial Report and Internal Control for the Year of 2021 (《關於變更公司2021年度財務報告審計師和內部控制審計師的議案》) was considered and approved at the meeting of the Audit Committee convened by the Company on 25 March 2021 for the 2020 annual report. The Audit Committee of the Board of the Company has fully understood and reviewed the professional competence, investor protection capability, independence and integrity record of KPMG Huazhen, approved the Company to appoint KPMG Huazhen as the financial auditor and internal control auditor of the Company for the year of 2021, and agreed to submit this Proposal at the Board meeting of the Company for consideration. The remuneration is recommended to be RMB3 million per year, of which the financial audit fee and the internal control audit fee are RMB2.3 million and RMB0.7 million respectively.

(II) Prior approval and independent opinions of the independent directors

Prior approval opinion of the independent directors:

With an independent legal personality, KPMG Huazhen has the qualification for audit engagement in securities and futures related businesses, and is able to meet the Company's requirements for audit work. We agreed to submit the Proposal in Relation to the Change of the Company's Auditor of Financial Report and Internal Control for the Year of 2021 (《關於變更公司2021年度財務報告審計師和內部控制審計師的議案》) to the twenty-eighth meeting of the ninth session of the board of directors of the Company for consideration.

Independent opinion of the independent directors:

With an independent legal personality, KPMG Huazhen has practice qualification of the Securities Law, and is able to meet the Company's requirements for audit work. The Company's decision-making procedures

for the appointment are in compliance with the requirements of relevant laws and regulations and the Articles of Association, without any prejudice to the interests of the Company and all shareholders, especially the minority shareholders. We approved the appointment of KPMG Huazhen as the Company's financial auditor and internal control auditor for the year of 2021, and agreed to submit such proposal to the general meeting of the Company for consideration after being considered and approved at the Board meeting.

(III) Consideration and voting of the Board meeting

The Proposal in Relation to Change of the Company's Auditor of Financial Report and Internal Control for the Year of 2021 (《關於變更公司2021年度財務報告審計師和內部控制審計師的議案》) was considered and approved at the twenty-eighth meeting of the ninth session of the Board convened by the Company on 26 March 2021. It approved to appoint KPMG Huazhen as the Company's financial auditor and internal control auditor, at an audit fee of RMB3 million per year, of which the financial audit fee and the internal control audit fee are RMB2.3 million and RMB0.7 million respectively; and agreed to submit such proposal to the 2020 annual general meeting of the Company for consideration.

(IV) Subject to the consideration at the general meeting of the Company, the appointment of the accounting firm will take effect from the date of consideration and approval at the general meeting of the Company.

By order of the Board
Yao Yongjia
Secretary to the Board

Nanjing, the PRC, 29 March 2021

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

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

* *Independent Non-executive Directors*