
THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult your stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional advisors.

If you have sold all your shares in Jiangsu Expressway Company Limited, you should at once hand this circular and the accompanying form of proxy and confirmation slip to the purchaser or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser.

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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)

**DISCLOSEABLE AND RELATED PARTY/CONNECTED TRANSACTION IN RESPECT
OF ACQUISITION OF 100% EQUITY INTERESTS
IN SUXICHANG SOUTH EXPRESSWAY COMPANY
2026 INTERIM PROFIT DISTRIBUTION SCHEME
AND
NOTICE OF 2026 FIRST EXTRAORDINARY GENERAL MEETING**

Financial Advisor to the Company



Independent Financial Advisor to the Independent Board Committee and the Independent Shareholders



A notice convening the 2026 First Extraordinary General Meeting to be held at 6 Xianlin Avenue, Nanjing, the PRC on Tuesday, 27 October 2026 at 3:00 p.m. is set out on pages N-1 to N-7 of this circular and a letter from the Board, a letter from the Independent Board Committee and a letter from the Independent Financial Advisor are respectively set out on pages 1 to 70, page 71 to 72 and page 73 to 111 of this circular. Whether or not you are able to attend the meeting, you are requested to complete and return the accompanying form of proxy in accordance with the instructions printed thereon to the Company or in case of holders of H shares of the Company, to Computershare Hong Kong Investor Services Limited, the registrar of H shares of the Company, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong as soon as possible and, in any event, not less than 24 hours before the time appointed for the holding of the First Extraordinary General Meeting (being no later than 3:00 p.m. on Monday, 26 October 2026 (Hong Kong/Beijing time)). Completion and return of the form of proxy will not preclude you from attending and voting at the meeting should you so wish, in which case you will be deemed to have withdrawn the proxy you have appointed.

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DEFINITIONS

In this Circular, the following expressions have the meanings set out below unless the context requires otherwise:

[#] *English names set out herein are for identification purpose only.*

“A Share(s)”	domestic share(s) denominated in RMB of the Company with a nominal value of RMB1.00 each, subscribed in RMB and listed on the Shanghai Stock Exchange
“A Shareholder(s)”	Holder(s) of A Shares
“Acquisition”	the proposed acquisition of 65% equity interest of Suxichang South Expressway Company from Jiangsu Communications Holding, 22.82% equity interest of Suxichang South Expressway Company from Wuxi Transportation, and 12.18% equity interest of Suxichang South Expressway Company from Changzhou Communications Holding
“Arrangements for Assumption of Guarantee Obligations”	the proposed replacement of Jiangsu Communications Holding by the Company to assume guarantee obligations for Suxichang South Expressway Company’s Guarantee Debts
“Associate”	has the same meaning as defined in the Hong Kong Listing Rules
“Board”	the board of directors of the Company
“Changzhou Communications Holding” or the “Transferor 3”	Changzhou Communications Holding Group Co., Ltd. (常州市交通控股集團有限公司), formerly known as Changzhou Expressway Investment Development Co., Ltd. (常州高速公路投資發展有限公司), a company established in the PRC with limited liability and holds 12.18% equity interest in Suxichang South Expressway Company
“Company” or the “Transferee”	Jiangsu Expressway Company Limited(江蘇寧滬高速公路股份有限公司), a joint stock limited company established in the PRC with limited liability and whose shares are listed on the Hong Kong Stock Exchange (Stock Code: 00177) and the Shanghai Stock Exchange (Stock Code: 600377) and traded in the form of American Depositary Receipts on the OTC Markets Group Inc. in the United States (Ticker: JEXYY)
“Completion”	the completion of the Acquisition

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“Completion Date”	the date on which the Company shall complete the Acquisition with Jiangsu Communications Holding, Wuxi Transportation, Changzhou Communications Holding (which shall be confirmed in writing within two days after fulfilment of all Conditions Precedent to Completion)
“Consideration”	RMB7,341,430,000, being the consideration for the transfer of the Target Equity, subject to final determination based on the valuation results approved or filed with the State-owned Assets Supervision and Administration Department
“Director(s)”	the director(s) of the Company
“EGM”	the First 2026 Extraordinary General Meeting of the Company to be held on Tuesday, 27 October 2026 to consider and, if thought fit, to approve (1) the Acquisition and the Arrangements for Assumption of Guarantee Obligations, and (2) the Interim Profit Distribution Scheme
“Enlarged Group”	the Group and any company which will become a subsidiary of the Company by reason of an acquisition which has been agreed or proposed since 31 December 2025 (being the date to which the latest audited accounts of the Company have been made up), including the Target Company
“Equity Transfer Agreement”	the equity transfer agreement dated 27 August 2026 entered into between Jiangsu Communications Holding, Wuxi Transportation, Changzhou Communications Holding, the Company and the Target Company in respect of the acquisition of the 100% equity interests of Target Company by the Company
“Financial Advisor”	China Securities (International) Corporate Finance Company Limited, a licensed corporation to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activity under the SFO
“Group” or the “Group”	the Company and its subsidiaries
“Guaranteed Debts”	the bank loans of Suxichang South Expressway Company, as more particularly set out in (IX) Arrangements for Assumption of Guarantee Obligations” in the Letter from the Board
“H Share(s)”	overseas-listed foreign share(s) of RMB1.00 each, which are issued by the Company in Hong Kong, subscribed in Hong Kong dollars and listed on the Hong Kong Stock Exchange

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“H Shareholder(s)”	holders of H Share(s)
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Hong Kong Listing Rules”	The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Independent Board Committee”	the independent board committee of the Company comprising all independent non-executive directors of the Company, namely Messrs. Ge Yang, Xu Guanghua, Gu Chaoyang, Tan Shijun and Sun Lijun
“Independent Financial Advisor” or “Somerley”	Somerley Capital Limited, a licensed corporation to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activity under the SFO
“Independent Shareholders”	Shareholders of the Company, other than Jiangsu Communications Holding and its associates
“Jiangsu Communications Holding” or the “Transferor 1”	Jiangsu Communications Holding Co., Ltd. (江苏交通控股有限公司), a wholly state-owned company established in the PRC with limited liability, the controlling shareholder of the Company, which holds 65% equity interest in the Suxichang South Expressway Company
“Latest Practicable Date”	23 September 2026, being the latest practicable date prior to the printing of this Circular for ascertaining certain information contained in this Circular
“Listing Rules”	Hong Kong Listing Rules and Shanghai Listing Rules
“Model Code”	the Model Code for Securities Transactions by Directors of Listed Issuers, as set out in Appendix C3 to the Hong Kong Listing Rules
“Performance Compensation Undertakings”	the performance compensation undertakings by Jiangsu Communications Holding, Wuxi Transportation, and Changzhou Communications Holding in favour of the Company, as more particularly set out in the Letter from the Board.

DEFINITIONS

“PRC”	the People’s Republic of China, which for the purpose of this Circular excludes Hong Kong, Macao Special Administrative Region and Taiwan
“Report from KPMG Huazhen LLP”	the report by KPMG Huazhen LLP as required under Rule 14.60A(2) of the Hong Kong Listing Rules, as set out in Appendix II to this circular
“Reporting Accountants”	KPMG Huazhen LLP
“RMB”	Renminbi, the lawful currency of the PRC
“SFO”	the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong
“Shanghai Listing Rules”	The Rules Governing the Listing of Stocks on Shanghai Stock Exchange
“Shanghai Stock Exchange”	The Shanghai Stock Exchange
“Shareholder(s)”	holder(s) of shares of the Company
“State-owned Asset Valuation Report”	The asset valuation report titled “The Asset Valuation Report on the total equity value of Suxichang South Expressway Company in relation to the proposed transfer by Jiangsu Communications Holding Co., Ltd., Wuxi Transportation Industry Group Co., Ltd. and Changzhou Communications Holding Group Co., Ltd. of their respective 65%, 22.82% and 12.18% equity interests in the company” (Reference number: North Asia Valuation Report [2026] No. 01-0890) prepared by the State-owned Asset Valuer, jointly commissioned by Jiangsu Communications Holding, Wuxi Transportation and Changzhou Communications Holding as required under the relevant State-owned Assets requirements, to assess the value of the Target Equity as at the Valuation Date
“State-owned Asset Valuer”	North Asia Assets Assessment Co., Ltd. (北方亞事資產評估有限責任公司) (a valuation agency with corresponding qualifications)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Suxichang South Expressway Company” or “Target Company”	Jiangsu Suxichang South Expressway Co., Ltd. (江蘇蘇錫常南部高速公路有限公司), a company established in the PRC with limited liability

DEFINITIONS

“Suxichang South Expressway” or “Target Expressway”	A dual six lane expressway of approximately 43.9 km in length located at Changzhou to Wuxi Section of Suxichang South Expressway
“Target Equity”	the 100% equity interests in Suxichang South Expressway Company
“Target Equity 1”	as defined in the section entitled ‘B. The Acquisition – (I) The Equity Transfer Agreement – (ii) Target Equity’ in the ‘Letter from the Board’ to this circular
“Target Equity 2”	as defined in the section entitled ‘B. The Acquisition – (I) The Equity Transfer Agreement – (ii) Target Equity’ in the ‘Letter from the Board’ to this circular
“Target Equity 3”	as defined in the section entitled ‘B. The Acquisition – (I) The Equity Transfer Agreement – (ii) Target Equity’ in the ‘Letter from the Board’ to this circular
“Traffic Consultant”	Jiangsu Weixin Engineering Consulting Co., Ltd. (江蘇緯信工程諮詢有限公司), an independent PRC traffic consultant
“Transferor(s)”	Transferor 1, Transferor 2 or/and Transferor 3
“Valuation Consultant”	Kroll Consulting (Shenzhen) Ltd., Beijing Branch (道衡諮詢(深圳)有限公司北京分公司), a professional business valuer appointed by the Company, to assess the market value of Suxichang South Expressway Company
“Valuation Date”	31 December 2025
“Valuation Report”	the valuation report of Valuation Consultant on the Target Equity as at the Valuation Date, as set out in Appendix I to this circular
“Wuxi Transportation” or the “Transferor 2”	Wuxi Transportation Industry Group Co., Ltd. (無錫市交通產業集團有限公司), a company established in the PRC with limited liability and holds 22.82% equity interest in Suxichang South Expressway Company
“Yangtze Commerce and Energy Company”	Jiangsu Yangtze Commerce and Energy Co., Ltd. (江蘇長江商業能源有限公司), a company established in the PRC with limited liability
“%”	percentage
“k.m.” or “km”	kilometer

LETTER FROM THE BOARD



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)

Directors:

Wang Feng[△]

Wang Yingjian[#]

Zhou Lili[#]

Zhang Xinyu^{#^}

Yang Shaojun[#]

Liu Gang[#]

Ma Chung Lai, Lawrence[#]

Ge Yang^{*}

Xu Guanghua^{*}

Gu Zhaoyang^{*}

Tan Shijun^{*}

Sun Lijun^{*}

PRC Registered Office:

6 Xianlin Avenue Nanjing

Jiangsu Province

PRC

Hong Kong Registered Office:

17th Floor, One Island East

18 Westlands Road

Taikoo Place

Quarry Bay,

Hong Kong

[△] *Executive Director*

[#] *Non-executive Directors*

^{*} *Independent Non-executive Directors*

[^] *Employees' Representative Director*

30 September 2026

To shareholders of the Company

Dear Sir or Madam,

**DISCLOSEABLE AND RELATED PARTY/CONNECTED TRANSACTION IN
RESPECT OF ACQUISITION OF 100% EQUITY INTERESTS
IN SUXICHANG SOUTH EXPRESSWAY COMPANY
2026 INTERIM PROFIT DISTRIBUTION SCHEME
AND
NOTICE OF 2026 FIRST EXTRAORDINARY GENERAL MEETING**

LETTER FROM THE BOARD

A. INTRODUCTION

The Board announced on 20 August 2026:

- (i) to approve the Acquisition and authorise the directors to sign the conditional equity transfer agreement; and authorise the Board and persons authorised by the Board to handle subsequent matters in connection with the performance of the agreement (including but not limited to fund disbursement, approval and examination);
- (ii) to approve the arrangement for assuming guarantee obligations: Jiangsu Communications Holding continues to bear the guarantee obligations it has assumed regarding the debts of Target Company. If such debts remain outstanding after 31 December 2026, then, subject to the creditors' consent, the Company shall assume the guarantee obligations of Jiangsu Communications Holding from 1 January 2027;
- (iii) to submit the resolutions above to the First 2026 Extraordinary General Meeting for consideration and approval.

The Board announced on 27 August 2026:

- (iv) to approve the 2026 Interim Profit Distribution Scheme, to distribute an interim dividend of RMB0.25 per share (tax inclusive) to shareholders, and approve to submit this resolution to the shareholders' meeting for consideration.

The purpose of this Circular is to provide further details on (1) the Acquisition and the Arrangements for the Assumption of Guarantee Obligations; (2) Interim Dividend Scheme for the Six months ended 30 June 2026; and (3) the Notice to the EGM.

B. THE ACQUISITION

(I) Equity Transfer Agreement

On 26 January 2024, the Company intended to acquire by way of cash the 65% equity interest in Suxichang South Expressway Company held by Jiangsu Communications Holding. According to the valuation report issued by the asset valuation agency engaged by the vendor, as at 31 October 2023, the book value of the equity attributable to the owners of Suxichang South Expressway Company was RMB7,463,030,000, the total equity value of shareholders was RMB8,001,000,000, representing an appreciation of RMB537,970,000 over book net assets, an appreciation rate of 7.21%, and an appreciation of RMB44,800,000 over the original capital contribution of shareholders of RMB7,956,200,000. The corresponding valuation of the 65% equity interest was RMB5,200,650,000. On such basis, the parties

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entered into an equity transfer agreement. In April 2024, the project was approved by a shareholders meeting. In July 2024, due to the significant delay of traffic control measures for the Yanjiang expressway expansion project, its impact on traffic volumes and asset valuation of the Suxichang South Expressway could not be accurately determined. Thus, the consideration of the target equity under the then equity transfer agreement (namely the 65% equity interest in the Suxichang South Expressway Company held by Jiangsu Communications Holding) failed to obtain approval/filing from the state-owned assets administration authority, and the conditions precedent of the then equity transfer agreement had not been satisfied. Consequently, the Company and Jiangsu Communications Holding mutually agreed to terminate the transaction, whilst retaining the possibility of resuming it in future. The equity acquisition project now meets the conditions for resumption. The fulfillment of the resuming conditions is set out in “VI. Reasons for and Benefits of this Acquisition” below.

On 27 August 2026, with a view to further expand its asset scale in the southern Jiangsu road network, optimize asset allocation, consolidate the foundation of its principal business, and improve the sustainability of its continual development, the Company (as the purchaser and transferee) entered into the Equity Transfer Agreement with Jiangsu Communications Holding, Wuxi Transportation and Changzhou Communications Holding (as vendors and transferors of their respective shareholdings of Target Equity). Upon the completion of the Acquisition, the Company will hold 100% equity interest in Suxichang South Expressway Company. The main terms of the Equity Transfer Agreement are as follows:

(i) The Parties to the Agreement

1. Jiangsu Communications Holding (as the Transferor 1, the controlling shareholder of the Company)
2. Wuxi Transportation (as the Transferor 2)
3. Changzhou Communications Holding (as the Transferor 3)
4. The Company (as the Transferee)
5. Suxichang South Expressway Company (as the Target Company)

LETTER FROM THE BOARD

(ii) Target Equity

The Company intends to acquire 100 % of the equity interests in the Suxichang South Expressway Company, comprising:

1. The 65 % equity interest in the Suxichang South Expressway Company held by Jiangsu Communications Holding (as **Target Equity 1**)
2. The 22.82 % equity interest in the Suxichang South Expressway Company held by Wuxi Transportation (as **Target Equity 2**)
3. The 12.18% equity interest in the Suxichang South Expressway Company held by Changzhou Communications Holding (as **Target Equity 3**)

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, the ownership of the equity interests in Suxichang South Expressway Company held by Jiangsu Communications Holding, Wuxi Transportation, and Changzhou Communications Holding is clean and there are no mortgages, pledges, or any other restrictions on the transfer of such equity interests. There are no litigation, arbitration matters, or judicial measures such as seizures or freezes, nor are there any other circumstances that would hinder the transfer of such ownership.

(iii) Transfer Consideration

Target Equity 1: RMB4,771,929,500

Target Equity 2: RMB1,675,226,800

Target Equity 3: RMB894,273,700

Total consideration for the Acquisition: RMB7,341,430,000

According to the requirements of the Measures for the Supervision and Administration of the Transaction on State-owned Assets of Enterprises, the Company, Jiangsu Communications Holding, Wuxi Transportation, and Changzhou Communications Holding adopted non-public agreement transfer method to execute the transfer of title of assets, and the consideration for the transfer shall not be lower than the valuation result approved by or filed with the State-owned Assets Supervision and Administration Department. Jiangsu Communications Holding, Wuxi Transportation and Changzhou Communications Holding jointly appointed the State-owned Asset Valuer to conduct an asset valuation of the Target Equity as of the Valuation Date.

LETTER FROM THE BOARD

According to the State-owned Asset Valuation Report, the appraised value of the Target Company is RMB7,341,430,000 based on the income approach, and its book value is RMB7,276,623,400. The premium of the appraised value over the book value is RMB64,806,600, representing an appreciation of approximately 0.89%.

Following consultations, the Company, Jiangsu Communications Holding, Wuxi Transportation and Changzhou Communications Holding, have agreed that the transaction consideration for Target Equity 1 is RMB4,771,929,500; the transaction consideration for Target Equity 2 is RMB1,675,226,800; and the transaction consideration for Target Equity 3 is RMB894,273,700.

The transfer consideration is calculated based on the above-mentioned appraised value in the State-owned Asset Valuation Report in proportion to the equity interest held, the final consideration is subject to the valuation filed with the State-owned Assets Supervision and Administration Department.

The determination of the consideration for the transfer of the Target Equity shall be based on the valuation results approved or filed with the State-owned Assets Supervision and Administration Department. If the aforementioned appraised value is approved or filed, the Transferee and Transferors shall adopt such appraised value as the consideration of the transfer of the Target Equity.

If the valuation results approved or filed differ from the aforementioned appraised value, the Transferee and the Transferors shall negotiate the consideration of the Target Equity based on the valuation results approved or filed. If the Transferee and any Transferor are unable to reach an agreement, the Transferee and any Transferor may terminate the transaction without assuming any liability to the counterparty for breach of contract.

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(iv) Conditions Precedent for Completion of the Transfer of the Target Equity and Payment of the Consideration

Completion of the transfer of Target Equity is subject to the fulfilment (or waiver, as applicable) of the following conditions precedent:

1. The Equity Transfer Agreement shall come into effect upon fulfilment of the following conditions:
 - (1) Each Transferor and Transferee has completed the internal decision-making procedures in accordance with the Company Law and their respective Articles of Association;
 - (2) The legal representatives of the parties, or their authorised representatives, have signed the Agreement and affixed their official seals;
 - (3) Each Transferor has completed the approval and filing procedures required for the equity transfer, in accordance with the regulations of the relevant state-owned asset regulatory authorities and other competent/regulatory authorities;
 - (4) The Company's general meeting (with Jiangsu Communications Holding and its associates abstaining from voting) has approved the Equity Transfer Agreement and the transaction.
2. Each Transferor and the Suxichang South Expressway Company shall issue to the Company a "Letter of Confirmation" as set out in Annex 1 to the Equity Transfer Agreement (in which each Transferor and the Target Company confirm that: the representations and warranties made in the Equity Transfer Agreement are true and accurate in all respects; all conditions precedent to the Equity Transfer Agreement have been satisfied; the undertakings and obligations relating to the Target Company, as set out in the Equity Transfer Agreement and required to be fulfilled prior to the completion of the Acquisition, have been performed and complied with; and there have been no material adverse changes in the Target Company), and shall provide relevant supporting documents; and

LETTER FROM THE BOARD

3. Each Transferor and the Suxichang South Expressway Company shall issue to the Company the “Declarations and Undertakings” as set out in Annex 2 to the Equity Transfer Agreement (the declarations being representations and warranties on the Target Company, whilst the undertakings are with respect to such representations and warranties until the Completion), and shall provide the relevant supporting documents.

The Company may, in writing, grant a waiver to the Transferors and to the Suxichang South Expressway Company in respect of the documents referred to in Conditions Precedent No. 2 and 3 above. As at the Latest Practicable Date, conditions No. 1(1), 1(2), 2 and 3 have been fulfilled.

Payment of the Consideration is subject to the fulfilment (or waiver, as applicable) of the following conditions precedent:

1. All aforementioned conditions precedent to the completion of the transfer of Target Equity have been satisfied; and
2. All business licences and qualifications held by the Suxichang South Expressway Company are lawful and valid; there are no events, facts, conditions, changes or other circumstances that have arisen or are reasonably foreseeable to arise that would have, or are likely to have, a material adverse effect on the Target Company’s assets (including, but not limited to, its asset structure and condition), liabilities, technology, finances, business, operating performance, profit prospects, legal status or normal course of business.

(v) *Payment of the Consideration*

The Consideration shall be paid in cash.

1. The consideration of RMB4,771,929,500 for equity transfer of Jiangsu Communications Holding shall be paid by the Company in instalments as follows:

Pursuant to the Equity Transfer Agreement, the first instalment of the consideration (RMB2,385,964,750, representing fifty per cent of the total consideration for equity transfer of Jiangsu Communications Holding) shall be paid by the Company within five working days of the Completion of the transfer of 65 per cent equity interest in the Suxichang South Expressway Company held by Jiangsu Communications Holding and the fulfilment of aforementioned conditions precedent for payment of the consideration. The remaining

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consideration for the equity transfer (RMB2,385,964,750, representing fifty per cent of the total consideration for equity transfer of Jiangsu Communications Holding) shall be paid in full by the Company by 29 September 2027. Interest shall be calculated on the remaining equity transfer consideration. Interest shall accrue from the day following the expiry of the payment period for the first instalment of the equity transfer consideration until the date of actual payment of the remaining equity transfer consideration, calculated in accordance with the current one-year Loan Prime Rate (LPR) published by the National Interbank Funding Centre as authorised by the People's Bank of China. The equity transfer consideration and the corresponding interest shall be paid simultaneously.

According to Article 28 of the Measures for the Supervision and Administration of Transactions of State-Owned Assets of Enterprises (《企業國有資產交易監督管理辦法》), “the transaction price shall, in principle, be paid in full within five working days from the effective date of the agreement. Where the amount is substantial and full payment in a single installment is genuinely difficult, payment may be made in installments. Where payment is made in installments, the first installment shall be no less than 30% of the total price and shall be paid within five working days from the effective date of the agreement; for the remaining amount, the transferor shall be provided with lawful and valid guarantee recognized by the transferor, and interest shall be paid for the deferred payment period at the bank lending rate in the corresponding period, with the payment period not exceeding one year.”

The Acquisition must comply with the relevant regulations governing transactions of state-owned enterprise assets. With respect to the equity transfer consideration payable to the minority shareholders, and taking into account the Company's objective of acquiring 100% of the equity interests in this transaction, the Company, after comprehensively considering its capital planning, has planned to pay the equity transfer consideration to the two minority shareholders in a lump-sum cash payment in order to secure their willingness to sell. Given the substantial amount involved in the Acquisition, and in order to alleviate the Company's funding pressure, in consensus with the majority shareholder, Jiangsu Communications Holding, the majority shareholder has agreed that the Company shall pay its equity transfer consideration in two installments, with the first installment being 50% of the equity transfer price, and the remaining 50% to be paid by 29 September 2027. As under the judicial adjudication rules the People's Bank of China's benchmark lending rate was abolished from 20 August 2019, and the standard benchmark for loan interests was changed to the Loan Prime Rate (LPR),

LETTER FROM THE BOARD

the application of the one-year LPR to calculate interest on the remaining consideration for the Acquisition does not contravene applicable laws and regulations, and the interest calculation method is fair and reasonable.

Accordingly, the payment terms for the Acquisition are determined through negotiations in good faith among all parties, taking into comprehensive consideration the Company's objective for the Acquisition, capital planning, and other relevant circumstances. The payment terms and the interest calculation method are fair and reasonable and are in compliance with the rules governing the supervision and administration of state-owned assets.

2. The consideration of RMB1,675,226,800 for equity transfer of Wuxi Transportation shall be paid by the Company as follows:

Pursuant to the Equity Transfer Agreement, the consideration of RMB1,675,226,800 shall be paid by the Company within five working days of the Completion of the transfer of 22.82 per cent equity interest in the Suxichang South Expressway Company held by Wuxi Transportation and the fulfilment of aforementioned conditions precedent for payment of the consideration. The Company shall make a lump-sum payment in full to Wuxi Transportation.

3. The consideration of RMB894,273,700 for equity transfer of Changzhou Communications Holding shall be paid by the Company as follows:

Pursuant to the Equity Transfer Agreement, the consideration of RMB894,273,700 shall be paid by the Company within five working days of the Completion of the transfer of 12.18 per cent equity interest in the Suxichang South Expressway Company held by Changzhou Communications Holding and the fulfilment of aforementioned conditions precedent for payment of the consideration. The Company shall make a lump-sum payment in full to Changzhou Communications Holding.

Pursuant to the Equity Transfer Agreement, should the Company fail to pay the aforementioned equity transfer consideration on time, default interest shall be calculated for the period from the date of default until the date on which the remaining equity transfer consideration is actually paid, at a rate equal to twice the current one-year Loan Prime Rate (LPR) published by the National Interbank Funding Centre as authorised by the People's Bank of China. If the Company has paid the equity transfer consideration to the respective Transferor but the subsequent transaction cannot be completed due to reasons attributable to the respective Transferor, the respective Transferor shall refund the amount already received and pay interest for the period during which the funds were

LETTER FROM THE BOARD

tied up. The interest shall be determined in accordance with the current one-year Loan Prime Rate (LPR) published by the National Interbank Funding Centre as authorised by the People's Bank of China; the period during which the funds were tied up shall run from the date of Completion until the date on which the equity transfer consideration is actually refunded.

The consideration for the Acquisition will be paid using the Company's own funds and loans obtained for acquisition purposes: approximately 30% will be funded by the Company's own funds derived from disposable monetary funds such as accumulated operating proceeds of the Company, to be paid in accordance with the payment milestones under the Agreement; approximately 70% will be funded by loans obtained from banks for acquisition purposes. The specific amount, term, interest rate, guarantee and other terms shall be subject to the banks' approval and contracts. The Company will coordinate and arrange funds to ensure payment is made on schedule and at the lowest funding costs.

(vi) Completion

The Completion Date of the equity transfer shall be confirmed in writing within two days of the fulfilment of the aforementioned conditions precedent to completion. The parties shall use their best endeavours to fix the Completion Date within five days of the fulfilment of the conditions precedent to completion. The Company and each Transferor shall complete the transfer on the Completion Date.

(vii) Allocation of Profit and Loss during the Transition Period

The parties agree and confirm that the period from the Valuation Date to the Completion Date shall be the transition period. During the transition period, the Transferors shall obtain the written consent of the Transferee for any business management and fund receipt and payment activities conducted in relation to the Target Company, and shall not harm the interests of the Target Company or the Transferee.

During the transition period, except for circumstances that have been disclosed in writing to the Transferee prior to the execution of this agreement and circumstances that have been consented to in writing by the Transferee from the date of execution of this agreement to the completion of the closing, the Target Company shall not make any profit distribution or other distributions to its shareholders. If any distribution is made, each Transferor shall hold such distribution in custody on behalf of the Transferee and pay the same to the Transferee on the Completion Date.

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As agreed and confirmed by the parties, any increase in the owners' equity of the Target Company during the transition period shall be enjoyed by the Transferee, and any decrease shall be made good by the Transferors in proportion to their respective original shareholding percentages in the Target Company.

(viii) Guarantee Obligations for the Assumption of Target Company's Debts

According to the Equity Transfer Agreement, from the agreement signing date until the Completion Date, the Target Company and each Transferor shall work together to ensure the orderly operation of the Target Company and shall not incur any new external obligations.

From the Completion Date, Transferor 1 (Jiangsu Communications Holding) shall continue to bear the guarantee obligations it has assumed regarding the debts of the Target Company. If such debts of the Target Company remain outstanding after 31 December 2026, then, subject to the creditors' consent, the Transferee shall assume the Transferor 1's guarantee obligations from 1 January 2027; alternatively, the Target Company, Transferor 1, and the Transferee may actively explore other feasible avenues to modify or release the Transferor 1 from such guarantee obligations through other means.

Subject to the creditors' consent (all being banks), the guarantor of 68 loans maturing after 31 December 2026 will be changed from Jiangsu Communications Holding to the Company. As of the Latest Practicable Date, the total outstanding balance of the above 68 loans was RMB4,699,325,000, the annual interest rate ranged from 2.15% to 2.7%, and the annual interest was approximately RMB111,994,100.

For details of the Company's assumption of guarantee obligations, please refer to "IX. Arrangements for assumption of guarantee obligations" below.

(ix) Performance Compensation Undertakings

Pursuant to the Equity Transfer Agreement, Jiangsu Communications Holding, Wuxi Transportation and Changzhou Communications Holding have undertaken to provide performance compensation to the Company. The performance undertaking period covers the year in which the transactions are completed (i.e. upon completion of the transfer of the Target Equity) and the two subsequent financial years, namely 2026, 2027 and 2028. Each financial year is defined as the full financial year commencing on 1 January of the relevant year.

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Each Transferor undertakes that the cumulative committed net profit of the Suxichang South Expressway Company during the performance undertaking period shall not be less than RMB611,078,300. The specific amount of the cumulative committed net profit shall be determined based on the approved or filed valuation results; should the aforementioned cumulative committed net profit amount differ from the approved or filed valuation results, performance compensation shall be calculated based on the actual approved or filed results. Within 120 days of the expiry of the performance undertaking period, the Company shall engage an accounting firm to issue a special report on the variance between the Target Company's cumulative net profit realised during the performance undertaking period and the cumulative committed net profit. Should any of the following events occur at Suxichang South Expressway Company during the performance undertaking period, the Company is entitled to request the engaged accounting firm to adjust the realised net profit in the special report; the final realised net profit shall be as confirmed in the special report:

- (1) Non-arm's length pricing: Where any commercial transactions between the Target Company and its related parties deviate from fair market value, any additionally generated revenue or the additionally incurred expenses shall be deducted from or added to net profit in accordance with the difference from fair market value;
- (2) Assets impairment and provisions: Where the Target Company recognises significant credit impairment losses or provides for declines in the value of inventory, if verification confirms that an excessive provision has been made, net profit shall not be adjusted upwards in the special report; if verification confirms that the provision is insufficient, net profit shall be adjusted downwards in the special report.;
- (3) Abnormal cost increases due to changes in toll policies: In such circumstances, Transferor 1 shall bear the aforementioned abnormally increased costs and pay the equivalent amount directly to the Transferee; at the same time, where the Target Company's profits fall short of the performance undertakings figure as a result of losses arising from the increase in costs, each Transferor shall continue to pay performance compensation to the Transferee in accordance with the agreed proportions.

Upon expiry of the performance undertaking period, the parties shall calculate the amount of performance compensation in a single instalment, using the aforementioned special report as the basis for calculation.

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Upon expiry of the performance undertaking period, if the Target Company's cumulative net profit realised during the performance undertaking period is less than 95%(excluding 95%) of the cumulative committed net profit for the performance undertaking period, each Transferor shall make compensation to the Company. The amounts of compensation shall be calculated using the following formula:

Amount to be compensated by Transferor 1 =
(Cumulative committed net profit as at the end of the period – Cumulative realised net profit as at the end of the period) $\times$ 65 %

Amount to be compensated by Transferor 2 =
(Cumulative committed net profit as at the end of the period – Cumulative realised net profit as at the end of the period) $\times$ 22.82%

Amount to be compensated by Transferor 3 =
(Cumulative committed net profit as at the end of the period – Cumulative realised net profit as at the end of the period) $\times$ 12.18%

If the cumulative net profit actually achieved by the Target Company during the performance undertaking period exceeds the cumulative committed net profit, the Company shall have no obligation to pay any additional bonus to the Transferors.

The total amount of performance compensation payable by each Transferor to the Transferee shall not exceed 100% of the total transaction consideration actually received by such Transferor from the Transferee.

Where the performance compensation obligations of the Transferors are triggered, each Transferor shall make the payment within ten (10) working days from the date on which the special report is issued following the expiration of the performance undertaking period and the Company's annual financial report is approved by the general meeting. Any Transferor that fails to complete the performance compensation payment within the aforementioned timeframe shall pay interest to the Company for the period of delay, calculated based on the current one-year Loan Prime Rate (LPR) published by the National Interbank Funding Centre as authorised by the People's Bank of China.

Should the Target Company fail to meet the undertakings, the Company will comply with the relevant disclosure requirements under Rule 14A.63 of the Hong Kong Listing Rules.

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The net profit for the current performance undertaking period has been adjusted downward compared to 2023 due to traffic and revenue projections, based on the following specific criteria:

First, adjustments have been made to the traffic control scheme for the Yanjiang Expressway expansion and reconstruction project. The original plan involved half-carriageway closure for construction, but the plan has since been adjusted. While constraints on road traffic have eased, the volume of traffic expected to be diverted to the Target Expressway is lower than the initial estimate, and the phased traffic boost will be weaker than the assumption in the first-round forecast. In addition, the Yanjiang Expressway expansion and reconstruction project has brought forward the traffic opening date to the end of January 2027. It is estimated that certain traffic diverted to the Suxichang South Expressway during the expansion works will gradually shift back to the Yanjiang Expressway.

Second, the expansion and reconstruction project of the Shanghai–Nanjing Expressway was originally planned to commence during 2027–2028. Traffic control during the construction period would have generated sustained traffic-diversion benefits. However, the project commencement timeline is now expected to be postponed to around the second half of 2028. Following this revised expectation, the diversion effect will only gradually materialize from the second half of 2028 onwards. As a result, the positive incremental support brought to the project has decreased substantially.

Third, new developments have emerged in the overall regional road network development landscape. Starting from 6 January 2024, the upgrading project for national highway G312 (the Henglin–Hutang East section in Changzhou) commenced the road closure with a three-year construction period. During the closure, part of the traffic volume was diverted to the Suxichang South Expressway. Upon completion of the G312 upgrading project for the Henglin–Hutang East section in early 2027, some diverted traffic is expected to flow back to national highway G312, dispersing traffic volume of the Target Expressway. Furthermore, the expansion and reconstruction project for the Dagang Interchange–Luoxi Interchange section of the Jiangyi Expressway (Changzhou section) is planned for 2027–2030, entering a “2+2” two-way traffic retention construction phase in 2028. Traffic capacity on the Jiangyi Expressway will be constrained during the construction, and traffic originally travelling via the Jiangyi Expressway to the Suxichang South Expressway is projected to decline.

Considering aforementioned multiple factors – such as adjustments to traffic control measures under the construction organisation plan, and evolution of road network structure – the current estimates of traffic volume and operating revenue

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for the undertaking period are generally lower than the estimates prepared in 2023. Nevertheless, the Target Expressway is located in the heart of Suzhou-Wuxi-Changzhou economically developed region, underpinned by stable rigid demand for passenger and freight traffic, which provides solid support for its medium-to-long-term operation.

(x) *Dispute Resolution*

All disputes arising out of the implementation of or related to the Equity Transfer Agreement shall be settled through friendly negotiation by all parties to the agreement. If any dispute cannot be resolved through negotiation within thirty (30) working days after the dispute arises, any party has the right to initiate a proceeding with the People's Court where the Company is located.

(xi) *Termination of the Equity Transfer Agreement*

The Equity Transfer Agreement may be terminated in any of the following circumstances:

- (1) The Equity Transfer Agreement is terminated early by unanimous written consent of the parties;
- (2) If any representation or warranty made by a party under the Equity Transfer Agreement is untrue, inaccurate or incomplete, or if such party fails to fulfil its covenants, undertakings or obligations as set out in the Equity Transfer Agreement, and, after receiving a written demand from another party, fails to take effective remedial measures within 10 working days to prevent further loss, and such other party reasonably and in good faith believes that the foregoing failure may cause the purpose of this agreement to be frustrated, the other party shall have the right to unilaterally terminate this agreement by written notice;
- (3) If any competent government authority or regulatory body issues a notice or otherwise prevents the completion of the transfer of equity; or
- (4) The Equity Transfer Agreement must be terminated in the event of a force majeure event.

(II) *State-owned Asset Valuation Report*

According to the requirements of the Measures for the Supervision and Administration of the Transaction on State-owned Assets of Enterprises, the Company, Jiangsu Communications Holding, Wuxi Transportation and Changzhou Communications Holding proposed to adopt non-public agreement transfer method to execute the transfer of title of assets, and

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the consideration for the transfer shall not be lower than the valuation result approved by or filed with the State-owned Assets Supervision and Administration Department. Jiangsu Communications Holding, Wuxi Transportation and Changzhou Communications Holding jointly appointed the State-owned Asset Valuer to conduct an asset valuation of the Target Equity as of the Valuation Date. According to the State-owned Asset Valuation Report issued by the State-owned Asset Valuer on 30 June 2026, the appraised value of the Target Company is RMB7,341,430,000 based on the income approach, and its book value is RMB7,276,623,400. The premium of the appraised value over the book value of the Target Company is RMB64,806,600, representing an appreciation of approximately 0.89%.

- (i) Valuation object and scope: The valuation object is the total equity value of all shareholders of Jiangsu Suxichang South Expressway Co., Ltd. The valuation scope covers all assets and liabilities of Jiangsu Suxichang South Expressway Co., Ltd.
- (ii) Valuation Date: 31 December 2025
- (iii) Value type: Market Value.
- (iv) Valuation methods: This valuation adopted the income approach and market approach for valuation, and selected the results determined by the income approach as the final valuation conclusion.
- (v) **Valuation Conclusion**

(1) *Valuation conclusion for this transaction*

Under the going concern assumption, the total equity value of all shareholders of Jiangsu Suxichang South Expressway Co., Ltd. as of the Valuation Date was appraised at RMB7,341,430,000 (RMB seven billion three hundred and forty one million four hundred and thirty thousand). This transaction adopts the income approach results from the State-owned Asset Valuation Report with a Valuation Date of 31 December 2025. The appraised value of the Target Company is RMB7,341,430,000, the book value is RMB7,276,623,400. The premium over book value is RMB64,806,600, an appreciation of approximately 0.89%.

Following consultations, the Company, Jiangsu Communications Holding, Wuxi Transportation and Changzhou Communications Holding have agreed: The consideration of the Target Equity 1 is RMB4,771,929,500; the consideration of the Target Equity 2 is RMB1,675,226,800; the consideration of the Target Equity 3 is RMB894,273,700.

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The transfer consideration is calculated based on the appraised value in the State-owned Asset Valuation Report in proportion to the equity interest held, the final consideration is subject to the valuation filed with the State-owned Assets Supervision and Administration Department. The determination of the consideration for the transfer of the Target Equity shall be based on the valuation results approved or filed with the State-owned Assets Supervision and Administration Department. If the aforementioned appraised value is approved or filed, the Transferee and Transferors shall adopt such appraised value as the consideration of the transfer of the Target Equity.

(2) *Valuation by offshore valuation institution commissioned by the Company*

The Company simultaneously appointed Kroll Consulting (Shenzhen) Ltd., Beijing Branch (hereinafter referred to as “Valuation Consultant”) to assess the value of the Target Equity in accordance with international valuation standards and requirements (hereinafter referred to as the “Valuation Report”). The Valuation Consultant’s preliminary assessment of the market value of the Target Company as of the Valuation Date (31 December 2025) is RMB7,360,000,000, which is slightly higher than the appraised value in the State-owned Asset Valuation Report. The Valuation Report will be set out in the circular to be despatched to H shareholders.

(3) *Comparison with previous round of acquisition valuation*

At the first round of acquisition, the appraised value of Suxichang South Expressway Company’s assets was RMB8,001,000,000, representing a premium of RMB537,970,000 over book net assets, an appreciation rate of 7.21%. However, after two years of losses and the shortening of the toll operating period of the Suxichang South Expressway, the asset value has declined. Considering the actual materialisation of road network diversion effects, the shortened operating period and changes in the objective road network environment, and based on current actual operating data and the latest road network forecasting model, the appraised value in this round has been reasonably adjusted downward compared with the previous valuation, representing a decrease of approximately 8.24% from the first-round valuation.

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(vi) Material Valuation Assumptions and Parameters

A. Basic Assumptions

1. Ongoing Concern Assumption: The ongoing concern assumption is based on the premise that the business operations of the entity owning the assets are lawful, and that no unforeseeable factors which would prevent it from continuing a going concern will arise; furthermore, it assumes that the current use of the assets being valued will remain unchanged and that they will continue to be used at their current locations;
2. Transaction Assumption: The transaction assumption is based on the premise that all assets to be valued are already in the process of being traded, and that the valuer conducts the valuation by simulating the market based on the terms of the transaction for the assets. The transaction assumption is one of the most fundamental premises upon which the valuation is based;
3. Open Market Assumption: The open market assumption presumes that assets being traded on the market, or intended to be traded on the market, are transacted between parties of equal standing, each of whom has the opportunity and time to obtain sufficient market information to make rational judgements regarding the asset's function, use and transaction price. The open market assumption is based on the premise that assets can be openly bought and sold on the market;
4. Assumption of Use in Current Condition: The assumption of use in current condition is a presumption regarding the market conditions into which the asset is intended to enter and the state of the asset's use under such market conditions. Firstly, it is assumed that the asset within the scope of the valuation is currently in use; secondly, it is assumed that it will continue to be used in its current form and manner, without considering a change of use or conditions for optimal utilisation.

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B. General Assumptions

1. It is assumed that there will be no material changes in the country's macroeconomic conditions or in the relevant laws, regulations and policies currently in force; nor will there be any material changes in the political, economic and social environment of the regions in which the parties to this transaction are situated;
2. Based on the actual condition of the assets as at the Valuation Date, it is assumed that the enterprise will continue as a going concern;
3. It is assumed that the company's operator is responsible and that the company's management is competent to perform their duties;
4. It is assumed that the industry in which the subject entity operates will maintain a stable growth trend, and that there will be no material changes to industry policies, management systems or relevant regulations;
5. Unless otherwise stated, it is assumed that the company is in full compliance with all relevant laws and regulations;
6. It is assumed that the accounting policies to be adopted by the company in the future will be substantially consistent in all material respects with those applied in the preparation of this report;
7. It is assumed that, based on the existing management approach and management standards, the scope, methods and direction of the company's operations will remain consistent with the current situation;
8. It is assumed that there will be no material changes in interest rates, exchange rates, tax bases and tax rates, or policy-related levies;
9. It is assumed that no other force majeure events or unforeseeable factors will have a material adverse effect on the enterprise;
10. It is assumed that, after the Valuation Date, the cash inflows and cash outflows of the entity being valued occur evenly over time;

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11. During the foreseeable operating period, no account has been taken of non-recurring gains or losses that may arise from the operation of assets, including but not limited to the following items: gains or losses on the disposal of fixed assets, construction in progress and intangible assets, as well as other non-operating income and expenditure;
12. It is assumed that any major investments or investment plans involved in the valuation process will be completed on schedule and brought into operation;
13. It is assumed that, upon expiry of the subject entity's expressway toll collection period, all relevant assets, including the expressway and ancillary facilities, will be transferred to the State free of charge;
14. It is assumed that the toll operating rights for the expressway section will not be extended upon expiry;
15. It is assumed that, during the remaining operating period, tolls will be maintained at the current rates and will not change;
16. It is assumed that the entity under valuation will raise and repay loans in accordance with its existing borrowing and repayment plans;
17. It is assumed that the forecasts regarding traffic volume and toll revenue set out in the 'Forecast of Traffic Volume, Toll Revenue and Operational Maintenance Costs for the Suxichang South Expressway' will not differ materially from actual future operating conditions.

C. Special Assumptions

1. This valuation is based on the specific valuation objectives set out in the Valuation Report;
2. All assets subject to this valuation are based on their actual stock as at the Valuation Date, and the current market value of the relevant assets is based on valid domestic prices as at the Valuation Date;
3. It is assumed that the processes of purchasing, acquiring and constructing the assets involved in the subject matter of the valuation comply with the relevant national laws and regulations;

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4. This valuation assumes that the relevant materials provided by the principal and the subject entity—including general information on business operations, property rights documentation, policy documents, basic data and financial records—are true, complete, lawful and valid;
5. The scope of the valuation is limited to the valuation declaration form provided by the principal and the subject entity; contingent assets and liabilities that may exist but are not included in the list provided by the principal and the subject entity have not been taken into account;
6. It is assumed that, during the future operating period, the scope and methods of the enterprise's operations will not undergo significant changes; its core business structure, revenue and cost composition, as well as future sales strategies and cost control measures, will continue in line with the status of recent years without major alterations. The management's operational plans are expected to be realised as scheduled;
7. This valuation has not taken into account the impact on the valuation conclusions of any future mortgages or guarantees that the subject entity and its assets may be subject to, nor any additional costs that may arise from special transaction arrangements;
8. The Valuer has not carried out technical inspections of the technical parameters and performance of the various items of equipment as at the Valuation Date. The Valuer has formed judgements based on on-site inspections, assuming that the relevant technical documentation and operational records provided by the subject entity are accurate and valid;
9. The Valuer's on-site inspection of the subject entity was limited to its external appearance and condition of use; no tests were carried out on its internal quality, such as its structural integrity. Hence, it is not possible to determine whether any internal defects exist. This report is based on the assumption that the internal quality of the subject entity complies with relevant national standards and is sufficient to maintain its normal use.

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The State-owned Asset Valuation Report made reference to the “Forecast of Traffic Volume, Toll Revenue and Operation and Maintenance Costs of the Suxichang South Expressway (蘇錫常南部高速公路交通量、通行費收入及運營養護成本預測)” issued by the Traffic Consultant, the material assumptions of the traffic volume forecast are set out below:

1. Considering factors such as the historical annual regional gross domestic product (GDP) growth and the elasticity coefficients for passenger vehicles (the coefficient that shows the correlation between traffic volume growth and economic growth). Based on the economic planning and development trend of Jiangsu and its surrounding areas, the GDP growth has generally remained stable with a slight decline. Similarly, as the stage of economic development changes, the predicted values of the elasticity coefficients for passenger vehicles and trucks in relevant areas has decreased in the forecast period. The two reasons above are the factors causing a decline of the overall traffic growth rate of the regional road network.
2. This forecast also includes road capacity analysis. The calculation of the capacity is mainly based on the Technical Standard for Highway Engineering Works (公路工程技術標準) (JTGB01-2014) issued by the Ministry of Transport of China in 2014, which divides the levels of service of roads into Levels I, II, III, IV, V and VI. It is estimated that the maximum daily capacity of the Suxichang South Expressway is about 150,000-160,000 pcu/d.
3. This evaluation includes a forecast on the changes on the types of vehicles. From the experience of the development of types of vehicles on highways in Jiangsu Province and around the country, the growth rate of passenger vehicles is generally higher than that of trucks, resulting in a growing proportion of passenger vehicles on the road network.

In addition, in recent years, as traffic congestion in cities roads in southern Jiangsu Province has been worsening, and the increasing residents' income makes the expressway toll no long a major obstacle, expressways have gradually become one of the choices for regional transportation, with a significant increase in Class I passenger vehicles (i.e. passenger vehicles of less than 9 seats) for short trips; on the other hand, with the accelerated construction of the national high-speed railroads and the local intercity railroads in this region, the intercity transportation function of large passenger vehicles (i.e. those with more

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than 30 seats) has gradually weakened. Therefore, the proportion of Class I passenger vehicles among all other passenger vehicle models will also increase at the same time.

As for trucks, the per weight unit transportation costs of larger trucks is lower, thanks to cost reductions and efficiency gains achieved through economies of scale, the development of larger trucks (six-axle) has gained momentum. On the other hand, smaller trucks (two-axle) exhibit good maneuverability and are well-suited to the flexibility and personalization of current pace of economic development. The growth of express delivery services also plays a significant role in promoting the development of smaller trucks. Therefore, for the proportion of the type of trucks in the future, it is anticipated that there will be a growth in smaller trucks and larger trucks whereas there will be a decline in the mid-sized trucks.

4. In this analysis, traffic assignment in road network is conducted using the traffic impedance function. The traffic impedance function reflects the factors that drivers consider when choosing a route, including the actual travel time, the length of the route, and the toll fees. The significance of these factors is captured by using weighted coefficients. The travel time and route length are converted into tolls through the value of time and the cost of vehicle operation. The parameters in the relevant analysis model are calculated based on the historical data of Suxichang South Expressway Company, the experience of the Company in similar projects and the figures widely used in domestic applications.
5. Regarding the toll period, it is assumed in the forecast that all highways will maintain their existing toll status during the forecast period.
6. The toll rates are assumed as follows in this assessment:
 - (1) For expressways that have already been completed and put into operation, the toll rates approved will remain unchanged.

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- (2) For the expressways that are expected to be completed and put into operation before 2025: for the reconstruction and expansion projects and new bridge and tunnel projects, reference is made to the “Pricing Mechanism for Expressway Tolls in Jiangsu Province” (江蘇省高速公路收費定價機制) jointly issued by the Department of Transportation, the Development and Reform Commission and the Department of Finance of Jiangsu Province in 2021; and for other newly built general projects, the basic rates for passengers vehicles and trucks will be RMB0.55 and RMB0.45/km, respectively.
- (3) For expressways that are expected to be completed and put into operation before 2030: After the completion of reconstruction and expansion projects of Xitai Expressway and Yanjiang Expressway which are related to Suxichang South Expressway, the toll rates for both passenger vehicles and trucks are expected to increase to RMB0.65 and RMB0.55/km, respectively, due to the increased construction costs. For other projects that will be completed and put into operation before the end of 2030 with less association with the Suxichang South Expressway, there are less visibility on the construction costs, it is assumed that the basic toll rates will be applied as per point (2) above.
- (4) Other expressway projects: for expressway projects to be completed and opened to traffic after 2030, after the completion of the expansion projects of Shanghai-Nanjing Expressway (which is related to Suxichang South Expressway), the construction cost will be further increased, and the average level of toll rates is expected to be increased accordingly and it is assumed that the basic rate for passenger vehicles will be raised to RMB0.75/km, and the basic rate for trucks will be RMB0.55/km. For other projects that will be completed and put into operation before the end of 2030 with less association with the Suxichang South Expressway, there are less visibility on the construction costs construction costs, it is assumed that the basic toll rates will be applied as per point (2) above.

Due to the increase in toll rates of the expressways in parallel, it is expected that the traffic sharing ratio of Suxichang South Expressway in the road network will be slightly increased compared with the current situation.

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7. On 29 December 2021, the Wuxi Municipal Government entered into an agreement for government procurement of services relating to the Taihu Tunnel of Suxichang South Expressway, stipulating that for Wuxi-registered non-commercial passenger vehicles equipped with ETC kits and with an approved seating capacity of nine or fewer, when travelling on the section of the S58 Shanghai–Changzhou Expressway between the Huazhuang, Nanquan and Junzhang interchanges and the Mashan interchange, the preferential rate for the Taihu Tunnel would be RMB15 per journey, with the preferential period lasting until 31 December 2023. On 29 December 2023, the Wuxi Municipal Transportation Bureau renewed the agreement for government procurement of services; the preferential rate (RMB15 per journey) and the scope of eligible vehicles for the Taihu Tunnel remained unchanged, with the term extended to 29 December 2024. On 27 December 2024, the Wuxi Municipal Transportation Bureau entered into a new agreement for government procurement of services; effective from 30 December, the preferential rate for the Taihu Tunnel has been adjusted from RMB15 per journey to RMB10 per journey, while the scope of eligible vehicles remains unchanged and the preferential period has been extended to 29 December 2027. The forecast report assumes that subsequent differentiated policies will continue to follow the scheme renewed in 2024, and does not currently take into account any expanded schemes that may be introduced at a later stage.
8. According to the “Jiangsu Provincial Highway Network Plan (2021–2035)” approved and issued by Government of Jiangsu Province in 2023, in the future, Jiangsu Province plans to form a highway network layout of “fifteen radiations, seven north-south and ten east-west routes and 22 expressway river-crossing tunnel” with a total mileage of approximately 7,815 kilometers. During the process of conducting the forecast, the latest information of some projects pending-construction and some projects under construction were also collected (such as Yanjiang Expressway, Xitai Expressway, Shanghai-Nanjing Expressway, and Hangzhou-Nanjing Expressway etc.). Based on the analysis of the road network functionality and location conditions, it is determined that the improvement and expansion projects of the Yanjiang Expressway and Shanghai-Nanjing Expressway will have significant impact on the traffic flow of the Suxichang South Expressway Company.
9. According to Wuxi City Territorial Spatial Master Plan (2021–2035), the local expressways that will have a greater impact on the Suxichang South Expressway are the west extension of the Juqu Road (具區路西延) and the Suxi-Taihu Tunnel (蘇錫太湖通道) which are currently under planning.

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The west extension of Juqu Road is a cross-Taihu expressway planned to run in parallel to the Suxichang South Expressway, crossing Meiliang Lake (梅梁湖) and connecting to the Yima Tunnel (宜马通道), with the route direction basically consistent with the Suxichang South Expressway, which is expected to divert the partial local traffic in Wuxi serviced by the Suxichang South Expressway upon its completion. Currently, the west extension of the Juqu Road has not been scheduled, and with the increasingly strict national ecological control measures, it is expected to be challenging to construct an additional tunnel near the project location in the near future. Therefore, the construction of the Juqu Road west extension is not considered in this evaluation.

The Suxi-Taihu Tunnel is an intercity expressway constructed by Wuxi and Suzhou in the form of local municipal roads after the second phase of the Suxichang South Expressway planning was canceled. The Suxi-Taihu Tunnel begins at the intersection of Suzhou Taihu Avenue (蘇州太湖大道) and Gongshan Road (貢山路) and ends at the north side of Nanquan Junction of Lihu Avenue (蠡湖大道南泉樞紐) in Wuxi. Upon completion, the project will be connected head-to-tail with the Suxichang South Expressway, and will become a crucial highspeed intercity road within Suzhou, Wuxi and Changzhou. It is expected that the completion of the project will bring about a significant increase in the traffic volume to the Suxichang South Expressway, especially attracting vehicles from the southern part of Suzhou going to Changzhou and Wuxi.

Currently, the Suzhou–Wuxi Taihu Lake Tunnel is at the preliminary research stage, whilst the westward extension of Juqu Road has not yet entered the preliminary research phase; the construction timetable for both projects has not yet been finalised. In the consultation, both roads are provisionally assumed to be completed and opened to traffic in December 2036.

[#] *The English name is for identification purpose only.*

State-owned Asset Valuer confirms that during the period from the Valuation Date to the date of the announcement published by the Company (i.e. 28 August 2026), there have been no significant event that could have a material impact on the valuation results.

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The table below shows the future financial projections of the target company in the State-owned Asset Valuation Report:

RMB

Items	2026	2027	2028	2029	2030	2031	2032
Operating Income	83,590.40	83,471.78	98,655.73	131,821.17	162,846.11	172,209.46	162,031.44
Operating Expenses	50,462.78	51,675.55	57,214.63	69,123.77	80,301.96	75,561.97	71,549.70
Tax and VAT	276.86	276.85	278.85	283.22	287.31	288.55	287.2
Management Fee	46.2	46.2	46.2	46.2	46.2	46.2	46.2
Financial Expenses	15,381.55	14,866.55	14,037.87	11,867.76	10,013.02	9,204.33	9,204.33
Operating Profits	17,423.02	16,606.63	27,078.18	50,500.22	72,197.61	87,108.42	80,944.01
Gross Profits	17,423.02	16,606.63	27,078.18	50,500.22	72,197.61	87,108.42	80,944.01
Profit Tax				10,543.43	18,049.40	21,777.11	20,236.00
Net Profits	17,423.02	16,606.63	27,078.18	39,956.79	54,148.21	65,331.32	60,708.01
Add: Interest expenses							
after tax	11,536.16	11,149.91	10,528.41	8,900.82	7,509.77	6,903.25	6,903.25
Add: Depreciation and							
Amortisation	39,113.86	39,996.34	45,117.98	56,462.52	67,083.85	61,944.98	57,675.22
Less: Capital expenses	98.62	4,800.65	4,944.67	5,093.01	5,245.80	5,403.17	5,565.27
Increase (decrease) in							
operating capital	-29,122.56	-131.65	-13.68	807.33	572.32	1,043.06	-93.1
Forecast of operating							
capital at the end of the							
period							
Forecast of residual value							
of assets at the end of							
the period							
Net cash flow	97,096.98	63,083.89	77,793.57	99,419.80	122,923.71	127,733.32	119,814.30
Discount year	0.50	1.00	1.00	1.00	1.00	1.00	1.00
Discount %	7.03%	7.03%	7.03%	7.03%	7.03%	7.03%	7.03%
Discount Factor	0.9666	0.9031	0.8438	0.7884	0.7366	0.6882	0.643
Net Cash Flow Present							
Value	93,854.40	56,972.50	65,642.99	78,381.83	90,547.40	87,910.83	77,045.05
Total present value of							
net cash flows for the							
forecast period							
Add: Value of non-							
operating assets,							
liabilities and							
surplus assets							

LETTER FROM THE BOARD

Items	2026	2027	2028	2029	2030	2031	2032
Overall corporate value							
Less: Interest-bearing debt							
Fair market value of shareholders' equity (rounded)							

Items	2033	2034	2035	2036	2037	2038	2039
Operating Income	168,927.67	175,788.99	182,405.35	188,350.16	201,914.27	207,200.48	212,321.65
Operating Expenses	74,975.65	78,265.53	81,499.13	130,299.67	89,624.47	91,988.94	94,319.64
Tax and VAT	288.11	289.02	289.89	290.67	292.46	293.16	293.83
Management Fee	46.2	46.2	46.2	46.2	46.2	46.2	46.2
Financial Expenses	9,204.33	8,844.33	7,824.84	6,412.05	5,658.76	4,504.64	3,287.52
Operating Profits	84,413.38	88,343.91	92,745.29	51,301.56	106,292.39	110,367.54	114,374.45
Gross Profits	84,413.38	88,343.91	92,745.29	51,301.56	106,292.39	110,367.54	114,374.45
Profit Tax	21,103.34	22,085.98	23,186.32	12,825.39	26,573.10	27,591.89	28,593.61
Net Profits	63,310.03	66,257.93	69,558.97	38,476.17	79,719.29	82,775.66	85,780.84
Add: Interest expenses after tax	6,903.25	6,633.25	5,868.63	4,809.04	4,244.07	3,378.48	2,465.64
Add: Depreciation and Amortisation	60,702.48	63,584.12	66,401.25	68,814.43	73,613.73	75,539.86	77,422.14
Less: Capital expenses	5,732.23	5,904.19	6,081.32	6,263.76	6,451.67	6,645.22	6,844.58
Increase (decrease) in operating capital	30.72	22.48	-25.38	-1,417.85	1,528.88	-7.89	-16.39
Forecast of operating capital at the end of the period							
Forecast of residual value of assets at the end of the period							
Net cashflow	125,152.81	130,548.63	135,772.90	107,253.73	149,596.54	155,056.66	158,840.43
Discount year	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Discount %	7.03%	7.03%	7.03%	7.03%	7.03%	7.03%	7.03%
Discount Factor	0.6008	0.5613	0.5245	0.49	0.4579	0.4278	0.3997
Net Cash Flow Present Value	75,192.50	73,283.15	71,210.29	52,558.13	68,493.11	66,330.56	63,486.61

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Items	2033	2034	2035	2036	2037	2038	2039
Total present value of net cash flows for the forecast period							
Add: Value of non- operating assets, liabilities and surplus assets							
Overall corporate value							
Less: Interest-bearing debt							
Fair market value of shareholders' equity (rounded)							

Items	2040	2041	2042	2043	2044	2045	2046	2046
Operating Income	217,462.21	220,828.63	224,612.67	228,085.93	231,585.14	233,214.00	233,607.42	
Operating Expenses	96,495.63	98,476.17	100,420.13	102,279.08	103,960.23	105,442.90	106,772.06	
Tax and VAT	294.51	294.95	295.45	295.91	296.37	296.59	296.64	
Management Fee	46.2	46.2	46.2	46.2	46.2	46.2	46.2	
Financial Expenses	1,928.52	316.26	–	–	–	–	–	
Operating Profits	118,697.35	121,695.04	123,850.89	125,464.73	127,282.34	127,428.31	126,492.51	
Gross Profits	118,697.35	121,695.04	123,850.89	125,464.73	127,282.34	127,428.31	126,492.51	
Profit Tax	29,674.34	30,423.76	30,962.72	31,366.18	31,820.58	31,857.08	31,623.13	
Net Profits	89,023.01	91,271.28	92,888.17	94,098.55	95,461.75	95,571.23	94,869.39	
Add: Interest expenses after tax	1,446.39	237.2						
Add: Depreciation and Amortisation	79,137.89	80,659.86	82,129.66	83,504.14	84,687.51	85,673.37	86,501.37	
Less: Capital expenses	7,049.92	7,261.41	7,479.25	7,703.63	7,934.74	8,172.78	8,417.97	
Increase (decrease) in operating capital	-5.66	-98.68	11.11	23.99	46.69	-35.47	-86.79	
Forecast of operating capital at the end of the period								2,675.11
Forecast of residual value of assets at the end of the period								0
Net cashflow	162,563.04	165,005.60	167,527.45	169,875.06	172,167.83	173,107.29	173,039.58	2,675.11
Discount year	1.00	1.00	1.00	1.00	1.00	1.00	1.00	0.50

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Items	2040	2041	2042	2043	2044	2045	2046	2046
Discount %	7.03%	7.03%	7.03%	7.03%	7.03%	7.03%	7.03%	7.03%
Discount Factor	0.3734	0.3489	0.326	0.3046	0.2846	0.2659	0.2485	0.2402
Net Cash Flow Present Value	60,707.27	57,572.55	54,613.58	51,741.87	48,996.20	46,028.16	42,992.43	642.51
Total present value of net cash flows for the forecast period								1,384,203.90
Add: Value of non-operating assets, liabilities and surplus assets								-17,132.09
Overall corporate value								1,367,071.81
Less: Interest-bearing debt								632,928.86
Fair market value of shareholders' equity (rounded)								734,143.00
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>

(III) Basic Information of the Parties to the Equity Transfer Agreement

(i) *The Company*

The Company is principally engaged in construction, management, maintenance and collection of tolls of roads and expressways in Jiangsu Province, as well as related ancillary services. The controlling shareholder of the Company is Jiangsu Communications Holding.

(ii) *Jiangsu Communications Holding*

The basic information of Jiangsu Communications Holding Co., Ltd. is as follows:

Registered office:	No. 291 Zhongshan East Road, Nanjing
Unified social credit identifier:	91320000134767063W
Date of establishment:	5 March 1993
Business nature:	Limited liability company (Wholly state-owned) ⁽¹⁾
Legal representative:	Wang Xianzheng
Registered capital:	RMB16,800,000,000

LETTER FROM THE BOARD

Principal business: Engaged in the operation and management of state-owned assets within the scope of authorization of the provincial government; investment, construction, operation and management of transport infrastructure, transportation and other related sectors; collection of expressway tolls; and industry investment and domestic trading services.

Total assets at the end of the latest accounting period (2025) ⁽²⁾: RMB989,912,066,830

Net assets at the end of the latest accounting period (2025) ⁽²⁾: RMB389,207,669,230

Revenue from core business for the latest accounting period (2025) ⁽²⁾: RMB105,004,587,850

Net profit for the latest accounting period (2025) ⁽²⁾: RMB16,541,742,430

- (1) The ultimate owner of Jiangsu Communications Holding is the State-owned Assets Supervision and Administration Commission of the People's Government of Jiangsu Province.
- (2) Jiangsu Communications Holding's financial statements for the year 2025 were audited by Zhongxinghua Certified Public Accountants LLP in accordance with the Accounting Standards for Business Enterprises of the PRC.

Jiangsu Communications Holding is the controlling shareholder of the Company, as at the Latest Practicable Date, controlled or was entitled to control approximately 58.00% of the Company's equity. Save as set out in the published announcements of the Company, there is no other relationship between the Jiangsu Communications Holding and its subsidiaries and the Company and its subsidiaries, whether in terms of property rights, business, assets, personnel or otherwise.

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(iii) Wuxi Transportation

The basic information of Wuxi Transportation Industry Group Co., Ltd. is as follows:

Registered office:	No. 109 Renmin West Road, Wuxi
Unified social credit identifier:	913202007333041919
Date of establishment:	7 December 2001
Business nature:	Limited Liability Company ⁽¹⁾
Legal representative:	Xu Qingkai
Registered capital:	RMB5,745,460,000
Principal business:	Entrusted operation and management of municipal transportation state-owned assets; revenue management and operation of state-owned assets; entrusted management of municipal transportation collective assets; investment in transportation and related industries; investment in transportation infrastructure construction and asset operation and management; domestic trade; asset leasing; real estate development and operation. (For projects subject to approval by law, business activities may only be carried out after approval by the relevant authorities.) General projects: engineering management services (except for projects requiring approval in accordance with the law, business activities may be carried out independently in accordance with the business licence).
Total assets at the end of the latest accounting period (2025) ⁽²⁾ :	RMB88,260,017,000
Net assets at the end of the latest accounting period (2025) ⁽²⁾ :	RMB24,699,930,000

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Revenue from core business RMB23,075,692,000
for the latest accounting
period (2025) ⁽²⁾:

Net profit for the latest RMB230,333,000
accounting period
(2025) ⁽²⁾:

- (1) The ultimate beneficial owner of Wuxi Transportation is the People's Government of Wuxi. To the best of the knowledge, information, and belief of the directors of the Company, having made all reasonable enquiries, Wuxi Transportation and its ultimate beneficial owner are all independent third parties of the Company.
- (2) Wuxi Transportation's financial statements for the year 2025 were audited by Tianheng Certified Public Accountants (LLP) in accordance with the Accounting Standards for Business Enterprises of the PRC.

(iv) *Changzhou Communications Holding*

The basic information of Changzhou Communications Holding Group Co., Ltd. (formerly known as Changzhou Expressway Investment Development Co., Ltd.) is as follows:

Registered office:	Room 801, Building 1, No. 1259 Longjin Road, Changzhou
Unified social credit identifier:	913204117265689141
Date of establishment:	21 January 2001
Business nature:	Limited Liability Company ⁽¹⁾
Legal representative:	Xu Xiaozhong
Registered capital:	RMB1,000,000,000

LETTER FROM THE BOARD

Principal business:

Licensed projects: Construction engineering; highway management and maintenance; port operation (for projects subject to approval by law, business activities may only be carried out after approval by the relevant authorities; specific business items shall be subject to the approval results).

General projects: enterprise management; engineering management services; investment activities with self-owned funds; asset management services with self-owned funds; transportation facility maintenance; land remediation services; property management; parking services; leasing of non-residential real estate; leasing of land use rights; leasing services (excluding licensing-type leasing services); general cargo warehousing services (excluding hazardous chemicals and other items subject to licensing and approval); engineering technical services (excluding planning management, survey, design, and supervision); information consulting services (excluding licensing-type information consulting services); information technology consulting services; social and economic consulting services; domestic cargo transportation agency; road freight transportation station operation; domestic container cargo transportation agency; sales of textile and knit products; sales of textiles and raw materials; sales of chemical products (excluding licensing-type chemical products); sales of metal materials; sales of non-ferrous metal alloys (except for projects requiring approval in accordance with the law, business activities may be carried out independently in accordance with the business licence).

LETTER FROM THE BOARD

Total assets at the end of the latest accounting period (2025) ⁽²⁾: RMB86,992,070,000

Net assets at the end of the latest accounting period (2025) ⁽²⁾: RMB33,181,804,000

Revenue from core business for the latest accounting period (2025) ⁽²⁾: RMB2,580,088,000

Net profit for the latest accounting period (2025) ⁽²⁾: RMB236,366,000

(1) The ultimate beneficial owner of Changzhou Communications Holding is the State-owned Assets Supervision and Administration Commission of Changzhou Municipal People's Government. To the best of the knowledge, information, and belief of the directors of the Company, having made all reasonable enquiries, Changzhou Communications Holding and its ultimate beneficial owner are all independent third parties of the Company.

(2) Changzhou Communications Holding's financial statements for the year 2025 were audited by Suya Jincheng Certified Public Accountants (LLP) in accordance with the Accounting Standards for Business Enterprises of the PRC.

(v) *Suxichang South Expressway Company(Target Company)*

The basic information of Jiangsu Suxichang South Expressway Co., Ltd. is as follows:

Registered office: No. 291 East Zhongshan Road, Xuanwu District, Nanjing

Unified social credit identifier: 91320000MA1NJPQ74F

Date of establishment: 14 March 2017

Business nature: Limited Liability Company

Legal representative: Wang Feng

Registered capital: RMB7,956,200,000

Principal business: Construction, management, operation and maintenance of the Suxichang South Expressway

LETTER FROM THE BOARD

Since the establishment of the Target Company, Jiangsu Communications Holding, Wuxi Transportation, and Changzhou Communications Holding have subscribed for the Target Company's capital in the amounts of RMB5,171,530,000, RMB1,815,510,000, and RMB969,160,000, respectively, all of which have been fully paid up. As at the Latest Practicable Date, the shareholders of Suxichang South Expressway Company are as follows:

Shareholder	Registered Capital RMB	Equity Interest %
Jiangsu Communications Holding	5,171,530,000.00	65.0000
Wuxi Transportation ⁽¹⁾	1,815,510,000.00	22.8188
Changzhou Communications Holding ⁽²⁾	969,160,000.00	12.1812

Notes:

- (1) The ultimate beneficial owner of Wuxi Transportation is the People's Government of Wuxi (100%).
- (2) The ultimate beneficial owner of Changzhou Communications Holding is the State-owned Assets Supervision and Administration Commission of Changzhou Municipal People's Government (100%).

Set out below is the audited financial statements of Suxichang South Expressway Company for the two financial years ended 31 December 2024 and 2025 and the three months ended 31 March 2026, respectively, which were prepared in accordance with the Accounting Standards for Business Enterprises of the PRC:

(RMB Yuan)

	For the year ended 31 December		For the three months Ended
	2024	2025	31 March 2026
Revenue	606,425,872.18	820,851,115.87	203,889,021.45
Operating costs	604,499,497.98	579,540,219.75	127,498,595.01
Profits before income tax	-212,622,857.83	70,633,032.12	38,148,245.00
Profits and total comprehensive profits	-212,622,857.83	70,633,032.12	38,148,245.00

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	As at 31 December 2024	As at 31 December 2025	As at 31 March 2026
Total assets	14,131,210,611.30	13,837,546,106.05	13,836,553,088.94
Total liabilities	6,925,220,208.34	6,560,922,670.97	6,521,781,408.86
Net assets	7,205,990,402.96	7,276,623,435.08	7,314,771,680.08

The 2024 financial statements of the Target Company were audited by its auditor ShineWing Certified Public Accountants LLP, the 2025 financial statements of the Target Company and the financial statements for three months ended 31 March 2026 of the Target Company were audited by Suya Jincheng Certified Public Accountants LLP, and standard unqualified opinions were issued.

Due to delays in the construction schedule for the half-width closure of the Yanjiang Expressway upgrade and expansion project, the anticipated increase in diverted traffic and the resulting improvement in performance materialised later than planned. Specifically, at the time of the initial acquisition forecast, the construction of the pilot section of the Yanjiang Expressway expansion was scheduled to commence in June 2023, with full-scale construction across the entire line expected to begin in July 2024. In actual fact, the half-width closed construction of the Yanjiang Expressway expansion was postponed to November 2024. Consequently, the expected returns for the 2024 financial year were not realised as scheduled, resulting in a loss.

The Target Company's performance improved in 2025 and it gradually transitioned into a profitable asset, primarily due to:

1. Realisation of traffic volume benefits: The diversion effect resulting from the half-width closure of the Yanjiang Expressway for its upgrade and expansion began to materialise at the end of 2024, channelling surrounding traffic onto the Target Expressway;
2. Policy-driven increase in traffic attractiveness: From mid-May 2025, a 30 per cent discount on tolls was introduced for lorries using the Suxichang South Expressway, significantly boosting standard traffic volume on the Target Expressway;

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3. Opening of supporting transport infrastructure: The Yima Expressway (Zhushanhu Tunnel) officially opened at the end of 2024, further improving regional road network connectivity, broadening access routes, and effectively boosting traffic volumes on the Target Expressway.

The Company and its wholly-owned subsidiary, Yangtze Commerce and Energy Company, are entrusted to operate and manage Suxichang South Expressway Company and its service area gas stations, and its service areas, respectively:

1. On 26 March 2025, Yangtze Commerce and Energy Company, entered into a framework agreement with the Suxichang South Expressway Company regarding the entrusted management of the service area. The agreement term is from 1 May 2025 to 30 April 2028. The estimated entrusted management amount under this agreement shall not exceed RMB13.34 million (not exceeding RMB3.87 million in 2025, not exceeding RMB3.94 million in 2026, not exceeding RMB4.13 million in 2027, and not exceeding RMB1.40 million in 2028).
2. On 27 March 2026, the Company entered into an annual framework agreement with the Suxichang South Expressway Company regarding the Company's lease and operation of the Taihu Bay Service Area gas stations of the Suxichang South Expressway Company, and the entrusted operation and management of the Suxichang South Expressway Company by the Company. Details are as follows:
 - (1) Suxichang South Expressway Company will lease the service area gas stations to the Company for operation. The operating lease term is from 1 May 2026 to 30 April 2027. The estimated lease amount shall not exceed RMB5 million (not exceeding RMB3 million in 2026, and not exceeding RMB2 million in 2027).
 - (2) The Company is entrusted to operate and manage Suxichang South Expressway Company, with the term from 1 May 2026 to 30 April 2029. The estimated operation and management amount shall not exceed RMB165.66 million (not exceeding RMB33.35 million in 2026, not exceeding RMB54.73 million in 2027, not exceeding RMB57.467 million in 2028, and not exceeding RMB20.113 million in 2029).

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As at the Latest Practicable Date, a loan of RMB200 million has been provided by Jiangsu Communications Holding Group Finance Co., Ltd. (a subsidiary of Jiangsu Communications Holding) to Suxichang South Expressway Company for the construction of the Suxichang South Expressway. Suxichang South Expressway Company shall pay the interest and repay the principal in accordance with the terms of the loans. Given the loan interest rate is no higher than the rates offered to the Target Company by large state-owned commercial banks and national joint-stock commercial banks under comparable conditions, and that no collaterals have been provided by Suxichang South Expressway Company for such loan, the directors of the Company are of the view that the terms of such loan are on normal commercial terms.

Suxichang South Expressway Company has obtained 65 fixed asset loans from commercial banks and 6 fixed asset loans from China Development Bank for the construction of Suxichang South Expressway. Currently, the total loan amount is approximately RMB5,691,325,000. Jiangsu Communications Holding has been providing guarantees for the certain bank loans, which include 62 fixed asset loans from commercial banks, 6 fixed asset loans from the China Development Bank, amounting to RMB4,716,325,000. Such bank loans are not revolving facilities. Given Suxichang South Expressway Company is not required to pay Jiangsu Communications Holding any fees or provide any collaterals for the provision of guarantees, the directors of the Company are of the view that such one-off loan guarantees are conducted on normal commercial terms or better.

Upon completion of the transfer of the Target Equity, it is expected that the above transactions will continue save that the Company will have to replace Jiangsu Communications Holding as the guarantor for the above mentioned loans from commercial banks and China Development Bank upon the consent of the relevant banks. For details, please refer to “IX. Arrangements for assumption of guarantee obligations” below.

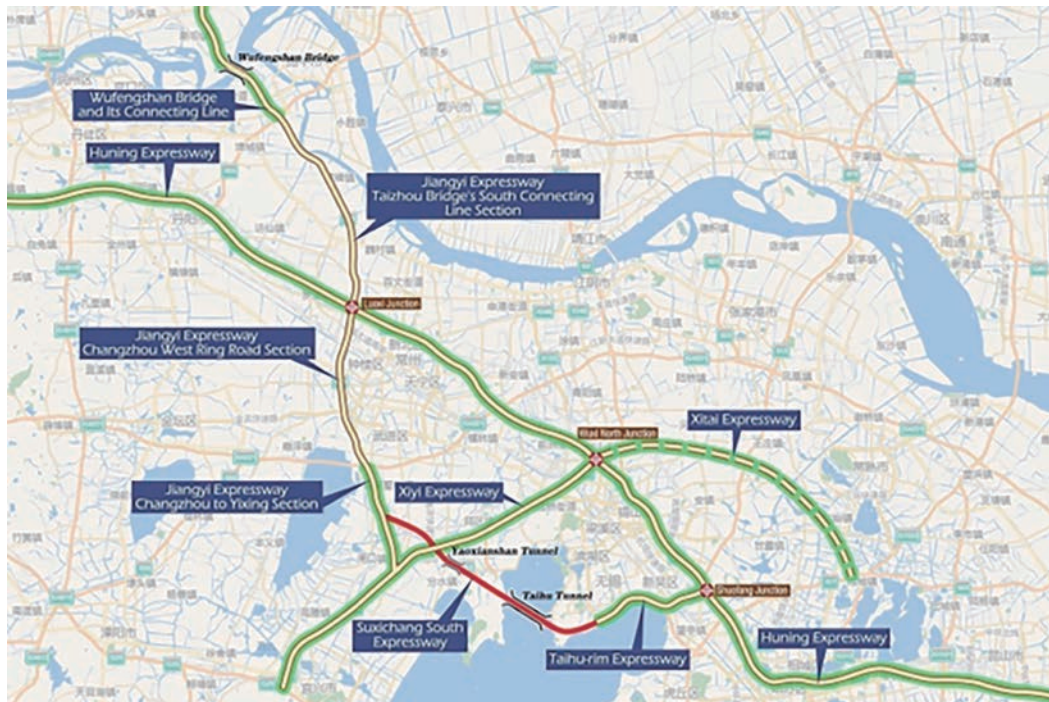
LETTER FROM THE BOARD

(IV) Information on Suxichang South Expressway

The Changzhou-Wuxi Section of the Suxichang South Expressway starts from the Qianhuang hub of the Changyi Expressway (常宜高速前黃樞紐), and crosses the Xilicao River rerouting section (錫漂漕河改線段), Changcao Highway (常漕公路) and Xinchang Railway (新長鐵路) on the south side of Qianhuang Town (前黃鎮). It crosses with the Xiyi Expressway (錫宜高速公路) and then passes through the Changzhou Taihu Bay Tourist Resort (常州太湖灣旅遊度假區) via Panjia Town (潘家鎮) and pass through the south of Xueyan Town (雪堰鎮) and enter the territory of Wuxi Mashan (無錫馬山). It then passes eastward through the Taihu Tunnel (太湖隧道) in Wuxi and ends at the Nanquan Hub (南泉樞紐), connecting with the Wuxi Huantaihu Highway (無錫環太湖公路).

The Suxichang South Expressway includes two tunnels: the Yaoxianshan Tunnel (邀賢山隧道) and the Taihu Tunnel (太湖隧道). The Taihu Tunnel is currently the longest and widest underwater tunnel in China. Along the Suxichang South Expressway, there are four entrances ((Yuncun (運村), Taihu Bay (太湖灣), Mashan (馬山), Junzhang (軍嶂)), three hubs (Qianhuang hub (前黃樞紐), Xueyan hub (雪堰樞紐), Nanquan hub (南泉樞紐)), and one service area (Taihu Bay service area (太湖灣服務區)).

For reference purposes, a map showing Suxichang South Expressway and its connection with other major toll roads and expressway is depicted below:



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	Suxichang South Expressway
	Toll roads owned and operated by the Group and closely related to the Suxichang South Expressway
	Toll roads expected to be owned and operated by the Group
	Toll roads connecting the toll roads which are owned and operated by the Group
Toll mileage:	Approximately 43.9 km
Design speed:	Qianhuang hub (前黃樞紐) to Mashan interchange section (馬山互通段) – 120 km per hour Mashan interchange section (馬山互通段) to Nanquan hub (南泉樞紐段) – 100 km per hour
Number of lanes:	Dual six lanes
Number of toll collection stations:	Four, which are Yuncun (運村), Taihu Bay (太湖灣), Mashan(馬山), Junzhang(軍嶂)
Date of officially opening:	30 December 2021
Date of commencement of operation:	28 December 2021
Date of final acceptance:	25 January 2024
Concession period:	25 years which will expire on 29 December 2046
1.	The toll standards for the ordinary sections of Suxichang South Expressway is subject to the approval of Jiangsu Provincial People's Government, the details of which are set out below: (1) Class 1 to 4 passenger vehicles: RMB0.55 per km, RMB0.825 per km, RMB1.1 per km and RMB1.1 per km; (2) Class 1 to 6 trucks: RMB0.45 per km, RMB0.977 per km, RMB1.35 per km, RMB1.805 per km, RMB1.843 per km and RMB2.20 per km;

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2. The toll standards for Suxichang South Expressway Taihu Tunnel are as follows:
 - (1) Class 1 to 4 passenger vehicles are RMB45/trip, RMB60/trip, RMB90/trip, RMB90/trip respectively;
 - (2) Class 1 to 6 trucks are RMB50/trip, RMB105/trip, RMB165/trip, RMB200/trip, RMB210/trip, RMB240/trip, respectively.
3. The toll standards for Yaoxianshan Tunnel (邀賢山隧道) are as follows:
 - (1) Class 1 to 4 passenger vehicles are RMB5/trip, RMB5/trip, RMB10/trip, RMB10/trip respectively;
 - (2) Class 1 to 6 truck vehicles are RMB5/trip, RMB10/trip, RMB20/trip, RMB25/trip, RMB25/trip, RMB30/trip, respectively.
4. Government-purchased service discount for specific Wuxi-registered vehicles

Since the date of commencement of operation of the Suxichang South Expressway, the Wuxi Municipal Transportation Bureau has entered into government-purchased service agreements with Suxichang South Expressway Company, pursuant to which toll concessions are granted for the Taihu Tunnel section to non-commercial ETC-equipped passenger vehicles with a seating capacity of 9 or fewer registered in Wuxi, when travelling on the section between the Huazhuan Interchange, Nanquan Interchange and Junzhang Interchange to Mashan Interchange on the S58 Shanghai-Changzhou Expressway. To date, the discount rates have been adjusted across three contract periods: the first contract period ran from the date of commencement of operation on 30 December 2021 to 31 December 2023, with a concessionary rate of RMB15 per trip; the first renewal period ran from 30 December 2023 to 29 December 2024, with the concessionary rate remaining at RMB15 per trip; and the current contract period runs from 30 December 2024 to 29 December 2027, with the concessionary rate adjusted to RMB10 per trip.

5. 30% toll discount for trucks passing through the Taihu Tunnel

Pursuant to the “Notice on Optimising and Improving the Toll Discount Policies for Certain Truck Vehicles in Our Province” (Su Jiao Cai [2025] No. 8) jointly issued by the Jiangsu Provincial Department of Transport, the Provincial Development and Reform Commission, and the Provincial Department of Finance, with effect from 16 May 2025, a 30% toll discount is offered to all trucks nationwide that have installed and are using ETC for payment when passing through the Taihu Tunnel. The current policy implementation period is two years.

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Historic traffic volume and revenue of Suxichang South Expressway is as follows:

	2024	2025	For the three months ended 31 March 2026
Passenger vehicles traffic volume (number of vehicles per day)	27,421	31,910	36,497
Trucks traffic volume (number of trucks per day)	3,984	7,577	5,868
Total toll revenue (RMB'000)	598,830.21	812,515.01	200,193.39

Note: The Suxichang South Expressway was officially opened on 30 December 2021.

(V) Valuation Report

The Company appointed Valuation Consultant to assess the value of the Target Equity in accordance with international valuation standards and requirements. Based on the assessment, the market value of the Target Company as of the Valuation Date is RMB7.36 billion. Hence, the market value of the Target Equity (100% equity interests of the Target Company) is RMB7.36 billion.

To develop its opinion of value, Valuation Consultant has considered three generally accepted approaches to value:

In the valuation of the equity, or the net assets, of a business, regardless of their diversity, location, or technological complexity, there are three basic approaches to perform a valuation. The descriptive titles typically attached to these approaches are cost, income, and market. In normal circumstances, the Valuation Consultant is obliged to consider all three approaches, as any, or perhaps all, may provide reliable measures of value.

Cost approach established value based on the cost of reproducing or replacing the property less depreciation from physical deterioration and functional and economic obsolescence, if present and measurable. This approach might be considered the most consistently reliable indication of value for assets without a known used market or separately identifiable cash flows attributable to assets appraised.

Income approach is an approach of converting the periodic income expected to arise from ownership into an indication of value. It is based on the principle that an informed buyer would pay no more for the property than an amount equal to the present worth of anticipated future benefits (income) from the same or equivalent property with similar risk.

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Market approach considers prices recently paid for similar assets, with adjustments made to the indicated market prices to reflect condition and utility of the appraised assets relative to the market comparable. Assets for which there is an established used market may be appraised by this approach.

While useful for certain purposes, the cost approach is generally not considered applicable to the valuation of a going concern business, as it does not capture future earning potential of the business. Thus, cost approach is not utilized in the valuation. Valuation Consultant searched for publicly listed companies for application of guideline companies approach but no companies are similar to the Target Company in all material aspects. In view of the above, in forming our opinion, Valuation Consultant relied upon the income approach as primary approach to determine the enterprise value ^(Note) of the Target.

Note: Business enterprise value is defined for this valuation as the total invested capital, that is, equivalent to the combination of all interest-bearing debts, shareholders' loans and shareholders' equity. Alternatively, the business enterprise value is equivalent to the combination of all tangible assets (buildings, machinery and equipment), long-term investment, net operating working capital and intangible assets of a continuing business. Equity interest is equivalent to business enterprise value less interest-bearing debt.

Valuation Consultant considered the income approach as appropriate because the Traffic Consultant has relevant industry expertise and experience in estimating revenue and operating expenses to substantiate the forecast. The Valuation Consultant is of the view that the income approach is an appropriate and commonly used valuation method for toll road companies, as it reflects the specific characteristics of the project, including the development stage, concession period and geographic location, as well as the long-term economic benefits of the toll road.

In the preliminary valuation of the Target Equity, Valuation Consultant adopts the Adjusted Present Value Method in the income approach and based their valuation of Suxichang South Expressway Company on certain assumptions, which constitutes a profit forecast under Rule 14.61 of the Hong Kong Listing Rules. Hence, the requirements of Rule 14.60A of the Hong Kong Listing Rules apply.

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The Valuation Consultant's investigation included discussions with the management with regard to the history, operations and prospects of the Target Company, overview of certain financial data, an analysis of the industry and competitive environment, an analysis of guideline companies, and a review of transactions, operating statistics and other relevant documents. For this valuation, the Valuation Consultant has made reference to or reviewed the following major documents and data:

- Audited financial statements of the Target Company for the financial years ended 31 December 2020, 31 December 2021, 31 December 2022, 31 December 2023, 31 December 2024, and 31 December 2025;
- A copy of the report of the Traffic Consultant with financial projection and the breakdown of major operating expenses prepared;
- Summary of key terms of bank borrowing of the Target Company

A discussion with the Traffic Consultant has been conducted by the Valuation Consultant to understand the assumptions, methodologies and conclusions of the Traffic Consultant's report. The Valuation Consultant relied on the revenue and expenses projections provided by the Traffic Consultant between 2026 and 2046 as basis in forming their opinion of value.

Key Assumptions

The key assumptions adopted by Valuation Consultant in the valuation of 100% equity interest in Suxichang South Expressway Company using the income approach are as follows:

General Assumptions

The valuation was prepared on the basis of market value standard under the premise of continued use. Market Value is defined as the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion under International Valuation Standards.

Valuation Consultant's opinion of value was established under the premise of continued use, which reflects the condition where the buyer and the seller contemplate retention of the business and related assets as part of current or forecast operations.

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Valuation Consultant assumed that the data it obtained in the course of the valuation, along with the opinions and representations provided to Valuation Consultant by the management, are true and accurate and accepted them without independent verification except as expressly described herein. Valuation Consultant has no reason to suspect that any material facts have been omitted, nor are Valuation Consultant aware of any facts or circumstances, which would render the information, opinion and representations made to Valuation Consultant to be untrue, inaccurate or misleading. In arriving at the opinion of value, Valuation Consultant has considered the following principal factors:

- the stage of development of the Target Company
- the historical costs and current financial condition of the Target Company
- the economic outlook for countries affecting the industry
- the legal and regulatory issues of the toll road industry, general and other specific legal opinions relevant to the Target Company
- the risks associated with the Target Company
- the experience of the management

Due to the changing environments in which the Target Company is operating, a number of assumptions have to be made in arriving at Valuation Consultant's valuation conclusion, of which the key assumptions are:

- no major changes are expected in political, legal and economic conditions in China;
- regulatory environment and market conditions for toll road industry in China will be developing according to prevailing market expectations;
- there will be no major changes in the current taxation law applicable to the Target Company;
- the Target Company will not be constrained by the availability of finance;
- the future movement of exchange rates and interest rates will not differ materially from prevailing market expectations;
- the Target Company will retain competent management, key personnel and technical staff to support their ongoing operations.

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Special Assumptions

Discount Rate

Valuation Consultant's analysis concludes that a discount rate of 7.0% is considered appropriate for appraising the fundamental value of the Target Company.

Revenue

Revenue is mainly driven by imposing toll charges on vehicles using the road for transportation purposes. In the Traffic Consultant's report, vehicles are charged according to their type, weight and the distance of road the vehicles have taken for transport. Historical traffic data, economic researches, etc., were considered by the Traffic Consultant in their projections. Standard toll charge of each vehicle type is assumed unchanged over the period of the concession right.

In forming our opinion of value, projected revenue from the final conclusions of the Traffic Report was adopted as the basis of Valuation Consultant's valuation. According to the Traffic Consultant, toll revenue was derived by multiplication of the distance of road, toll charge rate, traffic volume, number of days and adjustment rate. Revenue was estimated to increase from RMB0.83 billion in 2026 to RMB2.32 billion in 2046, representing a compound annual growth rate of 5.29%.

Revenue would remain at RMB0.83 billion in 2026–2027. As Shanghai-Nanjing Expressway, another expressway parallel to the Suxichang South Expressway, is scheduled to undergo reconstruction and expansion in 2028, a significant volume of traffic is expected to be diverted to Suxichang South Expressway at that time. As a result, the revenue was projected to increase from RMB0.98 billion in 2028 to RMB1.62 billion in 2030. Subsequently, following the completion of Shanghai-Nanjing Expressway reconstruction and expansion project, revenue is expected to drop from RMB1.71 billion in 2031 to RMB1.61 billion in 2032. After that, the revenue is expected to grow from RMB1.87 billion in 2036 to RMB2.01 billion in 2037 because Suxi Taihu tunnel, connecting to the Suxichang South Expressway, would be opened to traffic in the end of 2036 and bring positive impact to the traffic volume of Suxichang South Expressway.

Cost of Revenue and Operating Expenses

Cost of revenue and operating expenses include toll related expenses, three major system maintenance expenses, road maintenance expenses, the depreciation expenses of fixed assets and amortization expenses of toll road operation right.

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Income Tax

According to the tax document issued by the State Council of the People's Republic of China in 2007 (Guo Fa [2007] No. 39), the Target Company will be subject to 25.0% profit tax rate. Such required tax rates will be applied in the cash flow calculation.

Capital Expenditure

As the construction of the Suxichang South Expressway has been completed, no significant capital expenditure is expected during the forecast period. The capital expenditure forecast mainly comprises expenditures for the procurement of highway maintenance equipment.

The Residual Value of Tangible Assets at the End of Concession Period

The residual value of tangible assets at the end of concession period was assumed to be immaterial, mainly attributable to following consideration: (1) the disposal treatment at the expiration of concession period would be uncertain, (2) the residual value would be relatively low after the tangible assets being used for a long time, and (3) based on industry practice, the residual tangible assets would be generally transferred to the local government at free of charge.

Calculation of Fundamental Value

The fundamental value of operation of the Target Company was then calculated by adding the present values of the projected yearly free cash flow (FCF) between 2026 and 2046. The present values were derived by discounting the FCF by a discount rate that was appropriate for the risk of investing in the project.

Tax Shield on Interest Expenses Attributable to the Loan Outstanding

Under the adjusted present value approach, as the discount rate used was at all-equity financing level, an adjustment was made by addition of the present value of tax shield arising from the interest expenses on the outstanding loan balances of the Target Company during the projection period.

As advised by the management, interest expenses would be tax deductible. The discount rate used for calculation of the present value of the tax shield was 2.44%, which was based on the borrowing cost of the Target Company.

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Discount for Lack of Marketability (“DLOM”)

The concept of marketability deals with the liquidity of an ownership interest, that is, how quickly and easily it can be converted to cash if the owner chooses to sell. The lack of marketability discount reflects the fact that there is no ready market for shares in a closely held corporation. Based on option-pricing method, Valuation Consultant considered DLOM of 5.0% should be appropriate for valuing the equity interest of the Target Company.

Control Premium

Control premium was not applied in the valuation.

Confirmation

KPMG Huazhen LLP, the Company’s reporting accountants, was engaged to report on the calculation of the discounted future cash flows used in the Valuation Report, as required by Rule 14.60A(2) of the Hong Kong Listing Rules.

The board of directors of the Company has (i) discussed with the senior management of the Company and Valuation Consultant on the basis and assumptions of the discount cash flow valuation of Suxichang South Expressway in the Valuation Report; (ii) reviewed the discount cash flow valuation as set out in the Valuation Report; and (iii) considered the report from the reporting accountants of the Company. Based on the above basis and subject to the assumptions set out above, the board of directors of the Company confirmed that the discount cash flow valuation as set out in the Valuation Report was made after due and careful enquiry by the directors of the Company.

The Company has appointed China Securities (International) Corporate Finance Company Limited as financial advisor to the Board of the Company in relation to the requirement under Rule 14.60A(3) of the Hong Kong Listing Rules. The comfort letter from the Financial Advisor as required under Rule 14.60A(3) of the Hong Kong Listing Rules is set out in Appendix III of the circular.

The Valuation Report, the report issued by the Reporting Accountants of the Company, the Letter on Profit Forecast of the Target Company from the Financial Advisor and the Report from Traffic Consultant are set out in Appendix I, II, III and IV of the circular.

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(VI) Reasons And Benefits of the Acquisition

The Acquisition will enable the Company to expand its portfolio of high-quality road assets, realise synergies across the road network through coordinated operations, enhance the resilience of its core business, and improve profitability.

The Suxichang South Expressway is situated to the south of the city center of southern Jiangsu and, together with the Nanjing–Shanghai Expressway, forms the two inter-city transport corridors—one in the south and the other one in the north—linking the city centers of Suzhou, Wuxi and Changzhou, playing a vital role in enhancing the region’s transport capacity. The acquisition of the Suxichang South Expressway Company could further refine the Company’s network layout in southern Jiangsu Province, expand the scale and scope of its operated roads, increase its reserves of high-quality assets, and enhance its capacity for sustainable development.

(i) Reasons for the resumption of the Acquisition following the initial acquisition attempt

In July 2024, due to the significant delay of traffic control measures for the Yanjiang expressway expansion project, its impact on traffic volumes and asset valuation of the Suxichang South Expressway could not be accurately determined. Thus, the consideration of the target equity under the then equity transfer agreement (namely the 65% equity interest in the Suxichang South Expressway Company held by Jiangsu Communications Holding) failed to obtain approval/filing from the state-owned assets administration authority, and the conditions precedent of the then equity transfer agreement had not been satisfied. Consequently, the Company and Jiangsu Communications Holding mutually agreed to terminate the transaction, whilst retaining the possibility of resuming it in future.

In light of the project’s progress, the equity acquisition project now meets the conditions for resumption. Firstly, the uncertainty surrounding traffic restrictions for the Yanjiang Expressway expansion project has been resolved. Since November 2024, comprehensive traffic restrictions have been in place for the Yanjiang Expressway expansion project, thereby removing the key obstacle that previously prevented the valuation from being filed. Secondly, traffic volume on the Yanjiang Expressway increased significantly in the first year of the expansion (2025), broadly in line with the expectations of the previous acquisition round. In 2025, traffic volume and toll revenue on the Suxichang South Expressway grew significantly; the Target Company returned to profitability for the full year, with a marked improvement in operating performance. Thirdly, three shareholders of the Suxichang South Expressway Company have reached a consensus on their willingness to proceed with

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the transaction and the terms thereof. All three shareholders have explicitly agreed to restart the transaction based on the valuation established for this round of acquisition, and the shareholders have waived their pre-emptive rights, giving priority to the transfer of shares to the Company under the same conditions.

(ii) Benefits of the Acquisition

1. *Promote the injection of high-quality assets to strengthen the asset base of the core business*

From a strategic alignment perspective, as the core listed platform for Jiangsu Communications Holding's road and bridge division, the Company has long been deeply rooted in the southern Jiangsu region and possesses mature operational management capabilities and financing advantages. The Acquisition aligns with the Company's strategic direction of continuously supplementing its core toll road business with high-quality road assets. **From an asset synergy perspective**, the Suxichang South Expressway is situated in the core area of the Suzhou-Wuxi-Changzhou region and is highly correlated with Company's existing road assets in terms of location, traffic volume and flow, and service coverage. Furthermore, as it is already operated under trust by the Company and its subsidiary, Yangtze Commerce and Energy Company, the foundations for integration in respect of toll collection, maintenance and management are in place, and the conditions for equity consolidation are ripe. **From a benefit perspective**, incorporating high-quality existing road and bridge assets already in operation into the listed platform will help the Company to expand its long-term road asset reserves, strengthen the asset base of its core business, and enhance its capacity for sustainable development.

2. *Consolidate the trend of turning a loss into a profit and build up momentum for future growth*

Although the Suxichang South Expressway has only recently opened to traffic, traffic volumes have already entered a period of rapid growth. Since traffic control measures were introduced in November 2024 for the upgrade and expansion of the Yanjiang Expressway, some vehicles have been diverted to the Suxichang South Expressway. Combined with the opening of the Zhushanhu Tunnel, adjustments to passenger vehicle toll discounts and the implementation of preferential policies for lorries, both traffic volumes and toll revenue on the project have increased. In 2025, the Target Company achieved operating revenue of RMB821 million and a total profit of RMB71 million, having turned a loss into a profit; in the first quarter of 2026, it achieved operating revenue of

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RMB204 million and a total profit of RMB38 million, continuing its profitable performance. The Suxichang South Expressway Company has gradually transformed from a loss-making asset during its initial development phase into a road and bridge asset with a foundation for sustained improvement.

Furthermore, the Southern Jiangsu Province, where Suxichang South Expressway located in, is one of the most dynamic regions in the country in terms of economic, social and cultural development, with consistently high demand for east–west transport. Between 2023 and May 2026, the total average daily traffic volume at key sections of the Shanghai–Nanjing, Yangjiang, Suxichang south and Nanjing–Hangzhou expressways increased from 260,000 vehicles per day to 274,000 vehicles per day, reflecting an overall upward trend in east–west traffic flows in Southern Jiangsu Province. As traffic on the Yangjiang Expressway consists mainly of through traffic from Central and Northern Jiangsu Province heading to Shanghai via the Jiangyin Bridge, the Shanghai–Suzhou–Nantong Bridge and the Suzhou–Nantong Bridge (approximately 69,000 vehicles per day, accounting for about 81 per cent), Suxichang South Expressway has only absorbed a few intra-regional journeys from Southern Jiangsu Province that previously used the Yangjiang Expressway; its growth relies primarily on overflow traffic from the Nanjing–Shanghai Expressway. Consequently, the negative impact of the Yangjiang Expressway’s reconstruction and expansion on traffic volumes on Suxichang South Expressway is limited. Coupled with favourable factors such as the forthcoming reconstruction and expansion of the northern section of the Wuxi–Yixing Expressway, the construction of the new Jintan–Wujin section of the Nanjing–Changzhou Expressway, and the lifting of lorry restrictions on the Zhushanhu Tunnel, Suxichang South Expressway has significant potential for future traffic growth. The Suxichang South Company is expected to remain profitable and continue to contribute to the Company’s profits.

3. *Capture spillover traffic from expansion and reconstruction projects to enhance operational risk resilience*

As a company holding single expressway asset, Suxichang South Expressway Company applies a relatively high overall toll standard within the southern Jiangsu road network (exceeding RMB1 per vehicle-kilometre), and its benefits under standalone operation are not sufficiently prominent. However, once incorporated into the expressway network system of the Company, its strategic value can be fully unlocked amid the expansion and reconstruction cycles of surrounding road networks. Expansion and reconstruction works are planned for the Jiangsu section of the Nanjing-Shanghai expressway and

adjacent road networks in the future, which may exert phased impacts on traffic volume, toll revenue and traffic efficiency of core road sections during construction. Analysis indicates that for trips between areas west of Changzhou and Shanghai, the Yanjiang Expressway mainly serves travel bound for the northwest of Shanghai, while the Nanjing-Shanghai Expressway and Suxichang South Expressway primarily cater to trips heading to downtown Shanghai. Such divergence in travel destinations will enable the Suxichang South Expressway to become a key recipient of spillover traffic generated during the expansion of Nanjing-Shanghai Expressway. It can share traffic pressure on the main corridor, mitigate the adverse impact of construction on core road sections on the Company's revenue and profits, and significantly strengthen the Company's operational stability and risk resistance capacity. Calculations show that assuming the acquisition is completed on 31 December 2025, the Company's consolidated net profit will rise by 1.63% to RMB4.9 billion, and the asset-liability ratio will increase by 7.75 percentage points to 50.71%, which remains at a medium-to-low level across the industry with risks well-contained. Pursuant to the annual profit forecasts set out in the appraisal report, the Suxichang Southern Expressway Company is expected to contribute an aggregate supplementary net profit of RMB1.865 billion to the Company during the expansion of Nanjing-Shanghai Expressway from 2029 to 2032.

4. *The prospects*

As part of the second corridor of the Nanjing–Shanghai Expressway, the Suxichang South Expressway runs parallel to the Wuxi and Changzhou sections of the Nanjing–Shanghai Expressway and thus competes to some extent within the road network. Given the current significant differences in toll rates and traffic distribution between the two expressways, following the Acquisition, the Company will be able to further integrate assets within the southern Jiangsu road network, strengthen business synergies and achieve coordinated operations. In the future, taking into account objective factors such as revisions to the toll roads regulations, reforms to the expressways toll pricing mechanism, and the increasing congestion within the road network, the Company may explore and innovate regional road network toll pricing mechanisms. By utilising economic measures to balance regional traffic distribution, the Company aims to enhance the overall operational efficiency and safety of the road network, thereby leveraging the role of expressways in driving economic development in the regions along the routes. Following the acquisition of 100% of the equity interests, the Company may also carry out a merger by absorption of the target company in the future, further reducing management costs and improving the efficiency of coordinated operations.

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(iii) The Target Company's potential for future performance improvement and Financial Impact of the Acquisition

Following the completion of this equity consolidation, the target assets will benefit from multiple favourable factors, offering ample scope for future performance improvement. On the one hand, this consolidation will enable the integrated and coordinated operation of the Shanghai–Nanjing Corridor road network, facilitating the routine management and diversion of traffic flows. Combined with the spillover effect from traffic generated by the subsequent upgrading and expansion of the Jiangsu section of the Shanghai–Nanjing Expressway, this will drive a sustained increase in traffic volume along the route. On the other hand, drawing on its mature and refined operational system and the advantages of low-cost financing, the Company will achieve cost reductions and efficiency gains through integrated and intensive management of toll collection, road maintenance and overall operations, thereby continuously realising the value of its existing road assets. At the same time, leveraging the strategic support provided by its controlling shareholder in the areas of provincial road network planning and traffic management, the Company will be able to consolidate the fundamental traffic volume on the section. As regional road network infrastructure, such as the Yima Expressway, continues to improve, the Company will steadily advance the optimisation of lorry traffic restriction policies and systematically implement a differentiated tolling mechanism for lorries, thereby continuously optimising traffic composition and fully tapping into revenue growth potential. The combined effect of these multiple favourable factors is expected to further boost the Company's overall operating revenue, significantly enhancing the target assets' profitability stability and long-term growth potential. Judging by the projected operational trends of the target assets, as the benefits of integrated road network operations gradually materialise, traffic volumes continue to grow, and various revenue-enhancing and cost-cutting measures take effect, the target assets' operating revenue and profit levels will rise steadily. Profit margins will continue to expand, with robust momentum for medium- to long-term performance growth and ample scope for further development.

Upon completion of the acquisition, Suxichang South Expressway Company will be included in the consolidated financial statements of the Company. Following the completion of this transaction, the Company's asset base has increased significantly and its operational foundation has been further strengthened, laying a solid foundation for future business development and market expansion. At the operational level, revenue has continued to rise steadily, whilst total profits have also increased steadily, resulting in higher earnings per share and a slight improvement in the profitability of the core business. At the same time, as the scale of assets has expanded, the Company's liability structure has undergone corresponding changes, leading to a slight

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increase in the asset-liability ratio; due to this expansion of assets, indicators relating to returns on assets and net assets have experienced short-term fluctuations, and the level of return on asset turnover has undergone temporary adjustments.

(VII) Listing Rules Implications

Shanghai Listing Rules

According to Article 6.3.3 of the Shanghai Listing Rules, as the counterparty of this transaction is Jiangsu Communications Holding (the controlling shareholder of the Company) is a related party, this transaction constitutes a related party transaction. Pursuant to the requirements of Articles 6.3.7 and 6.3.9 of the Shanghai Listing Rules, as the total amount of this transaction is higher than 5% of the absolute value of the Company's latest audited net assets, this transaction shall be submitted to the shareholders' meeting for approval where Jiangsu Communications Holding (as a related shareholder) and its related parties is required to abstain from voting.

The related party transaction does not constitute a major asset reorganization and does not involve the transfer of liabilities as stipulated in the Measures for the Administration of Major Asset Restructuring of Listed Companies.

Hong Kong Listing Rules

As Jiangsu Communications Holding is the controlling shareholder of the Company, it is a connected person of the Company pursuant to Rule 14A.07(1) of the Hong Kong Listing Rules. The Company's acquisition of 65% of the equity interest in Suxichang South Expressway Company held by Jiangsu Communications Holding pursuant to the Equity Transfer Agreement constitutes a connected transaction of the Company.

Pursuant to Rule 14A.28(1) of the Hong Kong Listing Rules, at the time the Company entered into the Equity Transfer Agreement with Wuxi Transportation and Changzhou Communications Holding, Jiangsu Communications Holding still held the equity interest in the Suxichang South Expressway Company; therefore, the Company's acquisition of 22.82% and 12.18% of the equity interests in the Suxichang South Expressway Company from Wuxi Transportation and Changzhou Communications Holding, respectively, constitutes connected transactions for the Company.

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As the highest applicable percentage ratio calculated according to Rule 14.07 of the Hong Kong Listing Rules for the consideration of the Acquisition together with the amount of the Transferor's guarantees expected to be assumed by the Company pursuant to the Equity Transfer Agreement (aggregated pursuant to Rule 14.15(3) of the Hong Kong Listing Rules) exceeds 5% but does not exceed 25%, the Acquisition also constitutes a discloseable transaction of the Company, but does not constitute a major transaction under Chapter 14 of the Listing Rules. As such, the Acquisition is subject to the announcement, circular and independent shareholders' approval requirements under Rules 14.33, 14A.35, 14A.36 and 14A.46 of the Hong Kong Listing Rules.

(VIII) Continuing connected transactions After Completion

Upon completion of the transfer of Target Equity, Suxichang South Expressway Company will become a wholly-owned subsidiary of the Company. (1) The entrustment of the ordinary operation and management matters (excluding the service areas and petrol stations) of Suxichang South Expressway Company to the Company, (2) the entrustment of the management of service areas of Suxichang South Expressway Company to Yangtze Commerce and Energy Company, a wholly-owned subsidiary of the Company, and (3) the leasing of the service area petrol stations to the Company will no longer constitute continuing connected transactions of the Company whereas the transactions conducted in the ordinary and usual course of business of Suxichang South Expressway Company with Jiangsu Communications Holding and its associates and will constitute related parties transactions/ continuing connected transactions of the Company.

Continuing Connected Transactions Subject to Disclosure

No.	Transactions	Connected Persons	Period	Maximum contract caps
1	Deposits with Finance Company	Jiangsu Communications Holding Group Finance Co., Ltd.	The transaction shall be conducted pursuant to the Financial Services Agreement between the Company and Jiangsu Communications Holding Group Finance Co., Ltd.	
2	cloud check-in technical services	Nanjing Micro Video Technology Company Limited	14 August 2026 to 30 April 2027	RMB70,100

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No.	Transactions	Connected Persons	Period	Maximum contract caps
3	technical services for cloud migration for three business units	Nanjing Micro Video Technology Company Limited	30 July 2026 to 30 April 2027	RMB100,000
4	the FFT 2.0 cloud-enabled service	Nanjing Micro Video Technology Company Limited	23 July 2026 to 30 April 2027	RMB63,000
5	road network technology services	Jiangsu Tongxingbao Smart Transport Technology Company Limited	1 January 2026 to 30 April 2027	RMB5,000,000
6	road network management services	Jiangsu Expressway Network Operation and Management Company Limited	1 January 2026 to 30 April 2027	RMB5,400,000
7	commuter shuttle service	Jiangsu Kuailu Motor Transport Company Limited	1 June 2026 to 30 April 2027	RMB3,387,469
8	Installation of low-voltage cables for service area charging stations	Jiangsu Zhenyang Transportation Technology Co., Ltd.	20 July 2026 to 19 July 2027	RMB3,600,000
9	Water and electricity maintenance project for service areas	Jiangsu Zhenyang Transportation Technology Co., Ltd.	17 July 2026 to 16 July 2027	RMB385,050
10	routine maintenance project	Jiangsu Xiandai Road & Bridge Company Limited	4 June 2026 to 30 April 2027	RMB5,181,700
11	comprehensive tunnel management and maintenance project	Jiangsu Xiandai Road & Bridge Company Limited	4 February 2026 to 4 February 2027	RMB6,016,200

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No.	Transactions	Connected Persons	Period	Maximum contract caps
12	Taihu Tunnel and Mount Yaoxian Tunnel pavement construction and maintenance integration project and maintenance on CX-23 Section	Jiangsu Xiandai Road & Bridge Company Limited	10 years since 28 December 2021	RMB39,845,585.98

Given disclosure has been made in respect of the above continuing connected transactions pursuant to Rule 14A.60 of the Hong Kong Listing Rules, the Independent Financial Advisor is only required to provide advice to the Independent Board Committee and the independent shareholders on the Acquisition.

(IX) Arrangements for assumption of guarantee obligations

As of the Latest Practicable Date, the total outstanding balance of the 68 loans maturing after 31 December 2026 (the “**Guaranteed Debts**”) was RMB4,699,325,000, the annual interest rate ranged from 2.15% to 2.7%, and the annual interest was approximately RMB111,994,100. The details of the Guaranteed Debts are set out in the table below:

No.	Credit/Lending Institution	Drawdown Date	Maturity Date	Loan Amount (RMB0,000)	Outstanding Balance as of the Latest Practicable Date (RMB0,000)	Guarantee Method
1	China Construction Bank Corporation	31/07/2018	30/07/2038	10,000.00	9,400.00	Guarantee + Pledge
2	China Construction Bank Corporation	5/11/2020	30/07/2038	10,000.00	10,000.00	Guarantee + Pledge
3	China Construction Bank Corporation	1/02/2021	30/07/2038	15,000.00	15,000.00	Guarantee + Pledge
4	China Construction Bank Corporation	16/07/2021	30/07/2038	10,000.00	10,000.00	Guarantee + Pledge

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No.	Credit/Lending Institution	Drawdown Date	Maturity Date	Loan Amount (RMB0,000)	Outstanding Balance as of the Latest Practicable Date (RMB0,000)	Guarantee Method
5	China Construction Bank Corporation	18/08/2021	30/07/2038	6,000.00	6,000.00	Guarantee + Pledge
6	China Construction Bank Corporation	18/08/2021	30/07/2038	9,000.00	9,000.00	Guarantee + Pledge
7	China Construction Bank Corporation	3/12/2021	30/07/2038	2,800.00	2,800.00	Guarantee + Pledge
8	China Construction Bank Corporation	3/12/2021	30/07/2038	4,200.00	4,200.00	Guarantee + Pledge
9	China Construction Bank Corporation	25/02/2022	30/07/2038	5,000.00	5,000.00	Guarantee + Pledge
10	Industrial and Commercial Bank of China Limited, Nanjing Chengnan Sub-branch	12/11/2018	23/07/2041	100.00	100.00	Guarantee + Pledge
11	Industrial and Commercial Bank of China Limited, Nanjing Chengnan Sub-branch	26/11/2020	23/07/2041	25,000.00	25,000.00	Guarantee + Pledge
12	Industrial and Commercial Bank of China Limited, Nanjing Chengnan Sub-branch	14/01/2022	22/07/2039	5,000.00	5,000.00	Guarantee + Pledge
13	Bank of Communications Co., Ltd., Jiangsu Branch	31/08/2018	30/12/2036	5,000.00	4,512.50	Guarantee + Pledge
14	Bank of Communications Co., Ltd., Jiangsu Branch	20/11/2020	30/12/2036	10,000.00	9,025.00	Guarantee + Pledge
15	Bank of Communications Co., Ltd., Jiangsu Branch	16/07/2021	30/12/2036	5,000.00	4,512.50	Guarantee + Pledge
16	Bank of Communications Co., Ltd., Jiangsu Branch	19/08/2021	30/12/2036	10,000.00	9,025.00	Guarantee + Pledge
17	Bank of Communications Co., Ltd., Jiangsu Branch	24/12/2021	30/12/2036	8,000.00	7,220.00	Guarantee + Pledge
18	Bank of Communications Co., Ltd., Jiangsu Branch	13/01/2022	30/12/2036	5,000.00	4,512.50	Guarantee + Pledge
19	Bank of Communications Co., Ltd., Jiangsu Branch	25/02/2022	30/12/2036	10,000.00	9,025.00	Guarantee + Pledge

LETTER FROM THE BOARD

No.	Credit/Lending	Drawdown	Maturity	Loan	Outstanding Balance as of the Latest	Guarantee
	Institution	Date	Date	Amount (RMB0,000)	Practicable Date (RMB0,000)	Method
20	Bank of Communications Co., Ltd., Jiangsu Branch	11/05/2022	30/12/2036	5,000.00	4,512.50	Guarantee + Pledge
21	Bank of Communications Co., Ltd., Jiangsu Branch	17/10/2023	16/10/2028	20,000.00	18,087.50	Guarantee + Pledge
22	China Development Bank Jiangsu Branch	27/07/2018	26/07/2040	20,000.00	1,000.00	Guarantee + Pledge
23	China Development Bank Jiangsu Branch	29/08/2018	26/07/2040	30,000.00	30,000.00	Guarantee + Pledge
24	China Development Bank Jiangsu Branch	2/01/2020	26/07/2040	20,000.00	20,000.00	Guarantee + Pledge
25	China Development Bank Jiangsu Branch	19/01/2021	26/07/2040	20,000.00	20,000.00	Guarantee + Pledge
26	China Development Bank Jiangsu Branch	22/06/2021	26/07/2040	10,000.00	10,000.00	Guarantee + Pledge
27	China Development Bank Jiangsu Branch	13/01/2022	26/07/2040	10,000.00	10,000.00	Guarantee + Pledge
28	China Merchants Bank Co., Ltd., Nanjing Branch	19/06/2019	2/08/2038	10,000.00	9,600.00	Guarantee + Pledge
29	China Merchants Bank Co., Ltd., Nanjing Branch	24/06/2021	2/08/2038	15,000.00	14,400.00	Guarantee + Pledge
30	Bank of China Limited, Jiangsu Branch	31/08/2018	21/12/2035	5,000.00	4,166.67	Guarantee + Pledge
31	Bank of China Limited, Jiangsu Branch	23/11/2020	21/12/2035	10,000.00	8,333.33	Guarantee + Pledge
32	Bank of China Limited, Jiangsu Branch	20/01/2021	21/12/2035	25,000.00	20,833.33	Guarantee + Pledge
33	Bank of China Limited, Jiangsu Branch	5/11/2021	21/12/2035	10,000.00	8,333.33	Guarantee + Pledge
34	Bank of China Limited, Jiangsu Branch	28/12/2021	21/12/2035	5,000.00	4,166.67	Guarantee + Pledge
35	Bank of China Limited, Jiangsu Branch	26/05/2022	21/12/2035	5,000.00	4,166.66	Guarantee + Pledge

LETTER FROM THE BOARD

No.	Credit/Lending Institution	Drawdown Date	Maturity Date	Loan Amount (RMB0,000)	Outstanding Balance as of the Latest Practicable Date (RMB0,000)	Guarantee Method
36	Agricultural Bank of China Limited	18/06/2019	15/11/2036	1,000.00	1,000.00	Guarantee + Pledge
37	Agricultural Bank of China Limited	25/12/2019	15/05/2027	20,000.00	5,000.00	Guarantee + Pledge
38	Agricultural Bank of China Limited	2/01/2020	15/05/2027	10,000.00	10,000.00	Guarantee + Pledge
39	Agricultural Bank of China Limited	19/11/2020	15/05/2027	6,000.00	6,000.00	Guarantee + Pledge
40	Agricultural Bank of China Limited	19/11/2020	15/05/2028	7,750.00	7,750.00	Guarantee + Pledge
41	Agricultural Bank of China Limited	19/11/2020	15/11/2028	2,250.00	2,250.00	Guarantee + Pledge
42	Agricultural Bank of China Limited	15/01/2021	15/05/2027	1,500.00	1,500.00	Guarantee + Pledge
43	Agricultural Bank of China Limited	15/01/2021	15/11/2027	7,500.00	7,500.00	Guarantee + Pledge
44	Agricultural Bank of China Limited	15/01/2021	15/05/2028	8,750.00	8,750.00	Guarantee + Pledge
45	Agricultural Bank of China Limited	15/01/2021	15/11/2028	8,750.00	8,750.00	Guarantee + Pledge
46	Agricultural Bank of China Limited	15/01/2021	15/05/2029	3,500.00	3,500.00	Guarantee + Pledge
47	Agricultural Bank of China Limited	31/01/2021	15/05/2029	3,500.00	3,500.00	Guarantee + Pledge
48	Agricultural Bank of China Limited	1/02/2021	15/11/2028	6,500.00	6,500.00	Guarantee + Pledge
49	Agricultural Bank of China Limited	15/07/2021	15/05/2029	5,000.00	5,000.00	Guarantee + Pledge
50	Agricultural Bank of China Limited	19/08/2021	15/05/2029	250.00	250.00	Guarantee + Pledge
51	Agricultural Bank of China Limited	19/08/2021	15/11/2029	4,750.00	4,750.00	Guarantee + Pledge

LETTER FROM THE BOARD

No.	Credit/Lending Institution	Drawdown Date	Maturity Date	Loan Amount (RMB0,000)	Outstanding Balance as of the Latest Practicable Date (RMB0,000)	Guarantee Method
52	Agricultural Bank of China Limited	19/08/2021	15/05/2029	5,000.00	5,000.00	Guarantee + Pledge
53	Agricultural Bank of China Limited	26/10/2021	15/11/2029	4,000.00	4,000.00	Guarantee + Pledge
54	Agricultural Bank of China Limited	26/10/2021	15/05/2030	1,000.00	1,000.00	Guarantee + Pledge
55	Agricultural Bank of China Limited	26/10/2021	15/05/2029	250.00	250.00	Guarantee + Pledge
56	Agricultural Bank of China Limited	26/10/2021	15/11/2029	5,750.00	5,750.00	Guarantee + Pledge
57	Agricultural Bank of China Limited	2/12/2021	15/05/2030	3,000.00	3,000.00	Guarantee + Pledge
58	Agricultural Bank of China Limited	2/12/2021	15/11/2029	3,000.00	3,000.00	Guarantee + Pledge
59	Agricultural Bank of China Limited	2/12/2021	15/05/2030	4,000.00	4,000.00	Guarantee + Pledge
60	Agricultural Bank of China Limited	24/12/2021	15/05/2030	4,000.00	4,000.00	Guarantee + Pledge
61	Agricultural Bank of China Limited	24/12/2021	15/05/2030	6,000.00	6,000.00	Guarantee + Pledge
62	Agricultural Bank of China Limited	15/01/2022	15/05/2030	2,250.00	2,250.00	Guarantee + Pledge
63	Agricultural Bank of China Limited	15/01/2022	15/11/2030	2,750.00	2,750.00	Guarantee + Pledge
64	Agricultural Bank of China Limited	14/01/2022	15/05/2030	2,250.00	2,250.00	Guarantee + Pledge
65	Agricultural Bank of China Limited	14/01/2022	15/11/2030	2,750.00	2,750.00	Guarantee + Pledge
66	Agricultural Bank of China Limited	26/02/2022	15/11/2030	2,000.00	2,000.00	Guarantee + Pledge
67	Agricultural Bank of China Limited	26/02/2022	15/11/2030	500.00	500.00	Guarantee + Pledge
68	Agricultural Bank of China Limited	25/02/2022	15/11/2030	2,500.00	2,500.00	Guarantee + Pledge

LETTER FROM THE BOARD

Pursuant to the Equity Transfer Agreement, from the Completion Date, Transferor 1 (Jiangsu Communications Holding) shall continue to bear the guarantee obligations it has assumed regarding the debts of the Target Company. If such debts of the Target Company remain outstanding after 31 December 2026, then, subject to the creditors' consent, the Transferee shall assume Transferor 1's guarantee obligations from 1 January 2027; alternatively, the Target Company, Transferor 1, and the Transferee may actively explore other feasible ways to modify or release Transferor 1 from such guarantee obligations through other means. Accordingly, pursuant to the Equity Transfer Agreement, from 1 January 2027, the Company shall replace Jiangsu Communications Holding as guarantor for the aforementioned loans and shall assume the guarantee originally undertaken by Jiangsu Communications Holding under the aforementioned loan agreements.

Pursuant to Article 10.3 of the Company's Articles of Association, the Company's assumption of such guarantee is subject to approval by the general meeting.

(X) Review procedures performed and to be performed on this transaction

The resolutions concerning the related party/connected transactions (being the Acquisition, and the arrangements for assumption of guarantee obligations) have been considered and approved at the 24th Meeting of the Eleven Session of the board of directors of the Company, and related/connected directors Mr. Wang Yingjian and Ms. Zhou Lili (both as employees of Jiangsu Communications Holding) have abstained from voting.

The Acquisition and the arrangements for assumption of guarantee obligations have to be submitted to the general meeting of the Company for consideration and approval where Jiangsu Communications Holding and its associates who control or are entitled to exercise control over the voting right in respect of 2,922,118,825 shares of the Company are required to abstain from voting. The associates of Jiangsu Communications Holding include Jiangsu Yunshan Capital Management Co., Ltd. (江蘇雲杉資本管理有限公司), Jiangsu Communications Holding Asset Management Co., Ltd. (江蘇交控資產管理有限公司), Jiangsu Yangtze Bridge Co., Ltd. (江蘇揚子大橋股份有限公司) and Suzhou Jinling Nanlin Hotel Co., Ltd. (蘇州金陵南林飯店有限責任公司), the details of whose shareholding in the Company are provided under the section headed "4. Disclosure of Interest under Division 2 and 3 of Part XV of the SFO and Substantial Shareholders" of Appendix V of this circular.

The five independent directors of the Company have issued prior approval opinion and agreed to submit the related party/connected transaction proposal to the 24th Meeting of the Eleven Session of the board of directors of the Company for consideration:

LETTER FROM THE BOARD

Based on the requirements of the strategic development plan, the Company continuously improves the Company's comprehensive profitability and core competitiveness, which is conducive to the Company's long-term development and is in line with the Company's overall interests. The terms are on general commercial terms. The transaction price was fair and reasonable, and had no negative impact on the Company. There was no situation that would harm the interests of the Company and all shareholders, especially minority shareholders.

Set out below are the independent opinions expressed when the Acquisition was considered at the board meeting:

1. A qualified valuation institution that meets the requirements of the Securities Law has been engaged by the Company to conduct an appraisal of the transaction subject and such valuation institution is fully independent; 2. The income approach was adopted as the result of the valuation for the transaction. Such valuation method is appropriate to the characteristics of the industry in which the Target Company operates and is in compliance with the requirements of relevant laws and regulations. The selection of the valuation method is appropriate, the assumptions and premises of the valuation and the selection of the valuation parameters are reasonable; 3. The price of the transaction was determined on the basis of the evaluation results of a qualified asset valuation institution that meets the requirements of the Securities Law. The transaction pricing is objective and fair, the transaction is fair and conforms to the interests of the Company and its shareholders, without prejudice to the interests of non-related shareholders, in particular the minority shareholders; 4. The content and decision-making procedures of the related party transaction are legal and in compliance with the Company Law, the Securities Law, the Rules Governing the Listing of Stocks on Shanghai Stock Exchange and other relevant laws and regulations as well as the Articles of Association of the Company. When the Board of Directors of the Company voted on the related party transaction, the related directors abstained from voting and other non-related directors voted in favour of the related party transaction proposal, and therefore the voting procedures were in compliance with the provisions of relevant laws and regulations.

The audit committee of the Company issued a written review opinion on the proposal concerning this related party/connected transaction as follows:

Necessary audit, evaluation and other procedures have been performed Acquisition. The transaction price is determined through negotiation based on the valuation results. The pricing is objective, fair and reasonable, and does not involve any situation that damages the interests of shareholders. We agree to submit the above related party/connected transaction proposal to the 24th Meeting of the Eleven Session of the board of directors of the Company for consideration. The transaction is also subject to the approval of shareholders at general meeting, and Jiangsu Communications Holding, a related party/connected person to the related party/connected transaction, shall abstain from exercising the right to vote on the proposal at the general meeting of shareholders.

LETTER FROM THE BOARD

The loans from Jiangsu Communications Holding and the guarantees provided by Jiangsu Communications Holding, the related party/connected transactions upon Completion fall within the ambit of ordinary business contracts of the Company. The prices of the contracts are determined with reference to the fair price on the market, the transactions do not impair the interests of the Company, nor do they involve any transfer of benefits to the internal related persons of the Group. Meanwhile, by leveraging on synergies derived from the businesses of the internal related companies of the Group, the Company can further save its management costs and improve its management efficiency to ensure effective operation of its principal businesses. The income and profit of the Company are not dependent on such related party/connected transactions and the independence of the Company as a listed company will not be impaired. The related party/connected transactions do not have any adverse impacts on the Company.

Taking into account the above factors, the directors of the Company (including the independent non-executive directors) are of the view that:

1. The terms of the Acquisition (including the consideration for the transfer) are fair and reasonable and in the interests of the Company and the shareholders as a whole. The subject matter of this transaction has been evaluated by an independent valuation agency with professional qualifications. The valuation method, valuation assumptions and other important valuation parameters are reasonable. The transaction does not harm the interests of the Company and all shareholders, especially the minority shareholders.
2. The loan from Jiangsu Communications Holding and the guarantees provided by Jiangsu Communications Holding, the related party transactions/continuing connected transactions upon Completion fall within the ambit of ordinary business contracts of the Company. The prices of the contracts are determined with reference to the fair price on the market, the transactions do not impair the interests of the Company, nor do they involve any transfer of benefits to the internal related parties/connected persons of the Group. Meanwhile, by leveraging on synergies derived from the businesses of the internal related/connected companies of the Group, the Company can further save its management costs and improve its management efficiency to ensure effective operation of its principal businesses. The income and profit of the Company are not dependent on such related party/connected transactions and the independence of the Company as a listed company will not be impaired. The related party/connected transactions do not have any adverse impacts on the Company.

Therefore, the directors (including independent non-executive directors) of the Company are of the view that the above transactions are conducted in the ordinary and usual course of business of the Company, on normal commercial terms and the terms of the transactions are fair and reasonable and are in the interests of the Company and its shareholders as a whole.

LETTER FROM THE BOARD

(XI) Recommendation

In respect of the Acquisition, your attention is drawn to (i) the letter from the Independent Board Committee set out on pages 71 to 72 on its advice to the Independent Shareholders in connection with the Acquisition and the Equity Transfer Agreement; (ii) the letter from Independent Financial Advisor set out on pages 73 to 111 of this circular which contains its advice to the Independent Board Committee and the Independent Shareholders in connection with the Equity Transfer Agreement and the connected transaction contemplated thereunder, and the principal factors and reasons taken into consideration in arriving at its advice; and (iii) the additional information set out in the Appendices I to V to this circular.

All directors (including independent non-executive directors) considered that the Acquisition is a strategic investment of the Company on normal commercial terms which are fair and reasonable, and is in the interest of the Company and its shareholders as a whole. As the determination of the Consideration shall be based on the valuation results approved or filed with the State-owned Assets Supervision and Administration Department, the net profits to be achieved by the Target Company during the Performance Undertaking Period is also determined on the same basis, the Board is of the view that the level of guaranteed profits and the Performance Undertaking Period covering the year in which the transactions are completed (i.e. upon completion of the transfer of the Target Equity) and the two subsequent financial years provide a fair risk sharing mechanism between buyer and seller and reduces the risk of the Acquisition when traffic flow cannot meet expectation, and gives effective protection in the interests of the Company and its shareholders, and hence, is fair and reasonable. All directors (including independent non-executive directors) therefore recommend the Independent Shareholders (i.e. Shareholders other than Jiangsu Communications Holding and its associate) to vote in favour of the ordinary resolution to be proposed at the EGM to approve the Equity Transfer Agreement and the transaction contemplated thereunder.

Should there be any material amendment or update to the information regarding the Acquisition following the publication of this circular, the Company will disclose such information in accordance with the relevant Listing Rules.

C. THE INTERIM DIVIDEND FOR THE SIX MONTHS ENDED 30 JUNE 2026

The Company held the 25th meeting of the 11th Session of the Board of Directors on 27 August 2026, at which the Resolution in Relation to the Interim Profit Distribution Scheme for the Year 2026 was considered and approved. The Company proposes to distribute a cash dividend of RMB 0.25 per share (tax inclusive) to all shareholders. As at 30 June 2026, the Company's total share capital was 5,037,747,500 shares. On this basis, the total proposed cash dividend distribution amounts to RMB1,259,436,875 (tax inclusive), representing 50.31% of the net profit attributable to shareholders of the listed company for the first half of 2026.

LETTER FROM THE BOARD

Should the Company's total share capital change between the announcement date of 2026 interim profit distribution scheme (being 28 August 2026) and the record date for the implementation of the distribution as a result of conversion of convertible bonds into shares, share repurchases, cancellation of repurchased shares granted under equity incentive schemes, cancellation of repurchased shares in connection with major asset reorganisations or otherwise, the proposed dividend amount per share shall remain unchanged and the total amount of profit distribution will be adjusted accordingly. Any subsequent change in the total share capital will be subject to a separate announcement specifying the relevant adjustments.

Note: As at the Latest Practicable Date, the Company does not have any treasury shares, whether registered in its own name or deposited with Central Clearing and Settlement System.

As stipulated in the “Notice of the State Administration of Taxation on the Issues Concerning Withholding the Enterprise Income Tax on the Dividends Paid by Chinese Resident Enterprises to H Shareholders which are Overseas Non-resident Enterprises” (Guo Shui Han [2008] No. 897) (《國家稅務總局關於中國居民企業向境外H股非居民企業股東派發股息代扣代繳企業所得稅有關問題的通知》(國稅函[2008]897號)), when Chinese resident enterprises distribute dividends to their H shareholders who are overseas nonresident enterprises, the enterprise income tax shall be withheld at a uniform rate of 10%. After receiving dividends, non-resident enterprises may apply to the relevant tax authorities for enjoying treatment of taxation treaties (arrangement) in person or by proxy or by a person who has tax withholding or payment obligation and provide information to prove that it is an actual beneficiary under the requirement of taxation treaties (arrangement). After the relevant tax authorities have verified that there is no error, it shall refund tax difference between the amount of tax levied and the amount of tax payable calculated at the tax rate under the taxation treaties (arrangement).

Shareholders should note that the requirements under the “Circular on Some Policy Questions Concerning Individual Income Tax” (Cai Shui Zi [1994] No. 20) (《關於個人所得稅若干政策問題的通知》(財稅字[1994]20號)) regarding the temporary exemption from individual income tax for dividends and bonuses received by foreign individuals from foreign investment enterprises have ceased to be effective since 2011.

Pursuant to the letter titled “Tax Arrangements on Dividends Paid to Hong Kong Residents by Mainland Companies” issued by the HKEX on 4 July 2011 (accompanied with a reply in Chinese from the State Administration of Taxation to the Hong Kong Inland Revenue Department issued on 28 June 2011), overseas resident individual shareholders of the stocks issued by domestic non-foreign invested enterprises in Hong Kong are entitled to the relevant preferential tax treatment pursuant to the provisions in the tax agreements entered into between the countries where they are residents and China or the tax arrangements between Mainland China and Hong Kong/Macao.

LETTER FROM THE BOARD

The Company will withhold and arrange for the payment of the relevant tax pursuant to the Stock Exchange Letter and other relevant laws and regulations, including the “Notice of the State Administration of Taxation in relation to the Administrative Measures on Preferential Treatment Entitled to Non-residents under Tax Treaties (Tentative)” (Guo Shui Fa [2009] No. 124) (《國家稅務總局關於印發“非居民享受稅收協定待遇管理辦法(試行)”的通知》(國稅發[2009]124號)). The Company will determine the residence of the individual H Shareholders based on their registered address as recorded in the register of members of the Company on the record date for the final dividend for the year ended 31 December 2025. The Company assumes no responsibility and disclaims all liabilities whatsoever in relation to the tax status or tax treatment of the individual H Shareholders and for any claims arising from any failure of or delay in or inaccurate determination of the tax status or tax treatment of the individual H Shareholders or any disputes over the withholding mechanism or arrangements.

Pursuant to the “Notice on Tax Policies Concerning the Pilot Program of an Interconnection Mechanism for Transactions in the Shanghai and Hong Kong Stock Markets” (Cai Shui [2014] No. 81) (《關於滬港股票市場交易互聯互通機制試點有關稅收政策的通知》(財稅[2014]81號)) and the “Notice on Tax Policies Concerning the Pilot Program of an Interconnection Mechanism for Transactions in the Shenzhen and Hong Kong Stock Markets” (Cai Shui [2016] No. 127) (《關於深港股票市場交易互聯互通機制試點有關稅收政策的通知》(財稅[2016]127號)), for dividends derived by domestic individual investors from investing in H shares listed on the HKEX through Shanghai-Hong Kong Stock Connect or Shenzhen-Hong Kong Stock Connect, H share companies shall withhold individual income tax at a tax rate of 20% for the investors. For domestic securities investment funds that invest in shares listed on the HKEX through Shanghai-Hong Kong Stock Connect or Shenzhen-Hong Kong Stock Connect, the above rules also apply and individual income tax shall be levied on dividends derived therefrom. For domestic enterprise investors that invest in shares listed on the HKEX through Shanghai-Hong Kong Stock Connect or Shenzhen-Hong Kong Stock Connect, the H share companies will not withhold enterprise income tax in the distribution of dividends on their behalves, and the domestic enterprise investors shall report and pay the relevant taxes payable themselves. Any dividend received in respect of H shares which have been continuously held by a domestic enterprise investor for 12 months shall be exempted from enterprise income tax.

H Shareholders are recommended to consult their tax advisers regarding the PRC, Hong Kong and other tax implications arising from their holding and disposal of H Shares of the Company.

LETTER FROM THE BOARD

D. BOOK CLOSURE FOR H SHARES

1. The EGM

According to the articles of association of the Company, registration of transfers of H shares will be suspended by the Company from 7 October 2026 to 27 October 2026 (both days inclusive). Holders of H shares of the Company who wish to be eligible to attend and vote at the EGM must deliver their instruments of transfer together with the relevant share certificates to Computershare Hong Kong Investor Services Limited, the registrar of H shares of the Company, at Rooms 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong, **no later than 4:30 p.m. on Tuesday, 6 October 2026. Registered shareholders of the Company as at close of business of 19 October 2026 are entitled to attend and vote at the EGM.**

2. The Interim Dividend for the 6 Months Ended 30 June 2026

As required by the Hong Kong Listing Rules, the last day for trading in H Shares of the Company with entitlement to interim dividend for the six months ended 30 June 2026 shall fall at least one trading day after the EGM. As such, the register of members of H Shares of the Company will be closed from 1 December 2026 to 6 December 2026 (both days inclusive) and the record date of H Shares of the Company for interim dividend for the six months ended 30 June 2026 shall be 6 December 2026. Holders of H Shares of the Company who wish to be entitled to receive interim dividend for the six months ended 30 June 2026 must deliver their instruments of transfer together with the relevant share certificates to Computershare Hong Kong Investor Services Limited, the registrar of H Shares of the Company, at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong, no later than 4:30 p.m. on Monday, 30 November 2026. The date of payment of interim dividend for the six months ended 30 June is expected to be 31 December 2026.

E. 2026 FIRST EXTRAORDINARY GENERAL MEETING

The EGM will be held at 6 Xianlin Avenue, Nanjing, the PRC on Tuesday, 27 October 2026 at 3:00 p.m. A notice of the said meeting is set out on pages N-1 to N-7 of this circular. 3 ordinary resolutions will be proposed for approving the Acquisition, the arrangements for assumption of guarantee liabilities and the 2026 interim profit distribution scheme.

As of the Latest Practicable Date, Jiangsu Communications Holding control or is entitled to control a 58.00% shareholding in the Company. Jiangsu Communications Holding and its associates shall abstain from voting on the relevant ordinary resolutions on the Acquisition and the arrangements for assumption of guarantee obligations as set out in the notice of meeting at the EGM.

LETTER FROM THE BOARD

The Board considers that the terms of the resolutions to be approved at the EGM are fair and reasonable, and recommends shareholders to vote in favour of such resolutions.

All resolutions will be voted by way of poll.

For H shareholders, whether or not you are able to attend the EGM, you are requested to (i) complete the accompanying confirmation slip in accordance with the instructions printed thereon and return the same to the Company no later than Thursday, 22 October, and to (ii) complete the accompanying form of proxy in accordance with the instructions printed thereon and return the same to the Company not less than 24 hours before the time appointed for holding the EGM (being no later than 3:00 p.m. on Monday, 26 October 2026 (Hong Kong/Beijing time)). Completion and return of the form of proxy will not preclude H shareholders from attending and voting at the EGM. Under these circumstances, the H shareholders will be deemed to have withdrawn the appointment of the proxy.

The form of proxy for domestic shareholders will be published in China Securities Journal, Shanghai Securities News, Securities Times and the websites of the Company (www.jsexpressway.com), the Stock Exchange (www.hkexnews.hk) and the Shanghai Stock Exchange (www.sse.com.cn). Domestic shareholders are requested to complete and sign the form of proxy in accordance with the instructions printed thereon and return the same to the registered office of the Company.

By order of the Board
Jiangsu Expressway Company Limited
Wang Feng
Executive Director

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

The following is the text of a letter from the Independent Board Committee setting out its recommendation to the Independent Shareholders in relation to the Equity Transfer Agreement and the connected transaction contemplated thereunder.



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)

30 September 2026

To Independent Shareholders

Dear Sir or Madam,

**DISCLOSEABLE AND CONNECTED TRANSACTION
IN RESPECT OF ACQUISITION OF 100% OF EQUITY INTERESTS OF
SUXICHANG SOUTH EXPRESSWAY COMPANY**

We refer to the circular dated 30 September 2026 (the “**Circular**”) to the shareholders of the Company of which this letter forms part. Unless otherwise specified, terms defined in the Circular shall have the same meanings in this letter.

We have been appointed to form the Independent Board Committee to advise the Independent Shareholders in respect of the Equity Transfer Agreement and the connected transaction contemplated thereunder, details of which are set out in the “Letter from the Board” contained in the Circular. Somerley has been appointed to advise the Independent Shareholders and us in this regard.

Details of the advice and the principal factors and reasons Somerley has taken into consideration in giving such advice, are set out in the “Letter from the Independent Financial Advisor” in the Circular. Your attention is also drawn to the “Letter from the Board” in the Circular and the additional information set out in the appendix thereto.

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

Having taken into account the terms of the Equity Transfer Agreement and the connected transaction contemplated thereunder and the advice of Somerley, we are of the opinion that although the Acquisition is not in the ordinary and usual course of business of the Company, the Acquisition is made to meet the requirements of the strategic development plan of the Company and is conducive to the Company's long-term development and is in line with the Company's overall interests, the terms of the Equity Transfer Agreement are fair and reasonable so far as the Shareholders (including the Independent Shareholders) are concerned, and the Acquisition contemplated thereunder is a strategic investment of the Company and on normal commercial terms and in the interests of the Company and the Shareholders as a whole. We, therefore, recommend that you vote in favour of the resolution to be proposed at the EGM to approve Equity Transfer Agreement and the connected transaction contemplated thereunder.

Yours faithfully,
For and on behalf of

Independent Board Committee

Ge Yang

Xu Guanghua

Gu Zhaoyang

Tan Shijun

Sun Lijun

Independent Non-executive Directors

LETTER FROM THE INDEPENDENT FINANCIAL ADVISOR

The following is the text of a letter of advice from Somerley Capital Limited prepared for the purpose of inclusion in this Circular, setting out its advice to the Independent Board Committee in respect of the Transaction.



SOMERLEY CAPITAL LIMITED

20th Floor
China Building
29 Queen's Road Central
Hong Kong

30 September 2026

To: The Independent Board Committee

Dear Sir/Madam,

**DISCLOSEABLE AND CONNECTED TRANSACTION
IN RESPECT OF
ACQUISITION OF 100% EQUITY INTERESTS IN
SUXICHANG SOUTH EXPRESSWAY COMPANY**

INTRODUCTION

We refer to our appointment to advise the Independent Board Committee in connection with the proposed Acquisition. Details of the Acquisition are set out in the letter from the Board contained in the circular of the Company (the “**Circular**”) to the Shareholders dated 30 September 2026, of which this letter forms part. Unless otherwise defined, terms used in this letter shall have the same meanings as those defined in the Circular.

On 27 August 2026, the Company (as purchaser and Transferee) entered into the Equity Transfer Agreement with Jiangsu Communications Holding, Wuxi Transportation and Changzhou Communications Holdings (as vendors and Transferors of their respective shareholdings of Target Equity) and agreed to acquire the respective 65%, 22.82% and 12.18% equity interests held by Jiangsu Communications Holding, Wuxi Transportation and Changzhou Communications Holding in the Suxichang South Expressway Company at a consideration of RMB4,771,929,500, RMB1,675,226,800 and RMB894,273,700, respectively (such consideration is calculated on a pro-rata basis based on the appraised value in the State-owned Asset Valuation Report), with the final consideration being subject to the valuation filed with the relevant State-owned Assets Supervision and Administration Department.

Upon the completion of the Acquisition, the Company will hold 100% equity interest in Suxichang South Expressway Company.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISOR

As Jiangsu Communications Holding is the controlling shareholder of the Company, it is a connected person of the Company pursuant to Rule 14A.07(1) of the Hong Kong Listing Rules. The Company's acquisition of 65% of the equity interest in Suxichang South Expressway Company held by Jiangsu Communications Holding pursuant to the Equity Transfer Agreement constitutes a connected transaction of the Company. Pursuant to Rule 14A.28(1) of the Hong Kong Listing Rules, at the time the Company entered into the Equity Transfer Agreement with Wuxi Transportation and Changzhou Communications Holding, Jiangsu Communications Holding still held the equity interest in Suxichang South Expressway Company; therefore, the Company's acquisition of 22.82% and 12.18% of the equity interests in Suxichang South Expressway Company from Wuxi Transportation and Changzhou Communications Holding, respectively, constitutes connected transactions of the Company. As the highest applicable percentage ratio calculated according to Rule 14.07 of the Hong Kong Listing Rules for the consideration of the Acquisition together with the amount of the transfer's guarantees expected to be assumed by the Company pursuant to the Equity Transfer Agreement (aggregated pursuant to Rule 14.15(3) of the Hong Kong Listing Rules) exceeds 5% but does not exceed 25%, the Acquisition also constitutes a discloseable transaction of the Company. As such, the Acquisition is subject to the announcement, circular and independent shareholders' approval requirements under Rules 14.33, 14A.35, 14A.36 and 14A.46 of the Hong Kong Listing Rules.

The Independent Board Committee comprising all the independent non-executive Directors, namely Messrs. Ge Yang, Xu Guanghua, Gu Zhaoyang, Tan Shijun and Sun Lijun, has been established to advise the Independent Shareholders on the terms of the Acquisition and to recommend to the Independent Shareholders on how to vote at the EGM. We have been appointed to advise the Independent Board Committee and the Independent Shareholders in the same regard. Independent Shareholders will be informed of any material change of information and the representations made or referred to in the Circular as soon as possible up to the date of the EGM.

We are not associated with the Company, Jiangsu Communications Holding, Wuxi Transportation, Changzhou Communications Holding or their respective core connected persons or close associates (as defined in the Hong Kong Listing Rules). In addition, save for this appointment as the Independent Financial Adviser as regards the Acquisition, as at the Latest Practicable Date, we did not have any other relationship or any interests with the Company, Jiangsu Communications Holding, Wuxi Transportation, Changzhou Communications Holding or their respective core connected persons or close associates that could reasonably be regarded as relevant to our independence, nor have had other any engagement between the Company and us in the last two years. Accordingly, we are considered eligible to give independent advice on the Acquisition. Apart from normal professional fees payable to us in connection with this appointment, no arrangement exists whereby we will receive any fees or benefits from the Company, Jiangsu Communications Holding, Wuxi Transportation, Changzhou Communications Holding or their respective core connected persons or close associates.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISOR

In formulating our advice and recommendation, we have relied on the information and facts supplied, and the opinions expressed, by the directors and management of the Company (collectively, the “**Management**”) and the respective professional advisers of the Company, which we have assumed to be true, accurate and complete. We have reviewed the Equity Transfer Agreement and information on the Company, including but not limited to, the annual reports of the Company for each of the two financial years ended 31 December 2024 (the “**2024 Annual Report**”) and 31 December 2025 (the “**2025 Annual Report**”) (together, the “**Annual Reports**”), the interim results announcement of the Company for the six months ended 30 June 2026 (the “**2026 Interim Results**”), the traffic report (the “**Traffic Report**”) prepared by Jiangsu Weixin Engineering Consulting Ltd (“**Jiangsu Weixin**”), the Valuation Report prepared by Kroll Consulting (Shenzhen) Ltd. (“**Kroll**”) and the information set out in the Circular. We have also discussed with the Management regarding the commercial and financial implications of the Acquisition on the Group.

In addition, we have also sought and received confirmation from the Company that no material facts have been omitted from the information supplied by them and that their opinions expressed to us are not misleading in any material respect. We consider that the information we have received is sufficient for us to formulate our opinion and recommendation as set out in this letter and have no reason to believe that any material information has been omitted or withheld, nor to doubt the truth or accuracy of the information provided to us. We have, however, not conducted any independent investigation into the businesses and affairs of the Group, Jiangsu Communications Holdings, Wuxi Transportation, Changzhou Communications Holding nor have we carried out any independent verification of the information supplied.

PRINCIPAL FACTORS TAKEN INTO ACCOUNT

In arriving at our opinion and recommendation relating to the Acquisition, we have taken into account the following principal factors:

1. Information on the Group

The Company is incorporated in the PRC whose Shares have been listed on the Main Board of the Stock Exchange since 27 June 1997. The principal activities of the Company and its subsidiaries mainly include construction, operation and management of the Jiangsu section of Shanghai-Nanjing Expressway (the “**Shanghai-Nanjing Expressway**”) and other toll roads and bridges in Jiangsu Province PRC, and the provision of passenger transport services and other supporting services along the toll road.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISOR

1.1 *The Existing Toll Roads and Bridges*

As at 30 June 2026, in addition to the Jiangsu section of the Shanghai-Nanjing Expressway, the Group has full or partial interests in toll roads and bridges in Jiangsu Province, including the Ningchang Expressway, Zhenli Expressway, Guangjing Expressway, Xicheng Expressway, Xiyi Expressway, Zhendan Expressway, Changyi Expressway, Yichang Expressway and Wufengshan Toll Bridge, Ningyang Yangtze River Bridge, Yanjiang Expressway, Jiangyin Bridge, Sujiahang Expressway and Changjia Expressway. As at 30 June 2026, the Group controlled 12 road and bridge projects currently in operation, and 3 newly constructed road and bridge projects, and invested directly into 4 other road and bridge projects, with a total length of approximately 1,000 kilometres.

Details of the existing key toll roads of the Company are set out below:

Toll Road	Description	Revenue in 2025 <i>(RMB million)</i>
Shanghai-Nanjing Expressway	Jiangsu Section of Shanghai-Nanjing Expressway	5,504.9
Guangjing Expressway and Xicheng Expressway	Northern connection of Guangling-Jingjiang Section, Jiangyin Yangtze Bridge	769.8
Ningchang Expressway and Zhenli Expressway	Lishui Guizhuang Hub-Changzhou South Interchange Expressway and Dantu Hub-Liyang Qianma Hub Expressway	1,119.0
Xiyi Expressway and Wuxi Huantaihu Expressway	Wuxi North Hub-Yixing Xiwu Hub Expressway and Wuxi Shuofang Hub-Wuxi Nanquan Interchange Expressway	459.7
Zhendan Expressway	Zhenjiang-Danyang Expressway	99.4
Changyi Expressway	Changzhou-Yixing Expressway	126.3
Yichang Expressway	Jiangsu Section of Yixing-Changxing Expressway	121.0
Wufengshan Toll Bridge	Wufengshan Toll Bridge and North-South Connection Project	1,317.5
Nanjing-Yangzhou Yangtze River Bridge	Ningyang Bridge and North Connection	37.6

LETTER FROM THE INDEPENDENT FINANCIAL ADVISOR

1.2 Financial performance and position

Set out below is the summary of the financial information of the Group for the years ended 31 December 2023, 2024 and 2025 (“FY2023”, “FY2024” and “FY2025” respectively) extracted from the Annual Reports and for the six months ended 30 June 2025 and 2026 (“1H2025” and “1H2026” respectively) as extracted from the 2026 Interim Results:

	For the six months ended 30 June		For the financial year ended 31 December		
	2026	2025	2025	2024	2023
	RMB '000	RMB '000	RMB '000	RMB '000	RMB '000
	(Unaudited)	(Unaudited)	(Audited)	(Audited)	(Audited)
Operating income	9,293,099	9,405,722	20,289,200	23,198,204	15,192,010
Net profit attributable to Shareholders of the Company	2,503,329	2,423,880	4,593,871	4,946,692	4,413,272
			As at 30 June	As at 31 December	
			2026	2025	2024
			RMB '000	RMB '000	RMB '000
Total equity attributable to shareholders of the Company			41,541,062	41,442,632	38,596,796

Based on the disclosures in the Annual Reports and the 2026 Interim Results, the Group’s operating income is derived from the following segments namely: (i) Shanghai Nanjing Expressway; (ii) Guangjing Expressway and Xicheng Expressway; (iii) Xiyi Expressway and Wuxi Huantaihu Expressway; (iv) Changyi Expressway; (v) Yichang Expressway; (vi) Ningchang Expressway and Zhenli Expressway; (vii) Zhendan Expressway; (viii) Wufengshan Bridge; (ix) Ningyang Bridge North Connection; (x) Xitai Expressway; (xi) Danjin Expressway; (xii) ancillary services; (xiii) real estate business; (xiv) sales of electricity; and (xv) advertising and others. We have discussed and understand from the Management that the aforementioned segments (i) to (xi) contribute to the toll road business of the Company (“Existing Toll Roads and Bridges”). Based on the 2025 Annual Report and the 2026 Interim Results, income from Existing Toll Roads and Bridges of the Company for 1H2026 and FY2025 represent over 50% of total operating revenue of the Group.

The Group reported an operating income of approximately RMB23,198 million in FY2024, representing an increase by around 52.7% as compared with that of the operating income of approximately RMB15,192 million in FY2023. Such increase was mainly attributable to increase in construction investment in road and bridge projects due to the Company’s strategy to strengthen its road coverage in southern Jiangsu.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISOR

Nevertheless, the Group reported a decrease in operating income of around 12.5% to approximately RMB20,289 million in FY2025 as compared with FY2024 mainly because of the decline in the cost of toll business, resulting from factors such as the closed construction on some road sections managed by the Group and the reduced scale of pavement maintenance as compared to the previous year.

The Group reported a slight decrease in operating income of around 1.2% from approximately RMB9,405.7 million for 1H2025 to approximately RMB9,293.1 million for 1H2026.

The Group's total equity attributable to shareholders of the Company was recorded with a growth of around 7.4% as at 31 December 2025 as compared to the position as at 31 December 2024 which was primarily due to increase in intangible assets regarding rights-in operation of toll road operation and decrease in non-current liabilities due within one year from bond redemption. As at 30 June 2026, the Group's total equity attributable to shareholders of the Company remains similar as compared to the position as at 31 December 2025.

2 Information on the Transferors

Jiangsu Communications Holding

Jiangsu Communications Holding is engaged in the operation and management of state-owned assets within the scope of authorization of the provincial government; investment, construction, operation and management of transport infrastructure, transportation and other related sectors; collection of expressway tolls; and industry investment and domestic trading services.

The ultimate owner of Jiangsu Communications Holding is the State-owned Assets Supervision and Administration Commission of the People's Government of Jiangsu Province. Jiangsu Communications Holding is the controlling shareholder of the Company, holding approximately 58.00% of the Company's equity. As disclosed in the letter from the Board in the Circular, Jiangsu Communications Holdings reported revenue from core business and net profit of approximately RMB105.0 billion and RMB16.5 billion for the year 2025 respectively, with net assets of approximately RMB389.2 billion as at the end of latest accounting period 2025.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISOR

Wuxi Transportation

Wuxi Transportation is engaged in entrusted operation and management of municipal transportation state-owned assets; revenue management and operation of state-owned assets; entrusted management of municipal transportation collective assets; investment in transportation and related industries; investment in transportation infrastructure construction and asset operation and management; domestic trade; asset leasing; real estate development and operation. (For projects subject to approval by law, business activities may only be carried out after approval by the relevant authorities.) General projects: engineering management services (except for projects requiring approval in accordance with the law, business activities may be carried out independently in accordance with the business licence).

The ultimate beneficial owner of Wuxi Transportation is the People's Government of Wuxi. As disclosed in the letter from the Board in the Circular, Wuxi Transportation reported revenue from operations and net profit of approximately RMB23.1 billion and RMB230.3 million for the year 2025 respectively, with net assets of approximately RMB24.7 billion as at the end of latest accounting period 2025.

Changzhou Communications Holding

Changzhou Communications Holding is engaged in construction engineering; highway management and maintenance; port operation (for projects subject to approval by law, business activities may only be carried out after approval by the relevant authorities; specific business items shall be subject to the approval results). General projects: enterprise management; engineering management services; investment activities with self-owned funds; asset management services with self-owned funds; transportation facility maintenance; land remediation services; property management; parking services; leasing of non-residential real estate; leasing of land use rights; leasing services (excluding licensing-type leasing services); general cargo warehousing services (excluding hazardous chemicals and other items subject to licensing and approval); engineering technical services (excluding planning management, survey, design, and supervision); information consulting services (excluding licensing-type information consulting services); information technology consulting services; social and economic consulting services; domestic cargo transportation agency; road freight transportation station operation; domestic container cargo transportation agency; sales of textile and knit products; sales of textiles and raw materials; sales of chemical products (excluding licensing-type chemical products); sales of metal materials; sales of non-ferrous metal alloys (except for projects requiring approval in accordance with the law, business activities may be carried out independently in accordance with the business licence).

3. The Acquisition

A summary of the key terms of the Equity Transfer Agreement (as amended by the Supplemental Agreement) is set out as follows:

Transferors: Jiangsu Communications Holding
 (as the Transferor 1, the controlling shareholder of the
 Company)

Changzhou Communications Holding (as the Transferor 3)

Transferee: The Company

Target Company: Suxichang South Expressway Company

100% of the equity interests in Suxichang South Expressway Company, comprising:

- 65 % equity interest held by Jiangsu Communications Holding (as Target Equity 1)
- 22.82 % equity interest held by Wuxi Transportation (as Target Equity 2)
- 12.18% equity interest held by Changzhou Communications Holding (as Target Equity 3)

LETTER FROM THE INDEPENDENT FINANCIAL ADVISOR

3.3 Transfer Consideration: Target Equity Interest 1: RMB4,771,929,500

Target Equity Interest 2: RMB1,675,226,800

Target Equity Interest 3: RMB894,273,700

Total consideration for the Acquisition: RMB7,341,430,000
(the “**Consideration**”)

With reference to the letter from the Board in the Circular, and our understanding obtained from the Management, the determination of the consideration of the transfer of the Target Equity Interests is based on the valuation report prepared by the State-owned Asset Valuer filed with the relevant State-owned Assets Supervision and Administration Department. As also disclosed in the letter from the Board in the Circular, the State-owned Asset Valuation Report determined the appraised value of the Target Company is being RMB7,341,430,000 based on the income approach, and its book value is RMB7,276,623,400. The premium of the appraised value over the book value is RMB64,806,600, representing an appreciation of approximately 0.89%. We further understand that the determination of the Consideration for the transfer of the Target Equity shall be based on the valuation results approved or filed with the State-owned Assets Supervision and Administration Department. If the aforementioned appraised value is approved or filed, the Transferee and Transferors shall adopt such appraised value as the consideration of the transfer of the Target Equity. If the valuation results approved or filed differ from the aforementioned appraised value, the Transferee and Transferors shall negotiate the consideration of the Target Equity Interests based on the valuation results approved or filed. If the Transferee and any Transferor are unable to reach an agreement, the Transferee and any Transferor may terminate the transaction without assuming any liability to the counterparty for breach of contract.

The transfer consideration is calculated on a pro-rata basis based on the above-mentioned appraised value in the State-owned Asset Valuation Report, the final consideration is subject to the valuation filed with the State-owned Assets Supervision and Administration Department.

As agreed and confirmed by the parties, any increase in the owners’ equity of the Target Company during the transition period shall be enjoyed by the Transferee, and any decrease shall be made good by the Transferors in proportion to their respective original shareholding percentages in the Target Company.

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Please refer to the letter from the Board of the Circular for further information regarding the Consideration.

3.4 *Conditions Precedent for Completion of the Transfer of the Target Equity and Payment of the Consideration*

Completion of the transfer of Target Equity is subject to the fulfilment (or waiver, as applicable) of the following conditions precedent:

1. The Equity Transfer Agreement shall come into effect upon fulfilment of the following conditions:
 - (1) Each Transferor and Transferee has completed the internal decision-making procedures in accordance with the Company Law and their respective Articles of Association;
 - (2) The legal representatives of the parties, or their authorised representatives, have signed the Agreement and affixed their official seals;
 - (3) Each Transferor has completed the approval and filing procedures required for the equity transfer, in accordance with the regulations of the relevant state-owned asset regulatory authority and other competent/regulatory authorities;
 - (4) The Company's general meeting of shareholders (with Jiangsu Communications holding and its associates abstaining from voting) has approved the Equity Transfer Agreement and the Transaction.
2. Each Transferor and the Suxichang South Expressway Company shall issue to the Company a "Letter of Confirmation" as set out in Annex 1 to the Equity Transfer Agreement (in which each Transferor and the Target Company confirm that: the representations and warranties made in the Equity Transfer Agreement are true and accurate in all respects; all conditions precedent to the Equity Transfer Agreement have been satisfied; the undertakings and obligations relating to the Target Company, as set out in the Equity Transfer Agreement and required to be fulfilled prior to the completion of the Acquisition, have been performed and complied with; and there have been no material adverse changes in the Target Company), and shall provide relevant supporting documents; and

LETTER FROM THE INDEPENDENT FINANCIAL ADVISOR

3. Each Transferor and the Suxichang South Expressway Company shall issue to the Company the “Declarations and Undertakings” as set out in Annex 2 to the Equity Transfer Agreement (the declarations being representations and warranties on the Target Company, whilst the undertakings are with respect to such representations and warranties until the Completion), and shall provide the relevant supporting documents.

The Company may, in writing, grant a waiver to the Transferors and to the Suxichang South Expressway Company in respect of the documents referred to in Conditions Precedent No. 2 and 3 above. As at the Latest Practicable Date, conditions No. 1(1), 1(2), 2 and 3 have been fulfilled.

Payment of the Consideration is subject to the fulfilment (or waiver, as applicable) of the following conditions precedent:

1. All aforementioned conditions precedent to the completion of the transfer of Target Equity have been satisfied;
2. All business licences and qualifications held by the Suxichang South Expressway Company are lawful and valid; there are no events, facts, conditions, changes or other circumstances that have arisen or are reasonably foreseeable to arise that would have, or are likely to have, a material adverse effect on the Target Company’s assets (including, but not limited to, its asset structure and condition), liabilities, technology, finances, business, operating performance, profit prospects, legal status or normal course of business.

3.5 Payment of the Consideration

The Consideration shall be paid in cash.

1. The consideration of RMB4,771,929,500 for equity transfer of Jiangsu Communications Holding shall be paid by the Company in instalments as follows:

Pursuant to the Equity Transfer Agreement, the first instalment of the consideration (RMB2,385,964,750, representing fifty per cent of the total consideration for equity transfer of Jiangsu Communications Holding) shall be paid by the Company within five working days of the Completion of the transfer of 65 per cent equity interest in the Suxichang South Expressway Company held by Jiangsu Communications Holding and the fulfilment of aforementioned conditions precedent for payment of the consideration. The remaining consideration for the equity transfer (RMB2,385,964,750, representing fifty per cent of the total consideration for equity transfer of Jiangsu Communications Holding) shall be paid in full by the Company by 29 September 2027.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISOR

Interest shall be calculated on the remaining equity transfer consideration in accordance with the relevant state-owned assets transfer regulations. Interest shall accrue from the day following the expiry of the payment period for the first instalment of the equity transfer consideration until the date of actual payment of the remaining equity transfer consideration, calculated in accordance with the current one-year Loan Prime Rate (LPR) published by the National Interbank Funding Centre as authorised by the People's Bank of China. The equity transfer consideration and the corresponding interest shall be paid simultaneously.

According to Article 28 of the Measures for the Supervision and Administration of Transactions of State-Owned Assets of Enterprises (《企業國有資產交易監督管理辦法》), “the transaction price shall, in principle, be paid in full within five working days from the effective date of the agreement. Where the amount is substantial and full payment in a single installment is genuinely difficult, payment may be made in installments. Where payment is made in installments, the first installment shall be no less than 30% of the total price and shall be paid within five working days from the effective date of the agreement; for the remaining amount, the transferor shall be provided with lawful and valid guarantee recognized by the transferor, and interest shall be paid for the deferred payment period at the bank lending rate in the corresponding period, with the payment period not exceeding one year.”

The Acquisition must comply with the relevant regulations governing transactions of state-owned enterprise assets. With respect to the equity transfer consideration payable to the minority shareholders, and taking into account the Company's objective of acquiring 100% of the equity interests in this transaction, the Company, after comprehensively considering its capital planning, has planned to pay the equity transfer consideration to the two minority shareholders in a lump-sum cash payment in order to secure their willingness to sell. Given the substantial amount involved in the Acquisition, and in order to alleviate the Company's funding pressure, in consensus with the majority shareholder, Jiangsu Communications Holding, the majority shareholder has agreed that the Company shall pay its equity transfer consideration in two installments, with the first installment being 50% of the equity transfer price, and the remaining 50% to be paid by 29 September 2027.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISOR

2. The consideration of RMB1,675,226,800 for equity transfer of Wuxi Transportation shall be paid by the Company as follows:

Pursuant to the Equity Transfer Agreement, the consideration of RMB1,675,226,800 shall be paid by the Company within five working days of the Completion of the transfer of 22.82 per cent equity interest in the Suxichang South Expressway Company held by Wuxi Transportation and the fulfilment of aforementioned conditions precedent for payment of the consideration. The Company shall make a lump-sum payment in full to Wuxi Transportation.

3. The consideration of RMB894,273,700 for equity transfer of Changzhou Communications Holding shall be paid by the Company as follows:

Pursuant to the Equity Transfer Agreement, the consideration of RMB894,273,700 shall be paid by the Company within five working days of the Completion of the transfer of 12.18 per cent equity interest in the Suxichang South Expressway Company held by Changzhou Communications Holding and the fulfilment of aforementioned conditions precedent for payment of the consideration. The Company shall make a lump-sum payment in full to Changzhou Communications Holding.

Pursuant to the Equity Transfer Agreement, should the Company fail to pay the aforementioned equity transfer consideration on time, default interest shall be calculated for the period from the date of default until the date on which the remaining equity transfer consideration is actually paid, at a rate equal to twice the current one-year Loan Prime Rate (LPR) published by the National Interbank Funding Centre as authorised by the People's Bank of China. If the Company has paid the equity transfer consideration to the respective Transferor but the subsequent transaction cannot be completed due to reasons attributable to the respective Transferor, the respective Transferor shall refund the amount already received and pay interest for the period during which the funds were tied up. The interest shall be determined in accordance with the current one-year Loan Prime Rate (LPR) published by the National Interbank Funding Centre as authorised by the People's Bank of China; the period during which the funds were tied up shall run from the date of Completion until the date on which the equity transfer consideration is actually refunded.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISOR

The Consideration for the Acquisition will be paid using the Company's own funds and loans obtained for acquisition purposes: approximately 30% will be funded by the Company's own funds derived from disposable monetary funds such as accumulated operating proceeds of the Company, to be paid in accordance with the payment milestones under the Agreement; approximately 70% will be funded by loans obtained from banks for acquisition purposes. The specific amount, term, interest rate, guarantee and other terms shall be subject to the banks' approval and contracts. The Company will coordinate and arrange funds to ensure payment is made on schedule and at the lowest funding costs. We concur with the view of the Company that the delayed payment of part of the Consideration would ease the pressure on the Group's cashflow and allow the Group flexibility in repayment any time by 29 September 2027 as it sees fit, which is considered prudent and reasonable as far as the Company is concerned.

3.6 Completion

The Completion Date of the equity transfer shall be confirmed in writing within two days of the fulfilment of the aforementioned conditions precedent to completion. The parties shall use their best endeavours to fix the Completion Date within five days of the fulfilment of the conditions precedent to completion. The Company and each Transferor shall complete the transfer on the Completion Date.

3.7 Allocation of Profit and Loss during the Transition Period

The parties agree and confirm that the period from the Valuation Date to the Completion Date shall be the transition period. During the transition period, the Transferors shall obtain the written consent of the Transferee for any business management and fund receipt and payment activities conducted in relation to the Target Company, and shall not harm the interests of the Target Company or the Transferee.

During the transition period, except for circumstances that have been disclosed in writing to the Transferee prior to the execution of this agreement and circumstances that have been consented to in writing by the Transferee from the date of execution of this agreement to the completion of the closing, the Target Company shall not make any profit distribution or other distributions to its shareholders. If any distribution is made, each Transferor shall hold such distribution in custody on behalf of the Transferee and pay the same to the Transferee on the Completion Date.

As agreed and confirmed by the parties, any increase in the owners' equity of the Target Company during the transition period shall be enjoyed by the Transferee, and any decrease shall be made good by the Transferors in proportion to their respective original shareholding percentages in the Target Company.

3.8 *Guarantee Obligations for the Assumption of Target Company's Debts*

According to the Equity Transfer Agreement, from the agreement signing date until the Completion Date, the Target Company and each Transferor shall work together to ensure the orderly operation of the Target Company and shall not incur any new external obligations.

From the Completion Date, Transferor 1 (Jiangsu Communications Holding) shall continue to bear the guarantee obligations it has assumed regarding the debts of the Target Company. If such debts of the Target Company remain outstanding after 31 December 2026, then, subject to the creditors' consent, the Transferee shall assume the Transferor 1's guarantee obligations since 1 January 2027; alternatively, the Target Company, Transferor 1, and the Transferee may actively explore other feasible avenues to modify or release the Transferor 1 from such guarantee obligations through other means.

Subject to the creditors' consent (all being banks), the guarantor of 68 loans maturing after 31 December 2026 will be changed from Jiangsu Communications Holding to the Company. As of the Latest Practicable Date, the total outstanding balance of the above 68 loans is RMB4,699,325,000, the current annual interest rate ranges from 2.15% to 2.7%, and the annual interest is approximately RMB111,994,100. For details of the Company's guarantee obligations assumption of Target Company's Debts, please refer to the letter from the Board to the Circular.

3.9 *Performance Compensation Undertakings*

Pursuant to the Equity Transfer Agreement, Jiangsu Communications Holding, Wuxi Transportation and Changzhou Communications Holding have undertaken to provide performance compensation to the Company. The performance undertaking period covers the year in which the transactions are completed (i.e. upon completion of the transfer of the Target Equity) and the two subsequent financial years, namely 2026, 2027 and 2028. Each financial year is defined as the full financial year commencing on 1 January of the relevant year.

Each Transferor undertakes that the cumulative committed net profit of the Suxichang South Expressway Company during the performance undertaking period shall not be less than RMB611,078,300. The specific amount of the cumulative committed net profit shall be determined based on the approved or filed valuation results. Should the aforementioned cumulative committed net profit amount differ from the approved or filed valuation results, performance compensation shall be calculated based on the actual approved or filed results.

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Within 120 days of the expiry of the performance undertaking period, the Company shall engage an accountancy firm to issue a special report on the variance between the Target Company's cumulative net profit realised during the performance undertaking period and the cumulative committed net profit. Should any of the following events occur at Suxichang South Expressway Company during the performance undertaking period, the Company is entitled to request the engaged accounting firm to adjust the realised net profit in the special report; the final realised net profit shall be as confirmed in the special report:

- (1) Non-arm's length pricing: Where any commercial transactions between the Target Company and its related parties deviate from fair market value, any additionally generated revenue or the additionally incurred expenses shall be deducted from or added to net profit in accordance with the difference from fair market value;
- (2) Assets impairment and provisions: Where the Target Company recognises significant credit impairment losses or provides for declines in the value of inventory, if verification confirms that an excessive provision has been made, net profit shall not be adjusted upwards in the special report; if verification confirms that the provision is insufficient, net profit shall be adjusted downwards in the special report; or
- (3) Abnormal cost increases due to changes in toll policies: In such circumstances, Transferor 1 shall bear the aforementioned abnormally increased costs and pay the equivalent amount directly to the Transferee; at the same time, where the Target Company's profits fall short of the performance undertakings figure as a result of losses arising from the increase in costs, each Transferor shall continue to pay performance compensation to the Transferee in accordance with the agreed proportions.

Upon expiry of the performance undertaking period, the parties shall calculate the amount of performance compensation in a single instalment, using the aforementioned special report as the basis for calculation.

Upon expiry of the performance undertaking period, if the Target Company's cumulative net profit realised during the performance undertaking period is less than 95% (excluding 95%) of the cumulative committed net profit for the performance undertaking period, each Transferor shall make compensation to the Company. The amounts of compensation shall be calculated using the following formula:

Amount to be compensated by Transferor 1 =

(Cumulative committed net profit as at the end of the period – Cumulative realised net profit as at the end of the period) × 65 %

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Amount to be compensated by Transferor 2 =

(Cumulative committed net profit as at the end of the period – Cumulative realised net profit as at the end of the period) $\times$ 22.82%

Amount to be compensated by Transferor 3 =

(Cumulative committed net profit as at the end of the period – Cumulative realised net profit as at the end of the period) $\times$ 12.18%

If the cumulative net profit actually achieved by the Target Company during the performance undertaking period exceeds the cumulative committed net profit, the Company shall have no obligation to pay any additional bonus to the Transferors.

The total amount of performance compensation payable by each Transferor to the Transferee shall not exceed 100% of the total transaction consideration actually received by such Transferor from the Transferee.

Where the performance compensation obligations of the Transferors are triggered, each Transferor shall make the payment within ten (10) working days from the date on which the special report is issued following the expiration of the performance undertaking period and the Company's annual financial report is approved by the general meeting. Any Transferor that fails to complete the performance compensation payment within the aforementioned timeframe shall pay interest to the Company for the period of delay, calculated based on the current one-year Loan Prime Rate (LPR) published by the National Interbank Funding Centre as authorised by the People's Bank of China.

Should the Target Company fail to meet the undertakings, the Company will comply with the relevant disclosure requirements under Rule 14A.63 of the Hong Kong Listing Rules.

Please refer to the letter from the Board of the Circular for further information regarding the aforementioned performance compensation undertakings.

With reference to the letter from the Board in the Circular and based on our discussion with the Company, the Valuation Report prepared by Kroll was an additional step taken by Company to assess the value of the Target Equity in accordance with the international valuation standards and requirements. Therefore, as mentioned in the sections above, given the consideration of the transfer of the Equity Interests is based on the valuation report prepared by the State-owned Asset Valuer filed with the relevant State-owned Assets Supervision and Administration Department, we consider it fair and reasonable for the Performance Compensation Undertakings provided by Jiangsu Communications Holding to be also with reference to the same valuation results approved or filed with the relevant State-owned Assets Supervision and Administration Department. Additionally, we consider the

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Performance Compensation Undertakings provided by Jiangsu Communications Holding, Wuxi Transportation and Changzhou Communications Holding in favour of the Company serves as an additional protection to the Shareholders' interests under the Acquisition, as the Group would be compensated by the difference between the cumulative committed net profit and the cumulative realised net profit during the performance undertaking period if less than 95% (excluding 95%) of cumulative committed net profit is not achieved. As such, we are of the view that the Performance Compensation Undertakings would help safeguard the position of the Company and is in the interests of the Company and the Independent Shareholders as a whole.

3.10 Dispute Resolution

All disputes arising out of the implementation of or related to the Equity Transfer Agreement shall be settled through friendly negotiation by all parties to the agreement. If any dispute cannot be resolved through negotiation within thirty (30) working days after the dispute arises, any party has the right to initiate a proceeding with the People's Court where the Company is located.

3.11 Termination of the Equity Transfer Agreement

The Equity Transfer Agreement may be terminated in any of the following circumstances:

- (1) The Equity Transfer Agreement is terminated early by unanimous written consent of the parties;
- (2) If any representation or warranty made by a party under the Equity Transfer Agreement is untrue, inaccurate or incomplete, or if such party fails to fulfil its covenants, undertakings or obligations as set out in the Equity Transfer Agreement, and, after receiving a written demand from another party, fails to take effective remedial measures within 10 working days to prevent further loss, and such other party reasonably and in good faith believes that the foregoing failure may cause the purpose of this agreement to be frustrated, the other party shall have the right to unilaterally terminate this agreement by written notice;
- (3) If any competent government authority or regulatory body issues a notice or otherwise prevents the completion of the transfer of equity; or
- (4) The Equity Transfer Agreement must be terminated in the event of a force majeure event.

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4. The Target Company

4.1 Financial performance and position of the Target Company

As stated in the letter from the Board, the Target Company is a limited liability company and was established in the PRC in March 2017. As at the Latest Practicable Date, shareholders of Suxichang South Expressway Company are as follows:

Shareholder	Registered Capital (RMB)	Equity Interest (%)
Jiangsu Communications Holding	5,171,530,000.00	65.0
Wuxi Transportation	1,815,510,000.00	22.8
Changzhou Communications Holding	969,160,000.00	12.2

As extracted from the letter from the Board, set out below is the audited financial information on the Target Company for the two financial years ended 31 December 2024 and 2025 and the three months ended 31 March 2026, respectively which were prepared in accordance with the Accounting Standards for Business Enterprises of the PRC:

	For the year ended 31 December		For the 3 months ended 31 March
	2024 (audited)	2025 (audited)	2026 (audited)
Revenue	606,425,872.18	820,851,115.87	203,889,021.45
Profit/(loss) before income tax	(212,622,857.83)	70,633,032.12	38,148,245.00
Profit/(loss) and total comprehensive profit/(loss)	(212,622,857.83)	70,633,032.12	38,148,245.00
Total assets	14,131,210,611.30	13,837,546,106.05	13,836,553,088.94
Total liabilities	6,925,220,208.34	6,560,922,670.97	6,521,781,408.86
Net assets	7,205,990,402.96	7,276,623,435.08	7,314,771,680.08

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As set out above, revenue reported by the Target Company for FY2025 increased by approximately 35.4% as compared to FY2024 mainly as a result of: (i) diversion from the half-width closure of the Yanjiang Expressway since the end of 2024 to the Suxichang South Expressway; (ii) discount on tolls for lorries using the Southern Corridor since mid-May 2025 which significantly boosted standard traffic volume on the Suxichang South Expressway; and (iii) boost of traffic volumes on the Suxichang South Expressway due to the connecting Yima Expressway (Zhushanhu Tunnel) officially opened at the end of 2024.

Correspondingly, significant improvement from loss before income tax of approximately RMB212.6 million for FY2024 to profit before income tax of approximately RMB70.6 million for FY2025 was noted with the key reasons as discussed above.

Total assets of the Target Company as at 31 March 2026 were mainly related to intangible assets held which are related to toll roll operation right of Suxichang South Expressway. We note that total liabilities reported by the Target Company as at 31 March 2026 comprised mainly long term borrowings which are related to the construction and operation of Suxichang South Expressway. Net assets of the Target Company as at 31 December 2024, 31 December 2025 and 31 March 2026 have showed a gradual improvement, largely in line with the profitability for the respective periods.

Upon Completion, the Target Company will become a wholly-owned subsidiary of the Company and its financial results will be consolidated into the financial statements of the Group.

4.2 The Suxichang South Expressway

Set out below is a map illustrating location of the Suxichang South Expressway and its connection with other major toll roads and expressways:



-  Suxichang South Expressway
-  Toll roads owned and operated by the Group and closely related to the Suxichang South Expressway
-  Toll roads expected to be owned and operated by the Group
-  Toll roads connecting the toll roads which are owned and operated by the Group

As provided in the letter from the Board in the Circular, the Changzhou-Wuxi Section of the Suxichang South Expressway starts from the Qianhuang hub of the Changyi Expressway (常宜高速前黃樞紐), and crosses the Xiliao River rerouting section (錫漂漕河改線段), Changcao Highway (常漕公路) and Xinchang Railway (新長鐵路) on the south side of Qianhuang Town (前黃鎮). It crosses with the Xiyi Expressway (錫宜高速公路) and then passes through the Changzhou Taihu Bay Tourist Resort (常州太湖灣旅遊度假區) via Panjia Town (潘家鎮) and pass through the south of Xueyan Town (雪堰鎮) and enter the territory of Wuxi Mashan (無錫馬山). It then passes eastward through the Taihu Tunnel (太湖隧道) in Wuxi and ends at the Nanquan Hub (南泉樞紐), connecting with the Wuxi Huantaihu Highway (無錫環太湖公路).

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The Suxichang South Expressway includes two tunnels: the Yaoxianshan Tunnel (邀賢山隧道) and the Taihu Tunnel (太湖隧道). The Taihu Tunnel is currently the longest and widest underwater tunnel in China. Along the Suxichang South Expressway, there are four entrances ((Yuncun (運村), Taihu Bay (太湖灣), Mashan (馬山), Junzhang (軍嶂)), three hubs (Qianhuang hub (前黃樞紐), Xueyan hub (雪堰樞紐), Nanquan hub (南泉樞紐)), and one service area (Taihu Bay service area (太湖灣服務區)).

Suxichang South Expressway was completed and opened to traffic on 30 December 2021. According to announcement “省政府關於同意蘇錫常南部高速公路常州至無錫段開徵車輛通行費的批覆” issued by Jiangsu Provincial Government dated 16 December 2021, the subject company was granted the operating right of Suxichang South Expressway for a term of 25 years. As disclosed in the letter from the Board of the Circular, the concession period will expire on 29 December 2046.

Suxichang South Expressway Company has entrusted its ordinary operation and management matters (excluding the service areas and petrol stations) to the Company and entrusted the management of the service area to Yangtze Commerce and Energy Company and leased the petrol stations of the service area to the Company. Please refer to the letter from the Board in the Circular for further information on Suxichang South Expressway.

5. Reasons for and benefits of the Acquisition

As discussed in the letter from the Board in the Circular, the Acquisition will enable the Company to expand its portfolio of high-quality road assets, realise synergies across the road network through coordinated operations, enhance the resilience of its core business, and improve profitability.

We have discussed and understand from the Management that one of the major benefits of the Acquisition is that Suxichang South Expressway is an existing road and bridge asset in operation with profitability for the full year of 2025 and as such, the Acquisition is expected to have immediate positive impact on the Company's operating scale and profitability. The Acquisition also aligns with the Company's strategic direction of continuously supplementing its core toll road business with high-quality road assets. From an asset synergy perspective, the Suxichang South Expressway is situated in the core area of the Suzhou-Wuxi-Changzhou region and is highly correlated with Company's existing road assets in terms of location in the southern Jiangsu region, traffic volume and flow, and service coverage. The Southern Jiangsu Province, where Suxichang South Expressway is located in, is one of the most dynamic regions in the country in terms of economic, social and cultural development, with consistently high demand for east-west transport. Coupled with favourable factors such as the forthcoming reconstruction and expansion of the northern section of the Wuxi-Yixing Expressway, the construction of the new Jintan-Wujin section of the Nanjing-Changzhou Expressway, and the lifting of lorry restrictions on the Zhushanhu Tunnel, Suxichang South Expressway has significant potential for future traffic growth.

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As disclosed in the letter from the Board in the Circular, the Suxichang South Company is expected to remain profitable and continue to contribute to the Company's profits.

Furthermore, as disclosed in the letter from the Board to the Circular, Suxichang South Expressway is already operated under trust by the Company and its subsidiary, Yangtze Commerce and Energy Company, foundations for integration in respect of toll collection, maintenance and management are in place, and the conditions for equity consolidation are ripe. From a synergic perspective, incorporating high-quality existing road and bridge assets in operation into the listed platform will help the Company to expand its long-term road asset reserves, strengthen the asset base of its core business, and enhance its capacity for sustainable development. Given the Company's familiarity of Suxichang South Expressway, we would agree with the Management's view that it will be able to effectively integrate the Suxichang South Expressway with the Group's existing network and as the Company is also one of the key road network operator in the Southern Jiangsu, upon completion of the Acquisition, the Company would reasonably be able to generate a synergistic effect more rapidly and further leverage the effect of the economics of scale.

As such, we agree with the Company in considering that the Acquisition will not only enable it to expand its business coverage and optimize the allocation of road resources but also achieve coordinated operation and management of the road network. It would further reduce the cost of financing by leveraging the status of being a listed company, improve profitability, effectively enhance the passage capacity of the Shanghai-Nanjing Expressway and optimize the integrated operation benefits of the provincial road network. This will solidify the Company's advantageous position as a road network operator in the Southern Jiangsu.

As also disclosed in the letter from the Board, although Suxichang South Expressway has only been in operation for a relatively short period of time, it showed a strong growth and turned the loss position from previous years to profit-making in 2025. We have reviewed and noted from the audited financial statements for the year ended 31 December 2025 that the profit before income tax for FY2025 was approximately RMB70.6 million as compared to the loss before income tax for FY2024 of approximately RMB212.6 million, demonstrating the strong growth of Suxichang South Expressway. In addition, the operating revenue for FY2025 amounted to approximately RMB820.9 million. In the first quarter of 2026, it achieved operating revenue of approximately RMB203.9 million and a total profit of approximately RMB38.1 million. Furthermore, based on the forecasts provided by the Traffic Consultant, the valuation by Kroll and given the Performance Compensation Undertakings, the Suxichang South Expressway's financial performance is expected to maintain a consistent growth in profit in the coming years. As such, acquiring the Target Company at a relatively early stage of operations would enable the Company to enjoy a longer period of toll collection right whilst the Target Company is in a period of rapid traffic growth.

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As noted, the Target Company is currently a company holding single expressway asset, and based on our understanding from the Management, it applies a relatively high overall toll standard within the southern Jiangsu road network (exceeding RMB1 per vehicle-kilometre) and its benefits under standalone operation are not sufficiently prominent. Once incorporated into the expressway network system of the Company, its strategic value can be fully unlocked amid the expansion and reconstruction cycles of surrounding road networks.

As disclosed in the letter from the Board to the Circular, for trips between areas west of Changzhou and Shanghai, the Yanjiang Expressway mainly serves travel bound for the northwest of Shanghai, while the Nanjing-Shanghai Expressway and Suxichang South Expressway primarily cater to trips heading to downtown Shanghai. The Company has planned expansion and reconstruction works to commence for the Jiangsu section of the Nanjing-Shanghai expressway (which is a key asset of the Company's roads and infrastructure portfolio held by the Company) and adjacent road networks in the future, which may exert phased impacts on traffic volume, toll revenue and traffic efficiency of core road sections during construction. As advised by the Management, given such divergence in travel destinations, the Company expects the Suxichang South Expressway will become a key recipient of spillover traffic generated during the expansion of Nanjing-Shanghai Expressway, which can mitigate the adverse impact of construction on core road sections on the Company's revenue and profits and in turn strengthen the Company's operational stability and risk resistance capacity. In this respect, we have also separately reviewed the report issued by the Traffic Consultant that the Shanghai-Nanjing Expressway was originally the only expressway between Changzhou-Wuxi-Suzhou. The benefit of Suxichang South Expressway is that it runs parallel to the Shanghai-Nanjing Expressway and has the advantage of benefiting from the traffic volume being diverted from the Shanghai-Nanjing Expressway and it can be used as an auxiliary intercity passage between the three cities. We have reviewed the Traffic Report and understand that some of the expressway networks surrounding Suxichang South Expressway will be conducting reconstruction and expansion works intensively in the next ten years. During the period of reconstruction and expansion of Shanghai-Nanjing Expressway between 2028 and 2031, another expressway parallel to the Suxichang South Expressway, it is expected a significant volume of traffic to be diverted to Suxichang South Expressway at that time. As a result, the traffic volume was projected to grow more than 70% between 2028 and 2031. Furthermore, traffic volume is expected to grow around 7.5% between 2036 and 2037 because Suxi Taihu tunnel, connecting to the Suxichang South Expressway, would be opened to traffic in the end of 2036 and bring positive impact to the traffic volume of Suxichang South Expressway.

In addition to the above, we have also noted from the Traffic Report that given Suxichang South Expressway and Taihu-rim Expressway, Xiyi Expressway and Shanghai-Nanjing Expressway together form the expressway ring in Wuxi City, Suxichang South Expressway is part of the southern ring and it is more convenient to make use of the Suxichang South Expressway for external links for the users living in the southern Wuxi, especially in Taihu New-city and Mashan area. In addition, the Suxichang South Expressway is adjacent to Taihu Lake which can also serve the collection and distribution function for tourist traffic to the Taihu Lake Scenic Area.

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In view of the above, in particular, the synergy expected to be derived from the Acquisition, we concur with the view of the Management that the Acquisition is in line with the Group's principal businesses and its long-term development strategy.

6. Market outlook of toll road industry in Jiangsu Province

According to the statistics published by the National Bureau of Statistics of China, Jiangsu is the fourth largest province by population based on the 2025 China Statistical Yearbook and its gross regional domestic product has shown an average annual growth of approximately 19.9% between 2015 and 2024.

As disclosed in the 2025 Annual Report, the Group's operating areas are located in the Yangtze River Delta, which is the most economically vibrant region in the PRC. The road and bridge projects owned or invested by the Group involve the roads and bridges serving as the major transport corridors linking roads stretching east-to-west and south-to-north across the Jiangsu Province. The Jiangsu Section of Shanghai-Nanjing Expressway, being the Group's core assets, links six large and medium cities namely Shanghai, Suzhou, Wuxi, Changzhou, Zhenjiang and Nanjing, and is one of the busiest expressways in the PRC.

Jiangsu Province, being favourably positioned near economic hubs such as Shanghai would benefit from favourable economic activities in the region. Jiangsu Province also benefits from its own policies encourage economic growth and investment such as the setup of China (Jiangsu) Pilot Free Trade Zone (中國(江蘇)自由貿易試驗區) under the issuance of the State Council's Agreement for the Setup of Six Trade Free Zone (國務院關於同意新設6個自由貿易試驗區的批覆) by the State Council of the People's Republic of China, which is expected to benefit transportation demand including traffic volume in the nearby areas. On 25 July 2024, the Ministry of Transport and the Ministry of Finance officially announced the list in relation to the first batch of demonstration areas for the digital transformation and upgrade regarding road and waterway transportation infrastructure, and Jiangsu Province was as one of the first batch selected among eight demonstration regions.

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The Suxichang South Expressway is a project part undertaken by the Target Company as a mean to support the Jiangsu provincial effort in response to the “Three Major Strategies” policy promulgated by the National Development and Reform Commission and the Ministry of Transport policies. With reference to Suxichang South Expressway’s geographic location and traffic volume, analysis of the Suxichang South Expressway road network is as follows:

- (i) Suxichang South Expressway is parallel to the Shanghai-Nanjing Expressway and acts as a traffic diversion line of Shanghai-Nanjing Expressway. As part of Jiangsu’s high-speed expressway network plan, and the Shanghai-Nanjing Expressway is planned to be the fifth radiation line of Nanjing, while the Second Ningchang Expressway, Changyi Expressway, the Suxichang South Expressway, Suxi Expressway, Suzhou Southwest-Ring Expressway and Suhu Expressway is planned as the sixth radiation line, the two passages connecting nodes are basically the same. The Suxichang South Expressway mainly diverts Shanghai-Nanjing Expressway’s traffic which starts from Beijing and Anhui directions and ends at Shanghai direction in the road network.
- (ii) The intercity passage between Suzhou, Wuxi and Changzhou. The Shanghai-Nanjing Expressway was originally the only expressway between the central cities of Changzhou, Wuxi and Suzhou originally. The Suxichang South Expressway can serve as an auxiliary intercity passage between the three cities after its completion. At the same time, Shanghai-Nanjing Expressway is located on the north side of the three cities, so there are certain detours for connecting of the southern region in the three cities when utilising Huning Expressway, while the Suxichang South Expressway offers a more direct and convenient route. The Suxichang South Expressway and the Shanghai-Nanjing Expressway together constitute a south and north intercity traffic axis between the centre of Suzhou, Wuhu and Changzhou.
- (iii) A fast channel for external connection from the southern Wuxi. The Suxichang South Expressway and Taihu-rim Expressway, Xiyi Expressway, Shanghai-Nanjing Expressway together form a expressway ring in Wuxi City, and the Suxichang South Expressway is a part of the southern ring, and it is more convenient to make use of the Suxichang South Expressway for external links for the users living in the southern Wuxi, especially in Taihu New-city and Mashan area. In addition, the Suxichang South Expressway is adjacent to Taihu Lake, which can also serve the collection and distribution function for tourist traffic to the Taihu Lake Scenic Area.

Having considered the various favourable national policies which support the future development of Jiangsu Province and the areas connected by/nearby the Suxichang South Expressway, we concur with the view of the Management that the entering into of the Equity Transfer Agreement is fair and reasonable.

7. The Traffic Report

7.1 *Qualification and experience of the traffic consultant*

In assessing the expertise and independence of Jiangsu Weixin, we have (i) reviewed the engagement letter of Jiangsu Weixin regarding the Acquisition; and (ii) conducted an interview with Jiangsu Weixin to discuss, among other things, its experience on traffic consulting projects (including traffic volume and toll revenue projection) and relationship with the Group and the Vendor.

Based on the above, we understand that Jiangsu Weixin has over 30 years of experience as traffic consultant. Mr. Fang Kai (“**Mr. Fang**”) is the senior engineer, registered consulting engineer (investment) and registered consulting expert of Jiangsu Province. Mr. Fang is currently one of the responsible persons of the traffic consultant team of Jiangsu Weixin responsible for the Traffic Report and has over 20 years of experience in conducting feasibility study, design, construction supervision and technical audit of road infrastructure projects in the PRC. Mr. Fang has independently and jointly completed projects for a number of A and/or A and H share listed companies. Jiangsu Weixin has completed over 100 traffic consulting projects in the PRC. Jiangsu Weixin is a third party independent of the Group and the Vendor. We have also reviewed the terms of engagement including their scope of work which we consider that their scope of work is appropriate.

7.2 *Projection methodology*

We have reviewed and discussed with Jiangsu Weixin the methodologies, bases and assumptions adopted to project Suxichang South Expressway’s traffic volume, toll revenue and operation and maintenance costs set out in the Traffic Report.

We noted that Jiangsu Weixin has, among other things, (i) collected historical and projected economic data of Wuxi City, Suzhou City, Changzhou City, Nanjing City, Zhengjiang City, Central Jiangsu area, Northern Jiangsu region, Shanghai City, Zhejiang Province, Anhui Province and Shandong Province which are Suxichang South Expressway’s nearby key neighbouring areas; (ii) the historical and projected traffic data, pattern and toll revenue data of Suxichang South Expressway, (iii) reviewed relevant policies and toll rates of Jiangsu Province published by the regulatory authorities, including the “Jiangsu Provincial Highway Network Plan (2021–2035)” and “Jiangsu Provincial Comprehensive Transportation System Development Plan for the 15th Five-Year Plan Period”; and (iv) analysed the data in (i), (ii) and (iii) above to estimate traffic volume and toll revenue of the Suxichang South Expressway and projected an operation and maintenance costs forecast of the Suxichang South Expressway between 2026 and 2046 (in which the operating right of Suxichang South Expressway will expire).

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According to the Traffic Report and based on our discussion with Jiangsu Weixin, the daily standard traffic volume is expected to grow at an average annual growth rate of around 5.2%. Traffic volume in 2028, 2029, 2030 and 2037 are expected to increase by around 16.3%, 32.8%, 23.0% and 7.5% respectively as compared with that of the prior year primarily due to expansion works of Shanghai-Nanjing Expressway between 2028 and 2031 and the opening of Suxi-Taihu Tunnel, connecting to the Suxichang South Expressway in the end of 2036 which is expected to bring positive impact to the traffic volume of Suxichang South Expressway. However, upon completion of expansion works of Shanghai-Nanjing Expressway and resumption of its operation in 2032, it is expected that partial traffic flow would be directed back to Shanghai-Nanjing Expressway and as such a decline of approximately 5.9% traffic volume is noted in 2032 comparing with that of 2031. In addition, according to Jiangsu Weixin, save for the aforementioned, there is no other major road works and factors that will significantly affect the Suxichang South Expressway's traffic volume and they consider the forecast traffic growth will be largely in-line with the trend of the estimated GDP growth of relevant areas with the fact that GDP is positively correlated to the purchase of vehicles as well as the traffic volume.

In evaluating the fairness and reasonableness of the aforesaid average annual growth rate of around 5.2% assumed in the Traffic Report between 2026 and 2046, we have reviewed the historical traffic data of Suxichang South Expressway since its operation commenced in December 2021 and noted that the average historical annual growth rate of traffic volume (standard flow) between 2022 and 2025 was around 38.4%, with the historical annual growth rate of traffic volume for the latest year being around 40.2% in 2025. Further, as aforementioned, the average annual growth of gross regional domestic product of Jiangsu province was approximately 19.9% between 2015 and 2024. As such, considering the historical performance of Suxichang South Expressway as well as the significant economic improvement of Jiangsu province which would also affect the usage of toll roads, we consider the average annual growth rate of around 5.2% assumed in the Traffic Report between 2026 and 2046 being not unreasonable nor excessive.

In estimating the operation and maintenance costs, Jiangsu Weixin has considered, among other things, the historical operation and maintenance costs of the Suxichang South Expressway, unit costs for maintenance works, current road condition and maintenance schedule of the Suxichang South Expressway. Based on the review of the Traffic Report and as discussed with Jiangsu Weixin, we understand that the total cost is primarily correlated to the traffic volume and such cost is expected to grow at an average annual rate of around 5.0% between 2026 and 2046. Against such backdrop, given that the traffic volume is expected to grow on an average annual rate of around 5.2% between 2026 and 2046, we consider the assumed corresponding average annual growth of around 5.0% for the cost in the Traffic Report between 2026 and 2046 being not unreasonable.

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Furthermore, Jiangsu Weixin has confirmed with us that the adopted methodologies, bases and assumptions are commonly used for traffic volume and toll revenue projection and the Traffic Report is prepared in accordance with the forecasting procedures that is in-line with market practice. Taking into account the above and on the basis that nothing has come to our attention that will cause us to doubt the fairness and reasonableness of the methodologies adopted and the bases used in the Traffic Report, we are of the view that the adopted methodologies, bases and assumptions stated therein are in-line with market practice and the Traffic Report provides a reasonable basis for Kroll to prepare the Valuation Report.

Taking into account the above and on the basis that nothing has come to our attention that will cause us to doubt the reasonableness of the Traffic Report, we are of the view that the adopted methodologies, bases and assumptions stated therein are in-line with market practice.

8. The Valuation Report

The Company has engaged Kroll as the independent valuer to appraise the market value of the 100% equity interest in the Target Company. As stated in the Valuation Report, the market value of the Target Company as at 31 December 2025 (the “**Valuation Date**”) was RMB7,360,000,000 (the “**Appraised Value**”). Based on the Appraised Value, the Consideration of the Target Company represents a discount of approximately 0.25%.

8.1 *Qualification and experience of the Valuer*

In assessing the expertise and independence of Kroll, we have (i) reviewed the engagement letter between the Company and Kroll; and (ii) conducted an interview with Kroll to discuss, among other things, its experience on toll road valuation and relationship with the Group, Jiangsu Communications Holding, Wuxi Transportation and Changzhou Communications Holding. Based on the above, we understand that Kroll (i) is an established appraisal firm with extensive experience in undertaking appraisals and had conducted various toll road valuation projects in the past; and (ii) a third party independent of the Group, Jiangsu Communications Holding, Wuxi Transportation and Changzhou Communications Holding. Moreover, after having reviewed the terms of its engagement (including the scope of work), we consider that their scope of work is appropriate.

8.2 *Valuation methodologies*

We have reviewed with Kroll the valuation methodologies stated in the Valuation Report and are advised that they have considered the cost approach, income approach and market approach in assessing the market value of the Target Company and they have selected the income approach as the primary approach to determine the business enterprise value of the Target Company.

As set out in the Valuation Report, although the cost approach established value based on the cost of reproducing or replacing the property less depreciation from physical deterioration and functional and economic obsolescence, if present and measurable and the approach might be considered the most consistently reliable indication of value for assets without a known used market or separately identifiable cash flows attributable to assets appraised, however, the cost approach is generally not considered applicable to valuation of a going concern business as it does not capture future earning potential of the business. Furthermore, although the market approach considers prices recently paid for similar assets, with adjustments made to the indicated market prices to reflect condition and utility of the appraised assets relative to the market comparable and assets for which there is an established used market may be appraised by this approach, however, Kroll considered that based on their search on the publicly listed companies for application of guideline company method, no companies are considered by it similar to the Target Company in all material aspects.

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As such, the income approach is adopted given it is the conversion of expected periodic benefits of ownership into an indication of value and is based on the principle that an informed buyer would pay no more for the property than an amount equal to the present worth of anticipated future benefits or income from the same or equivalent property with similar risk. We further note that, Kroll has also chosen to rely on the income approach as primary approach to determine the business enterprise value of the Target Company because the Traffic Consultant is considered to have the relevant industry expertise and experience in estimating revenue and operating expenses to substantiate the forecast. As further disclosed in the Valuation Report, the income approach is considered an appropriate and a commonly used valuation methodology in valuation of toll-road companies because it reflects project specific characteristics, including stage of development, concession period and geographic location, and long-term economic benefits of the subject toll-roads.

Given that, such approach is commonly used to value assets that have income streams, the availability of a cash flow forecast confirmed by the Management and primarily substantiated by the Traffic Report, the profit forecast included in the Valuation Report having been reported on by the Company's auditor and financial advisor, and together with the reasons for adopting the income approach and the bases and assumptions used for valuing the Target Company as discussed in below section, we are of the view that the chosen valuation method in arriving the Appraised Value is in line with market practice.

8.3 Valuation bases and assumptions

Based on our discussion with Kroll, under the discounted cash flow method, the current value of an investment is premised upon the expected receipt of future economic benefits such as periodic income, cost savings, or sale proceeds. Indication of value is developed by discounting future net cash flow to the present value at a rate that reflects both the current return requirements of the market and the risks inherent in the specific investment. Given the Target Company was set up for toll road projects, its capital structure will change due to debt repayment or additional borrowing. In this respect, we understand the adjusted present value (the "APV") method was used in order to exclude the distortion resulting from the change in capital structure over the concession period. The APV method is considered to be more appropriate because as compared to net present value (the "NPV") methodology, which takes into account the present value of leverage effects separately, APV splits financing and non-financing cash flows and discounts them separately and therefore, APV is considered as a more appropriate valuation method for valuing companies with high leverages and dynamic capital structures. APV method is able to account for the impact of financing cash flow, such as tax shields, separately and explicitly. Kroll has adopted the APV method in this appraisal because (1) the Target Company had high leverages as of the Valuation Date and (2) the Management forecasted that the Target Company would repay the outstanding loan throughout the forecast period and reach zero debt to equity ratio by 2042 (i.e. dynamic

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capital structures). Also, with reference to our discussion and understanding from Kroll, as part of the valuation of the Target Company, the APV method was adopted to discount the projected free cash flows at a rate of return assuming all-equity financing as fundamental value (the “**Fundamental Value**”). The Fundamental Value then adds the present value of tax shield effect and less total outstanding debt, to arrive at equity interest.

We are advised by Kroll that the annual net cash flows of the Target Company is discounted to present value and such discount rate is based on the unlevered cost of equity according to the APV method. Furthermore, the unlevered cost of equity for the Appraised Value was developed through the application of Capital Asset Pricing Model (the “**CAPM**”), which is the most commonly adopted method of estimating the required rate of return for equity. CAPM states that cost of equity is the risk-free rate plus a linear function of a measure of systematic risk (the “**Beta**”) times equity market premium. In arriving at the Beta of the CAPM, we noted that it was determined with reference to among other things, seven guideline companies in the Chinese toll road sector. We understand the selection basis of the guideline companies were based on (1) public companies listed in Hong Kong with trading history of more than five years and with principal place of operations in the PRC; and (2) companies that are principally engaged in the construction and operation of toll roads. In this regard, we have performed an independent review on these guideline companies and noted that the primary businesses of these Hong Kong-listed companies are in the same industry as the Target Company with 50% or more revenue deriving from expressway construction, operation, maintenance and/or management in the PRC. As such, we consider this selection criteria fair and reasonable.

In addition, we have further discussed with Kroll about the specific assumptions and general assumptions adopted in the Valuation Report and noted that (i) the specific assumptions are mostly related to reliance on Jiangsu Weixin’s projections and assumptions set out in the Traffic Report as well as the loan repayment schedule and the details of the transactions provided and confirmed by the Management, and a discount for lack of marketability of 5% determined by Black-Scholes option pricing method to reflect the applicable discount for lack of marketability to the equity value of the Target Company; and (ii) the general assumptions are common assumptions adopted in business valuation including but not limited to no major changes in the existing political, legal, technological, tax, fiscal or economic conditions in the country or district where the business is in operation. In this regard, we have also conducted independent research on circulars published by listed companies on the Stock Exchange for similar transactions relating to toll roads acquisitions in the market and we noted that the major bases and assumptions in the Valuation Report including but not limited to assumptions with reference to corresponding traffic study reports and general assumptions as stated above are common and in line with the market practice of similar transactions. We are not aware of any material facts which may lead us to doubt the principal bases or assumptions adopted for the valuation.

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Further, with reference to Appendices II and III in the Circular, we noted that KPMG Huazhen LLP had provided confirmation regarding the arithmetical calculations of the discounted future cash flow which the Valuation Report is based, and China Securities (International) Corporate Finance Company Limited also confirmed that the discounted future cash flow have been prepared by the Directors after due and careful enquiry. Based on the above, we are not aware of any material facts which may lead us to doubt the principal bases or assumptions adopted for the valuation.

As a separate procedure to cross-check the Appraised Value by Kroll under the income approach, we had independently performed a comparable analysis and identified 11 companies (“**Comparable Companies**”) whose shares are listed in Hong Kong and are principally engaged in expressway construction, operation, maintenance and/or management in the PRC with 50% or more revenue deriving from this segment. Given the Target Company primarily conducts similar business in the PRC, we consider the Comparable Companies being fair and representative for the purpose of drawing a comparison. Also, we consider the use of price-to-earnings ratio (“**P/E Ratio(s)**”) to be a less suitable valuation methodology in this case as the Target Company has only turned profit since FY2025 and it is still under a robust growth stage and as such, P/E Ratio(s) may not effectively represent its true value as compared to the market. However, as understand from the Company and reviewed on the financials of the Target Company, considering the construction of Suxichang South Expressway was completed and in stable operation for few years, it is considered more appropriate to use the price-to-book ratio (“**P/B Ratio(s)**”) as a common financial analysis tool to evaluate companies with a stable and heavy net assets position.

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Set out in the table below are the details of the Comparable Companies and their respective P/B Ratios:

Company Name	Stock Code	Market Capitalisation (HK\$) (Note 1)	Equity attributable to owners of the equity (HK\$)	P/B Ratio (Note 2)
Sichuan Expressway Company Limited	107.HK/ 601107.SH	19,541,087,658	23,514,297,300	0.8
Shenzhen International Holdings Limited	152. HK	12,843,584,457	35,514,420,000	0.4
Jiangsu Expressway Company Limited	177.HK/ 600377.SH	68,969,021,154	48,603,042,272	1.4
China Resources and Transportation Group Limited	269.HK	106,440,932	(12,828,918,960)	N/A
Shenzhen Expressway Corporation Limited	548.HK/ 600548.SH	21,760,072,015	31,611,956,771	0.7
Zhejiang Expressway Co., Ltd	576.HK	35,624,876,388	60,169,902,390	0.6
Shenzhen Investment Holdings Bay Area Development Company Limited	737.HK	6,430,162,246	5,985,448,560	1.1
Anhui Expressway Company Limited	995.HK/ 600012.SH	29,231,011,046	14,768,436,150	2.0
Yuexiu Transport Infrastructure Limited	1052.HK	5,613,459,500	14,262,560,910	0.4
Qilu Expressway Company Limited	1576.HK	3,410,000,000	7,223,571,810	0.5
Chengdu Expressway Co., Ltd.	1785.HK	3,279,081,960	6,117,079,037	0.5
			Maximum	2.0
			Minimum	0.4
			Average	0.8

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Target Company

(based on the Consideration)	8,589,473,100 (equivalent to approximately RMB7,341,430,000)	8,558,282,866 (equivalent to approximately RMB7,314,771,680)	1.0
(based on the Appraised Value)	8,611,200,000 (equivalent to approximately RMB7,360,000,000)	8,558,282,866 (equivalent to approximately RMB7,314,771,680)	1.0

Source: Bloomberg, website of the Stock Exchange and respective latest published financial reports of the Comparable Companies

Notes:

- 1) *The market capitalisation of the Comparable Companies is calculated based on their respective closing price per share and number of issued shares as at the Latest Practicable Date.*
- 2) *P/B Ratios of the Comparable Companies are calculated based on the equity attributable to owners of the relevant Comparable Companies as published in their respective latest financial reports and the respective market capitalisation as at the Latest Practicable Date.*
- 3) *The currency exchange ratio of RMB to HKD of 1:1.17 is adopted.*

As shown in the table above, the P/B Ratios of the Comparable Companies ranged from around 0.4 times to 2.0 times with an average of around 0.8 times. P/B Ratio of the Target Company of around 1.0 time as represented by each of the Appraised Value and the Consideration, is within the aforesaid range and is close to the average P/B Ratio of the Comparable Companies. In particular, P/B Ratio of the Target Company is also noted to be much lower than that of the Company which has its main operations in the same province as that of the Target Company.

Having considered all the above, we consider the Appraised Value as opined by Kroll under the Valuation Report provides a valid benchmark for assessing the fairness and reasonableness of the Consideration. On the basis that in particular, (i) the Acquisition is in line with the Group's overall business plan in the development of its toll road business in Jiangsu as the Suxichang South Expressway is expected to serve as a complement to the Group's existing key network of expressways which helps expand its highway network and strengthen its position in the industry in Jiangsu Province; and (ii) the Consideration of approximately RMB7,341,430,000 is comparable to the net assets of the Target Company and represents a discount to the Appraised Value, we are of the opinion that the Consideration is fair and reasonable so far as the Independent Shareholders are concerned.

9. Financial effects of the Acquisition

9.1 *Net assets attributable to Shareholders*

Upon Completion, the Target Company will become a wholly-owned subsidiary of the Company and its assets and liabilities will be consolidated into the accounts of the Group. Based on the information provided by the Company and as disclosed in the letter from the Board in the Circular, assuming the Completion took place as at 31 December 2025, net asset attributable to Shareholders is expected to decrease by approximately 1.6%.

9.2 *Net profit attributable to Shareholders*

Upon Completion, the Target Company will become a wholly-owned subsidiary of the Company and its results will be consolidated into the accounts of the Company. As discussed in the letter from the Board, amongst others, net profit of the Target Company for FY2025 of approximately RMB70.6 million has shown a substantial improvement as compared to the net loss of approximately RMB212.6 million for the same period of 2024. The Company expects that the Target Company will continue to generate profits in the future and become another growth point for its future profitability.

9.3 *Gearing*

According to the 2025 Annual Report, the Group's gearing ratio (calculated based on total liabilities divided by total assets) as at 31 December 2025 was 42.96%. Based on the financial information provided by the Management, assuming the Completion took place as at 31 December 2025, having considered (i) the Suxichang South Expressway Company's financial position (including its borrowings, lease liabilities, cash position and total equity) as at 31 December 2025; and (ii) the Consideration payable, it is estimated that the Group's gearing ratio would increase to approximately 50.71%.

9.4 *Working capital*

Based on the financial information provided by the Management, assuming the Completion took place as at 31 December 2025, taking into account (i) the net current liabilities position of the Suxichang South Expressway Company as at 31 December 2025; and (ii) the Consideration payable for the Acquisition, it is expected that the net current liabilities of the Group upon the Acquisition would increase by approximately RMB376 million.

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According to the Letter from the Board, the Consideration of RMB7,341,430,000 is expected to be funded by the bank Loan and the internal resources of the Group. As at 31 December 2025, the Group has readily available loan facility of approximately RMB10 billion from licensed banks in the PRC, which could be used to finance part of the Consideration. In addition, based on the Annual Reports of the Group, the Group had generated net operating cash inflow of approximately RMB6.3 billion and RMB6.8 billion for the years ended 31 December 2024 and 2025 respectively. As at 31 December 2025, the Group had internal resources of over RMB2.45 billion comprising consolidated cash at bank and on hand of approximately RMB611.3 million and structural deposits, short-term equity investments and fund investments etc. of approximately RMB1.841 billion. Having considered the above and in particular, payment of the final instalment of 50% of the Consideration will only be made by 29 September 2027, the Directors do not expect the settlement of the Consideration to have material adverse effect on the working capital of the Group..

Independent Shareholders should note that the discussion above is for illustrative purposes only and may not necessarily represent the actual financial position and performance of the Group as a result of the Acquisition in the future.

10. Risk factors

Operation of the toll roads maybe adversely affected or interrupted by variety of events, such as serious traffic accidents, natural disasters and other unforeseen circumstances. Traffic flows are sensitive to changes in the government's policy such as town planning, provincial and municipal transportation networks, traffic regulation, licensing and registration of vehicles.

The Traffic Report has been made subject to certain bases and assumptions, and has been prepared using such analytical methods and models as were considered appropriate by the Traffic Consultant. However, it should be noted that traffic volumes and the toll revenues may be affected by a number of factors including the quality and neighborhood of alternative expressways, number of vehicles, gasoline prices, weather conditions, environmental regulations, taxation, political, legal or economic conditions.

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DISCUSSION

Having taken into consideration of the above principal factors and reasons, including:

- (i) as detailed in the section “5. Reasons for and benefits of the Acquisition” above, given the coverage and location of the Suxichang South Expressway, the Suxichang South Expressway is expected to serve as a complement to the Group’s existing key network of expressways which helps expand its highway network and strengthen its position in the industry in Jiangsu Province;
- (ii) the Acquisition is in line with the Group’s overall business plan in the development of its toll road business in Jiangsu;
- (iii) as discussed in the section “8. The Valuation Report” above, the Consideration of approximately RMB7,341,430,000 represents a discount to the Appraised Value;
- (iv) as discussed in the section “3.9 Performance Compensation Undertakings” above, the Performance Compensation Undertakings provided by Jiangsu Communications Holding, Wuxi Transportation and Changzhou Communications Holding in favour of the Company serves as an additional protection to the Shareholders’ interests under the Acquisition for the performance undertaking period in the event that such projected net profits is not substantially achieved; and
- (v) as detailed in the section “9. Financial effects of the Acquisition” above, the Acquisition is not expected to have material adverse financial effects on the Group immediately upon Completion,

we are of the view that the terms of the Acquisition are fair and reasonable and in the interest of the Company as a whole.

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OPINION AND RECOMMENDATION

Having taken into account the above principal factors and reasons, we consider that although the Acquisition is not in the ordinary and usual course of business of the Group, the terms of the Equity Transfer Agreement are on normal commercial terms and fair and reasonable as far as the Independent Shareholders are concerned and in the interests of the Company and the Shareholders as a whole. We therefore advise the Independent Board Committee to recommend, and ourselves recommend, the Independent Shareholders to vote in favour of the resolution(s) to be proposed at the EGM to approve the Equity Transfer Agreement.

Yours faithfully,
for and on behalf of

SOMERLEY CAPITAL LIMITED

Lyan Tam
Director

Lyan Tam is a licensed person and responsible officer of Somerley Capital Limited registered with the SFC to carry out type 6 (advising on corporate finance) regulated activities under the SFO and have participated in the provision of independent financial advisory services for various transactions involving companies listed in Hong Kong for more than 20 years.

The following is the full text of the Valuation Report from the Valuation Consultant, Kroll Consulting (Shenzhen) Ltd., Beijing Branch, for inclusion in this circular.

30 September 2026

The Directors
Jiangsu Expressway Company Limited
6, Xianlin Avenue, Qixia District
Nanjiang, Jiangsu Province
P. R. China

Our Ref.: E070993C

Dear Sirs,

VALUATION REPORT ON MARKET VALUE OF 100% EQUITY INTEREST OF
江蘇蘇錫常南部高速公路有限公司

Pursuant to the terms, conditions and purpose of an engagement agreement dated June 11, 2026 (the “**Engagement Agreement**”) between Jiangsu Expressway Company Limited (“**Jiangsu Expressway**”, the “**Company**” or the “**Client**”) and Kroll Consulting (Shenzhen) Limited (“**Kroll**”), we have performed an analysis of the market value (the “**Valuation**”) of 100% equity interest of Jiangsu Suxichang South Expressway Co., Ltd (“**Suxichang South Expressway Company**” or the “**Subject Company**”), as of December 31, 2025 (the “**Valuation Date**”). We understand that the Company contemplates the acquisition of 100.0% equity interest of the Subject Company (the “**Transaction**”) and the Valuation is prepared based on the underlying assumptions and information provided by the management of the Company and the Subject Company (together the “**Management**”).

This letter identifies the asset appraised, describes the scope of work, states the basis of value, specifies key inputs and assumptions, explains the valuation methodology utilized, and presents our conclusion of value. In preparing this letter, we aim to largely comply with the reporting standards recommended by the International Valuation Standards (“**IVS**”). The depth of discussion contained in this letter is specific to the needs of the Client and for the intended use as stated below. Supporting documentation concerning these matters has been retained in our work papers.

We understand that Jiangsu Expressway, with our consent, will disclose this letter in the circular for their shareholders and to The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) pursuant to the requirements of the Rules Governing the Listing of Securities on the Stock Exchange. No third party shall have the right of reliance on this letter and neither receipt nor possession of this letter by any third party shall create any express or implied third-party beneficiary rights.

PURPOSE OF VALUATION

The Client intends to acquire 100.0% equity interest in Suxichang South Expressway Company from its shareholders. With the Client's approval and as stipulated by the Engagement Agreement in formulating our opinion on the transaction market value of equity interest in the Subject Company, we relied upon completeness and accuracy of operational, and financial information provided by the Management. To the extent that any of these assumptions or facts changed, the result of our market value conclusion should be different.

The intended use of the Valuation is to serve a part of the information the Company considered in assessing its own decision regarding the Transaction and the corresponding transaction price. The ultimate Transaction, if happens, and the corresponding transaction price would be the results of negotiations between the transacting parties. The responsibility for determining the transaction price of the equity interest of the Subject Company rests solely with the Company. The results of our analysis should not be construed to be a fairness opinion, a solvency opinion, or an investment recommendation. It is inappropriate to use our valuation report for purposes other than its intended use or by third parties. These third parties should conduct their own investigation and independent assessment of the financial projections and underlying assumptions.

STANDARD AND BASIS OF THE VALUATION

The Valuation was prepared on the basis of market value standard under the premise of continued use. Market Value is defined as the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion under IVS.

Our opinion of value was established under the premise of continued use, which reflects the condition where the buyer and the seller contemplate retention of the business and related assets as part of current or forecast operations.

Business enterprise is defined for this appraisal as the total invested capital, that is, equivalent to the combination of all interest-bearing debts, shareholders' loans and shareholders' equity. Alternatively, the business enterprise is equivalent to the combination of all tangible assets (buildings, machinery and equipment), long-term investment, net operating working capital and intangible assets of a continuing business. Equity interest is equivalent to business enterprise value less interest-bearing debts.

TRAFFIC REPORT

The Traffic Consultant's Report on the projected revenues and operating expenses of the Subject Company was prepared by 江苏纬信工程咨询有限公司(the "**Traffic Consultant**"). It provides the projected revenue and operating expenses of the Subject Company between 2026 and 2046. The Traffic Consultant has been involved in several national road traffic projects in difference provinces in China including projects of listed companies and was hired as traffic consultant in this Valuation. A discussion with the Traffic Consultant has been conducted to understand the assumptions, methodologies and conclusions of the Traffic Consultant's Report. We relied on the revenue and expenses projections provided by the Traffic Consultant as basis in forming our opinion of value.

DESCRIPTION OF THE SUBJECT COMPANY

Established on March 14, 2017, the Subject Company is a company established under the laws of PRC and is an associate of Jiangsu Communications Holding Co. Ltd. Its registered capital is RMB7.96 billion. The Subject Company is principally engaged in construction, management and operation of Suxichang South Expressway (the "**Subject Road**").

Suxichang South Expressway starts from the Qianhuang Hub of the Changyi Expressway, passes through Qianhuang Town of Changzhou City, goes under the Yaoxian Mountain and then enters the territory of Mashan in Wuxi. It then passes eastward through the Taihu Tunnel in Wuxi and ends at the Nanquan Hub, connecting with the Wuxi Huantaihu Highway. Suxichang South Expressway is 43.90 kilometers in total length, with 22.43 kilometers in Wuxi and 21.47 kilometers in Changzhou.

Suxichang South Expressway was completed and opened to traffic on December 30, 2021. According to 《省政府關於同意蘇錫常南部高速公路常州至無錫段開徵車輛通行費的批覆》(the "**Announcement**") issued by Jiangsu Provincial Government on December 16, 2021, the Subject Company was granted the operating right of Suxichang South Expressway for a term of 25 years, commencing from December 2021 and ending in December 2046.

REVIEW OF FINANCIAL STATEMENTS OF THE SUBJECT COMPANY

We have reviewed the audited financial statements of the Subject Company for the financial years ended December 31, 2020, December 31, 2021, December 31, 2022, December 31, 2023, December 31, 2024 and December 31, 2025 provided by the Management without further verification.

The historical consolidated financial statements were presented as below:

RMB'000 unless specified otherwise	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025
Revenue	–	1,609	383,429	581,893	606,426	820,851
Cost of Revenue	–	(1,506)	(413,006)	(534,689)	(604,499)	(579,540)
Gross Profit	–	103	(29,577)	47,204	1,926	241,311
Earnings Before Interest and Tax (“EBIT”)	(184)	(2,721)	(29,848)	46,888	(851)	238,111
Net Profit/Loss	(184)	(2,041)	(320,620)	(214,809)	(212,623)	70,633
Current Assets	56,815	752,201	591,992	503,196	194,950	350,384
Non-current Assets	10,341,235	15,226,815	14,848,265	13,887,891	13,936,261	13,487,162
Current Liabilities	21,797	2,114,948	1,020,040	896,674	603,220	726,598
Non-current Liabilities	4,151,000	6,801,556	7,278,325	6,075,800	6,322,000	5,834,325
Shareholders’ Equity	6,225,253	7,062,512	7,141,892	7,418,613	7,205,990	7,276,623

Source: the Management

The Subject Company generates revenue from toll charge made on vehicles using the road for transportation. The Subject Road opened to traffic on December 30, 2021 and the Subject Company recorded revenue of approximately RMB383.4 million in 2022. The revenue increased by 52% to RMB582 million in 2023, as the COVID-related traffic restrictions were fully removed and the Jiangsu section of Beijing-Shanghai Expressway completed its expansion and opened to traffic in 2023, bringing more southbound traffic to the Subject Road. In 2024, the revenue grew to RMB606 million with a growth rate of 4.2%. In 2025, the Subject Company generated revenue of RMB821 million with a growth rate of 35.4%, mainly driven by positive factors such as traffic diversion resulting from the expansion of the Yanjiang Expressway.

Cost of revenue and operating expenses primarily includes operating costs, maintenance costs, depreciation and amortization and others. Cost of revenue and operating expenses were RMB413.3 million, RMB535.0 million, RMB607.3 million and RMB582.7 million in 2022, 2023, 2024 and 2025, respectively. Thus, the Subject Company recorded operating loss of RMB29.8 million in 2022, operating profit of RMB46.9 million in 2023, operating loss of RMB0.9 million in 2024 and operating profit of RMB238.1 million in 2025.

After deducting net interest expenses for the loans, the Subject Company recorded the net loss of RMB320.6 million, RMB214.8 million and RMB212.6 million in 2022, 2023 and 2024, respectively. In 2025, the Subject Company achieved net profit of RMB70.6 million.

As of December 31, 2025, the book value of total assets and net asset value amounted to approximately RMB 13.84 billion and RMB7.28 billion respectively. The intangible asset, toll road operation rights, was approximately RMB12.74 billion.

ECONOMIC OUTLOOK

A sound appraisal of a business or business interest must consider current and prospective economic conditions of the national economy. The major variables reviewed in order to evaluate the overall state of the national economy include the current level of and changes in the gross domestic product (GDP), exchange rate, and the inflation rate. An overview of the national economies of China was essential to develop this outlook. The following economic discussion was extracted from Economist Intelligence Unit (“EIU”) dated February 16, 2026.

China

EIU forecasted that China’s real growth will slow to 4.6% in 2026. The external sector’s contribution will shrink, given the unsustainable large trade surplus. Real exports will slow as the trade frontloading seen in 2025 comes to an end, although strong product competitiveness, growing trade with non-US markets and AI-related exports (such as chips, printed circuit boards and cooling equipment) will forestall a deep correction. Domestic demand will play a growing role in the economy. Private consumption will remain a leading driver of economic growth, as the government tries to stimulate consumer spending with subsidies, income transfers and non-financial incentives, but diminishing returns from such policies mean that growth will decelerate from 2025. Fixed investment growth will recover. Manufacturers will be cautious about committing capital (or will divert it overseas) as overcapacity remains an issue, but the government will have greater fiscal room for strategic projects that bolster resilience against natural disasters and geopolitical conflicts. EIU expected another year of property downturn in 2026. As the government is unlikely to intervene decisively, developers will continue to downsize their operations, constrained by losses on their projects and the need to prioritize debt repayment (some have been able to secure debt restructuring). The commercial banking sector faces limited exposure, but shadow banking and the broader economy will still feel the pinch. Housing prices will continue to slide, albeit at a lower pace than in 2025; EIU does not expect stabilization before 2027. Growth will slow further in 2027-30. Rivalry

with the US will drag on against a backdrop of global protectionism. This will continue to hit China through weaker global demand, even as exporters seek alternative markets. China's lengthy investment in advanced manufacturing and technologies will pay off in some areas, providing upside risks to EIU's growth forecasts. In contrast, "legacy industries" (spanning traditional industries such as steel, glass and cement, but also some downstream industries such as non-electric automotive, textiles and machinery) will face consolidation. Slack in the labor market remains a concern. The private sector has been cautious about hiring, and the room for the public sector to recruit is limited. The sustained contraction of the property sector has hit the ability of the construction sector to absorb labor. Meanwhile, China's giant manufacturing sector has become more capital- and technology- intensive, relying less on labor input. The emergence of AI and automation is also reducing labor demand. Elevated underlying unemployment will dampen consumer demand and pose risks to social stability. There are some upside risks to EIU's growth forecast. The government's aim of becoming a moderately developed country in terms of income requires average real growth of 4.2% over the next ten years, according to the government's own interpretation. Given the downward trend in potential growth, tied primarily to a shrinking labor force, officials may be motivated to stick to a growth target range of 4.5-5% in the coming years.

China faces significant challenges in reflating its economy. A combination of persistent structural overcapacity, the property downturn, a mixed labor market and moderating energy prices is fueling strong deflationary pressures, to the detriment of corporate profit margins and consumers' willingness to spend. Aware of the deflationary pressures gripping the country, policymakers are attempting to reflate the economy via public spending, monetary easing and the rationalization of consumer goods subsidies, which will put a floor under prices. Other major drivers include elevated gold prices and, to a lesser extent, rising services prices. There will also be some modest support from food prices, given an expected reduction in swine supply, although this would probably be offset by a year-on-year fall in vegetable prices. EIU forecasted that consumer prices will improve moderately in 2026, growing mildly by 0.9% (compared to marginal negative growth in 2025). Inflation will remain below the government's 2% target, averaging just 0.9% in 2026-30 and reflecting the long journey to the restoration of balance between supply and demand. Similar dynamics will suppress producer prices, which EIU expects to inch up by 0.3% in 2026 (although that will be an improvement from the contraction of 2.6% in 2025). EIU assessed that the restructuring of China's overcapacity sectors is already well in motion, although the consolidation process will characterize 2026, if not beyond, given complexity across sectors. The gradual approach preferred by the central government will lead to slower producer price normalization than would otherwise occur in a quick consolidation campaign. The deflationary effects of the trade war—from demand among US importers to lower prices, weaker global demand, intensified industrial overcapacity and slips in certain commodity prices—will also be a dominant factor in the near term. The long-term price outlook is mixed. A tightening of the labor market, driven by demographic changes, will put a floor under wage growth. However, AI diffusion could provide a counterfactor to wage-led inflation, as it improves labour productivity, which could further intensify deflationary pressures.

EIU forecasted a modest appreciation of the renminbi in 2026-30. The currency has been significantly undervalued in terms of the real effective exchange rate. Full normalization will be constrained by strong outward investment flows and weak direct investment inflows, both of which offset the current-account surplus. Geopolitical tensions and policy uncertainty have made foreign direct investors reluctant to commit capital. To manage renminbi volatility, Chinese authorities also employ intervention mechanisms to prevent sharp capital inflows and outflows and to maintain capital control. Since 2025 China's resilience against the trade war with the US has helped to bolster confidence in the renminbi, while investors' doubt over Mr. Trump's policies has also eroded the dollar's strength. To date, the renminbi is weaker than China's economic fundamentals would have suggested, and the currency has underperformed many other non-dollar peers such as the euro. These factors pave the way for more strengthening in 2026, against both the dollar and other currencies. EIU expected the exchange rate to average Rmb6.94:US\$1 in 2026. Ultimately, the Chinese government prioritizes stability. It did not depreciate the renminbi aggressively to cushion against trade shocks in 2025 and it will not do so over 2026- 30; neither will it favor a quick appreciation. China will promote the use of the renminbi as a reliable international currency, at a time when confidence in the US dollar is eroded by Mr. Trump's policies. The outlook for renminbi internationalization is mixed, however. As it still records a large current-account surplus, China will tap into the capital account to funnel the currency globally. In EIU's view, it could aim at creating an enormous, freely tradable offshore renminbi liquidity pool by committing a greater amount of overseas aid and loans and increasing the global supply of renminbi-denominated assets. Still, the renminbi will only emerge as a credible secondary alternative in the medium term, rather than a ready substitute to the US dollar. In particular, it lacks the network effect the dollar enjoys through its vast global banking network.

INDUSTRY OVERVIEW

The following section was extracted from 2025 annual report of Jiangsu Expressway Company Limited.

2025 saw the national economy maintained its stable and positive trajectory, with high-quality development advancing further. As a “bellwether” of economic activity, the performance of the transportation industry is highly correlated with GDP growth and total social output value. China's GDP in 2025 exceeded RMB140 trillion, representing a year-on-year increase of 5%. The steady release of domestic demand and the deeper integration of regional economies provided a solid foundation for road transportation.

Supported by a robust macroeconomic environment, the supply side of expressways has gradually entered the phase of “enhancing quality of existing assets”. At present, the national expressway network, particularly the backbone national corridors, has achieved a high degree of connectivity. Against the backdrop of tightening land resources in core economic zones and increasing environmental protection requirements, the scarcity of high-quality road assets in key regions has been further consolidated.

As the layout of the road network aligns more closely with travel demand, the traffic structure of the industry has demonstrated considerable resilience. Currently, passenger vehicle traffic dominates the road network, with a blend of short-distance trips and long-distance self-driving demand forming a stable foundation for toll revenue. In terms of freight transport, precision logistics, primarily involving high-value-added and time-sensitive goods, has become the norm for operations along core corridors. Furthermore, “digital and intelligent empowerment” and “green and low-carbon initiatives” are emerging as new engines driving the industry’s high-quality transformation and development.

Jiangsu Province is one of China’s most economically developed provinces, characterized by strong vitality in its non-public sector economy. In 2025, Jiangsu’s regional GDP exceeded RMB14 trillion, representing a year-on-year increase of 5.3%. The increment maintained its position as the highest in the nation. The economic aggregate has consecutively crossed the thresholds of RMB4 trillion over the past five years. As the most economically developed region in Jiangsu Province, the southern Jiangsu area supports sustained growth in traffic demand through its robust industrial synergy and active trade environment.

Policies relating to road transportation industry in recent years

On 11 May 2024, the General Office of the State Council issued the “2024 Legislative Work Plan of the State Council”, which listed the “Regulations for the Administration of Toll Highways” as one of the administrative regulations to be formulated or revised in 2024. On 12 May 2025, the Ministry of Transport included the “Regulations on the Administration of Toll Highways (Revision)” in its annual legislative work plan as a “legislative project to be completed within the ministry or published within the year”. Currently, the time of official promulgation of the revised Regulations for the Administration of Toll Highways has not yet been determined.

On 2 June 2021, the Ministry of Transport and other three departments issued the Implementation Plan for Comprehensively Promoting Differentiated Toll Collection on Expressways 《全面推廣高速公路差異化收費實施方案》), proposing to (comprehensively promote differentiated toll on expressways. The Taihu Tunnel of the Changzhou-Wuxi section of the Suzhou-Wuxi-Changzhou Southern Expressway, implements a differentiated toll policy. The Wuxi Municipal Bureau of Transportation, through a service purchase agreement, provides toll concessions for non-commercial ETC-equipped passenger vehicles registered in Wuxi with a certified seating capacity of nine persons or fewer. In December 2024, the People's Government of Jiangsu Province issued a letter agreeing to the continuation of the differentiated toll policy for the Taihu Tunnel for three years (from 30 December 2024 to 29 December 2027). The eligible vehicles and concessionary route remain unchanged, while the preferential toll rate is adjusted from RMB15 per trip to RMB10 per trip.

On 25 July 2024, the Ministry of Transport and the Ministry of Finance officially announced the list in relation to the first batch of demonstration areas for the digital transformation and upgrade regarding road and waterway transportation infrastructure, and Jiangsu Province was as one of the first batch selected among eight demonstration regions.

SCOPE OF WORK AND KEY ASSUMPTIONS

Our investigation included discussions with the Management with regard to the history, operations and prospects of the Subject Company, overview of certain financial data, an analysis of the industry and competitive environment, an analysis of guideline companies, and a review of transactions, operating statistics and other relevant documents. For this appraisal, we made reference to or reviewed the following major documents and data:

- Audited financial statements of the Subject Company for the financial years ended December 31, 2020, December 31, 2021, December 31, 2022, December 31, 2023, December 31, 2024, and December 31, 2025;
- A copy of the Traffic Report with financial projection and the breakdown of major operating expenses prepared;
- Summary of key terms of bank borrowing of the Subject Company;
- Other relevant documents

We assumed that the data we obtained in the course of the Valuation, along with the opinions and representations provided to us by the Management, are true and accurate and accepted without independent verification except as expressly described herein. We have no reason to suspect that any material facts have been omitted, nor are we aware of any facts or circumstances which would render the information, opinion and representations made to us to be untrue, inaccurate or misleading. In arriving at our opinion of value, we have considered the following principal factors:

- the stage of development of the Subject Company
- the historical costs and current financial condition of the Subject Company
- the economic outlook for major countries affecting industry
- the legal and regulatory issues of the toll road industry in general and other specific legal opinions relevant to the Subject Company
- the risks associated with the Subject Company
- the history and experience of Management.

Due to the changing environments in which the Subject Company are operating, a number of assumptions have to be made in arriving at our value conclusion. The key assumptions adopted in this valuation are:

- no major changes are expected in political, legal and economic conditions in China;
- regulatory environment and market conditions for toll road industry in China will be developing according to prevailing market expectations;
- there will be no major changes in the current taxation law applicable to the Subject Company;
- the Subject Company will not be constrained by the availability of finance;
- the future movement of exchange rates and interest rates will not differ materially from prevailing market expectations;
- the Subject Company will retain competent management, key personnel and technical staff to support their ongoing operations.

VALUATION METHODOLOGY OVERVIEW

In the appraisal of the equity, or the net assets, of a business, regardless of their diversity, location, or technological complexity, there are three basic approaches to perform a valuation. The descriptive titles typically attached to these approaches are cost, income, and market. In normal circumstances, the appraiser is obliged to consider all three approaches, as any, or perhaps all, may provide reliable measures of value.

Cost approach established value based on the cost of reproducing or replacing the property less depreciation from physical deterioration and functional and economic obsolescence, if present and measurable. This approach might be considered the most consistently reliable indication of value for assets without a known used market or separately identifiable cash flows attributable to assets appraised.

Income approach is the conversion of expected periodic benefits of ownership into an indication of value. It is based on the principle that an informed buyer would pay no more for the property than an amount equal to the present worth of anticipated future benefits (income) from the same or equivalent property with similar risk.

Market approach considers prices recently paid for similar assets, with adjustments made to the indicated market prices to reflect condition and utility of the appraised assets relative to the market comparable. Assets for which there is an established used market may be appraised by this approach.

To develop our opinion of value, the three generally accepted approaches to value are considered: cost, market and income. While useful for certain purposes, the cost approach is generally not considered applicable to the valuation of a going concern business, as it does not capture future earning potential of the business. Thus, cost approach is not utilized in the valuation. We searched for publicly listed companies for application of guideline company method, but no companies are similar to the Subject Company in all material aspects. In view of the above, in forming our opinion, we rely upon the income approach as primary approach to determine the business enterprise value of the Subject Company. We consider the income approach appropriate because the Traffic Consultant has relevant industry expertise and experience in estimating revenue and operating expenses to substantiate the forecast. We consider the income approach as an appropriate and a commonly used valuation methodology in valuation of toll-road companies because it reflects project specific characteristics, including stage of development, concession period and geographic location, and long-term economic benefits of the subject toll-roads.

INCOME APPROACH

Under the discounted cash flow method, it explicitly recognizes that the current value of an investment is premised upon the expected receipt of future economic benefits such as periodic income, cost savings, or sale proceeds. Indication of value is developed by discounting future net cash flow to the present value at a rate that reflects both the current return requirements of the market and the risks inherent in the specific investment.

As the Subject Company was set up for such toll road projects, its capital structure will change due to debt repayment or additional borrowing. The Adjusted Present Value (the “**APV**”) method was used in order to exclude the distortion resulting from the change in capital structure over the concession period. APV is a modified form of Net Present Value (NPV) that takes into account the present value of leverage effects separately. APV splits financing and non-financing cash flows and discounts them separately. APV is considered as a more appropriate valuation method for valuing companies with high leverages and dynamic capital structures because this method accounts for the impact of financing cash flow, such as tax shields, separately and explicitly. We selected APV method in this appraisal because (1) the Subject Company had high leverages as of the Valuation Date and (2) Management forecasted that the Subject Company would repay the outstanding loan throughout the forecast period and reach zero debt to equity ratio by 2042 (i.e. dynamic capital structures).

In the Valuation, the APV method values an enterprise or project by discounting projected free cash flows at a rate of return assuming all-equity financing as fundamental value (the “**Fundamental Value**”). The Fundamental Value then adds the present value of tax shield effect and less total outstanding debt, to arrive at equity interest.

Definition of Free Cash Flow

The term free cash flow (“**FCF**”) can be represented by the following equation:

$$\text{FCF} = \text{NI} + \text{DEPR} + \text{INT} - \text{CAPEX} - \text{NWC}$$

Where:

FCF	=	projected free cash flow available to equity and debt holders
NI	=	net income after tax
DEPR	=	depreciation and amortization expenses
INT	=	interest expense after tax
CAPEX	=	capital expenditures
NWC	=	changes in net working capital (current assets net of current liabilities)

A major requirement of the APV method is an earnings forecast, in particular a cash flow projection. The yearly FCF for the projection period of 2026 to 2046 was derived based on the above formula. The operating right of Suxichang South Expressway will expire in December 2046, hence the enterprise was assumed to transfer the expressway back to the government upon the termination of the concession period.

Discount Rate

The rate at which the annual net cash flows of the Subject Company discounted to present value is based on the estimated unlevered cost of equity according to the APV method as described above.

The unlevered cost of equity for the Valuation was developed through the application of the Capital Asset Pricing Model (“**CAPM**”), which is the most commonly adopted method of estimating the required rate of return for equity. CAPM states that the cost of equity is the risk-free rate plus a linear function of a measure of systematic risk (“**Beta**”) times equity market premium in general. In estimating the Beta, we have observed the share price movement of guideline companies in Chinese toll road sector relative to overall equity market index. The guideline companies were selected based on the criteria below:

1. Public companies listed in Hong Kong with trading history more than five years and with principal place of operation in the PRC; and
2. Public companies that are principally engaged in the construction and operation of toll roads.

Comparable Companies		Bloomberg Code	Market capitalization as of December 31, 2025 (in million)	Principal business activities
1	Zhejiang Expressway Co Ltd	576 HK	RMB38,873	Zhejiang Expressway Co., Ltd., through its subsidiaries, designs, constructs, operates, and manages high grade roads, as well as develops and operates certain ancillary services, such as technical consultation, advertising, automobile servicing, and fuel facilities.
2	Sichuan Expressway Co Ltd	107 HK	RMB17,354	Sichuan Expressway Company Limited offers expressway investment and construction services. The Company builds toll highway, bridge, tunnel, and other traffic projects. Sichuan Expressway also conducts city operation, energy, media and financial investment businesses.
3	Shenzhen Investment Holdings Bay Area Development Co Ltd	737 HK	RMB5,147	Shenzhen Investment Holdings Bay Area Development Company Limited provides infrastructure construction services. The Company provides highway construction, bridge construction, and other related services. Shenzhen Investment Holdings Bay Area Development offers services in China.
4	Anhui Expressway Co Ltd	995 HK	RMB23,651	Anhui Expressway Co. Ltd. principally holds, operates and develops toll expressways and highways in Anhui province in China.
5	Shenzhen Expressway Corp Ltd	548 HK	RMB20,527	Shenzhen Expressway Corporation Limited operates expressways. The Company provides expressway construction, investment, maintenance, and service station leasing services. Shenzhen Expressway also conducts real estate development, advertising, and engineering consulting businesses.

Comparable Companies	Bloomberg Code	Market capitalization as of December 31, 2025 (in million)	Principal business activities
6 Jiangsu Expressway Co Ltd	177 HK	RMB57,170	Jiangsu Expressway Company Limited operates highway businesses. The Company provides toll highway investment, construction, and maintenance services. Jiangsu Expressway also conducts highway passenger transportation, refuelling, catering, car repair, and advertisement businesses.
7 Yuexiu Transport Infrastructure Ltd	1052 HK	RMB7,106	Yuexiu Transport Infrastructure Ltd., through its subsidiaries, invests in, develops, operates, and manages toll highways, expressways, and bridges in China.

The computation of the estimated discount rate is shown as follows:

$$K_e = R_f + \beta (ERP) + \alpha$$

Where:

K_e = Required rate of return for equity

R_f = Risk-free rate of return = 2.22% The R_f is based on the yield on Chinese government's long-term bond (maturity in 2045) as of the Valuation Date.

β = Unlevered Beta = 0.22 Unlevered Beta is a measure of the relationship between industry risk and the aggregate market in all-equity scenario. It is based on the unlevered Betas of the selected comparable companies.

ERP = Equity risk premium = 5.6% The ERP is the expected return of the market (R_m) in excess of the risk-free rate (R_f), or, is based on US equity risk premium plus the market systematic risk in China.

CSR = Company Specific Risk = 3.5% CAPM only capture systematic risks, which cannot be diversified through holding a portfolio of investments. In valuing a particular business, company-specific risk premium should be considered. In determining an appropriate company specific risk premium, we used an internally developed scorecard to assess various qualitative risk factors specific to the Subject Company, including 1) operating history; 2) growth projection; 3) management track record; 4) stability of earning; 5) product/services concentration risk; 6) degree of reliance on key person; 7) degree of reliance on key suppliers; and 8) degree of competition. In this appraisal, we applied a risk premium of 3.5% to reflect geographic concentration risk of the Subject Company.

The computation above indicated that a discount rate of 7.0% should be appropriate for appraising the Fundamental Value of the Subject Company. We also compared the computed discount rate with the required rate of return recommended by Chinese regulatory authorities' guidance on investments in infrastructure projects as a reasonableness check. We concluded that a 7% discount rate should be appropriate for the Valuation.

Projection Assumption

The major projection assumptions were listed as below:

(Years ended/ending 31 December. All figures in RMB'000 unless specified otherwise)

RMB'000	2026	2027	2028	2029	2030	2031	2032
Net Revenue <i>(Note 1)</i>	827,037	825,606	977,193	1,308,587	1,618,569	1,711,927	1,609,862
Cost and Operating Expenses	(493,253)	(504,994)	(559,333)	(677,819)	(747,184)	(773,469)	(717,712)
EBIT	333,783	320,611	417,859	630,768	871,385	938,457	892,150
Income Tax Expense	–	–	–	(114,392)	(193,699)	(211,603)	(200,027)
Net Income	179,594	172,173	279,852	405,901	581,097	634,810	600,080
RMB'000	2033	2034	2035	2036	2037	2045	2046
Net Revenue <i>(Note 1)</i>	1,678,532	1,746,844	1,812,697	1,871,826	2,007,138	2,317,119	2,320,624
Cost and Operating Expenses	(736,514)	(769,129)	(801,175)	(1,288,884)	(881,816)	(1,037,307)	(1,050,228)
EBIT	942,018	977,715	1,011,523	582,942	1,125,322	1,279,812	1,270,396
Income Tax Expense	(212,494)	(222,103)	(231,760)	(127,917)	(267,184)	(319,953)	(317,599)
Net Income	637,481	666,310	695,280	383,751	801,551	959,859	952,797

Note 1: Revenue used in cashflow forecast is net of 9% VAT.

Revenue

Revenue is mainly driven by imposing toll charges on vehicles using the road for transportation purposes. In the Traffic Report, vehicles are charged according to their type, weight and the distance of road the vehicles have taken for transport. Historical traffic data, economic research, etc., were considered by the Traffic Consultant in their projections. Standard toll charge of each vehicle type is assumed unchanged over the period of the concession right. Thus, the revenue growth would be driven by the increase in traffic and/or change in traffic mix by vehicle type. The traffic volume estimated by the Traffic Consultant are summarized in the table below:

Traffic Volume	2026	2027	2028	2029	2030	2031	2032
pcu/day	51,090	51,788	60,254	80,043	98,486	104,172	98,014
YoY Growth Rate	-3%	1%	16%	33%	23%	6%	-6%
Traffic Volume	2033	2034	2035	2036	2037	2045	2046
pcu/day	102,521	106,732	110,794	114,143	122,666	141,985	143,114
YoY Growth Rate	5%	4%	4%	3%	7%	1%	0.8%

In forming our opinion of value, projected revenue from the final conclusions of the Traffic Report was adopted as the basis of our valuation. According to the Traffic Consultant, toll revenue was derived by multiplication of the distance of road, toll charge rate, traffic volume, number of days and adjustment rate. Revenue was estimated to increase from RMB0.83 billion in 2026 to RMB2.32 billion in 2046, representing a CAGR of 5.29%.

Revenue would remain at RMB0.83 billion in 2026–2027. Due to the planned expansion project of Shanghai- Nanjing Expressway, another expressway parallel to the Subject Road, the revenue was projected to increase from RMB0.98 billion in 2028 to RMB1.62 billion in 2030 and then drop from RMB1.71 billion in 2031 to RMB 1.61 billion in 2032. Then the revenue would grow from RMB1.87 billion in 2036 to RMB2.0 billion in 2037 because Suxi Taihu tunnel, connecting to the Subject Road, would be opened to traffic in the end of 2036 and bring positive impact to traffic volume of the Subject Road.

Cost of Revenue and Operating Expenses

Cost of revenue and operating expenses include toll related expenses, three major system maintenance expenses, road maintenance expenses, the depreciation expenses of fixed assets and the amortization expenses of toll road operation right in the forecast. The total cost of revenue and operating expense was estimated to be approximately RMB493 million in 2026 and eventually to RMB1.05 billion in 2046. Toll related expenses and three major system maintenance expenses to revenue ratio were expected to remain at a stable level with an average of 6.4%. Road maintenance expenses would decrease slight from approximately 3% of revenue in 2026 to 2% of revenue in 2029 and remain at 1.6%~1.7% of revenue for the period of 2030–2046, except for 2036 when it was estimated to be 26% of revenue because there would be a special maintenance that year. The depreciation and amortization expenses were projected to be approximately 46%~49% of revenue in 2026~2028, this ratio would gradually decrease to be 38% in 2031, mainly due to the increase in revenue, and remain at 36%~37% afterwards.

Income Tax

According to the Enterprise Income Tax Law in the PRC, the Subject Company will be subject to 25.0% profit tax rate. Such required tax rates will be applied in the cash flow calculation.

Capital Expenditure

The Management did not anticipate significant capital expenditure throughout the projection period, as construction of the Subject Road had been completed. The Management estimated the capital expenditure of RMB986 thousand for the construction in 2026 and RMB48 million for the road maintenance equipment in 2027. The equipment expenditure was expected to grow at 3% per annum throughout the projection period. Other routine and special maintenance expenses would be expensed in cost of revenue when incurring. We considered this assumption would be consistent with the Company's accounting policy and general practice of toll road operation.

Calculation of Fundamental Value

The Fundamental Value of operation of the Subject Company was then calculated by adding the present values of the projected yearly FCF between 2026 and 2046. The present values were derived by discounting the FCF by a discount rate that was appropriate for the risk of investing in the project.

Tax Shield on Interest Expenses Attributable to the Loan Outstanding

Under the APV method, as the discount rate used was at all-equity financing level, an adjustment was made by addition of the present value of tax shield arising from the interest expenses on the outstanding loan balances of the Subject Company during the projection period. Interest expenses estimated based on existing loan balances are summarized in the table below:

RMB'000	2026	2027	2028	2029	2030	2031	2032
Interest Expenses	(154,189)	(148,438)	(138,008)	(110,475)	(96,589)	(92,043)	(92,043)
RMB'000	2033	2034	2035	2036	2037	2041	2042
Interest Expenses	(92,043)	(89,301)	(84,482)	(71,274)	(56,588)	(3,535)	–

As advised by the Management, interest expenses would be tax deductible. The implied cost of borrowing is 2.44% per annum, with reference to the loan agreements of the Subject Company. The discount rate used for calculation of the present value of the tax shield was 2.44%, which was based on the borrowing cost of the Subject Company.

Value Indicated by Adjusted Present Value Method

Based on the APV method and 7.0% estimated discount rate, the enterprise value of operation of the Subject Company on marketable basis was concluded to be RMB13.9 billion.

Additional Valuation Consideration***Discount for Lack of Marketability (“DLOM”)***

The concept of marketability deals with the liquidity of an ownership interest, that is, how quickly and easily it can be converted to cash if the owner chooses to sell. The lack of marketability discount reflects the fact that there is no ready market for shares in a closely held corporation. Ownership interests in closely held companies are typically not readily marketable compared to similar interests in public companies. Therefore, a share of stock in a privately held company is usually worth less than an otherwise comparable share in a publicly held company.

In the Valuation, option-pricing method was used as the primary method to estimate the DLOM. Under option-pricing method, the cost of put option, which can hedge the price change before the privately held shares can be sold, was considered as a basis to determine the lack of marketability discount. The cost of put option was determined by Black-Scholes option pricing with consideration of the estimated time required to sell the subject company's shares and volatility of the company's share during that period. Generally speaking, the farther the valuation date is from an expected liquidity event, the higher the put option value and thus the higher the implied DLOM. Based on option-pricing method, we considered DLOM of 5% should be appropriate for valuing the equity interest of the Subject Company.

We are of the view that Black Scholes option pricing model is a commonly used method in quantification of DLOM and the resulting 5% DLOM is within the reasonable range of comparable transactions.

Conclusion of Value by Income Approach

After deriving enterprise value of operation of the Subject Company, we added the following excess cash, and subtracted outstanding debt and non-operating liabilities and adjusted for 5% discount for lack of marketability to arrive at market value of entire equity interest of the Subject Company:

- Added excess cash attributable to the Subject Company of RMB312.7 million;
- Subtracted outstanding debt of RMB6,329.3 million;
- Subtracted book value of payables of construction project of RMB171.3 million.

	As of
Income Approach – Adjusted Present Value Method	December 31, 2025
	<i>(RMB'000)</i>

Indicated Value of Total Business Enterprise on a marketable basis	
(Discount rate 7%)	13,936,793
Added: Excess cash	312,748
Subtracted: Outstanding debt	(6,329,289)
Subtracted: Non-operating liabilities	(171,321)
100% Equity interest on marketable basis	7,748,932
Subtracted 5% discount for lack of marketability	(387,447)
Market value of entire equity interest (rounded to nearest ten million)	7,360,000

Sources: The Management and Analysis of Kroll

We also compared the Price-to-Book (P/B) multiple implied by the valuation result with the P/B multiples of the guideline companies as of the Valuation Date as a reasonableness check. The implied P/B multiple of 1.01x falls within the range of the comparable companies' P/B multiples and is close to Jiangsu Expressway's own P/B multiple. Accordingly, we concluded that the valuation result derived using the income approach as fair and reasonable.

SENSITIVITY/SCENARIO ANALYSIS

As part of our valuation, a sensitivity analysis of value indication arrived at using Income Approach was performed. We have tested sensitivity of entire equity value in the Subject Company to changes of: (1) cost of equity, (2) DLOM and (3) revenue growth rate.

100% Equity Value (RMB '000)	DLOM			
	0.25 Yr	0.5 Yr	0.75 Yr	1 Yr
Cost of Equity	4.5%	5.0%	5.5%	8.0%
6.80%	7,640,000	7,600,000	7,560,000	7,360,000
6.90%	7,520,000	7,480,000	7,440,000	7,240,000
7.00%	7,400,000	7,360,000	7,320,000	7,130,000
7.10%	7,280,000	7,240,000	7,210,000	7,020,000
7.20%	7,170,000	7,130,000	7,090,000	6,900,000
Revenue CAGR 2026-46	100% Equity Value (RMB '000)			
6.29%	9,680,000			
5.79%	8,460,000			
5.29%	7,360,000			
4.79%	6,340,000			
4.29%	5,420,000			

In selection of valuation parameters to be tested in the sensitivity analysis, we were of the view that the toll revenue forecast would be substantiated by the report prepared by the Traffic Consultant with relevant experience and expertise, therefore we mainly did the sensitivity analysis on the primary parameter as revenue growth rate. In addition, we also tested the changes of cost of equity and DLOM, the two valuation parameters which are inherently subjective and dependent on the exercise of individual judgment, on the entire equity value.

CONCLUSION OF VALUE

Based upon the investigation and analysis outlined above, it is our opinion that the market value of 100% equity interest of Jiangsu Suxichang South Expressway Co., Ltd, as of the Valuation Date, is reasonably stated as RENMINBI SEVEN BILLION THREE HUNDRED AND SIXTY MILLION (RMB7,360,000,000) ONLY.

This conclusion of values was based on generally accepted valuation procedures and practices that rely extensively on the use of numerous assumptions and the consideration of many uncertainties, not all of which can be easily quantified or ascertained.

We do not provide assurance on the achievability of any financial results estimated by the Subject Company because events and circumstances frequently do not occur as expected; differences between actual and expected results may be material; and achievement of the forecasted results is dependent on actions, plans, and assumptions of Management.

We hereby certify that we have neither present nor prospective interests in the Company or the value reported.

Respectfully submitted,

For and on behalf of

Kroll Consulting (Shenzhen) Limited

Ricky Lee
Managing Director

Kevin Leung
Managing Director

Note: This valuation was prepared under the direct supervision of Mr. Kevin Leung as project-leader-in-charge with substantial professional assistance from Ms. Julian Zhao and Ms. Helen Chen and concurring technical review by Mr. Ricky Lee, another Managing Director based in Hong Kong.

Mr. Kevin Leung has been involved in business valuation for the purpose of joint ventures, merger and acquisition and public listing for over 20 years. Mr. Leung has prior experience in conducting equity interest valuation to China based toll road companies. He is an Accredited Senior Appraiser of American Society of Appraisers (ASA), a fellow member of the Association of Chartered Certified Accountants (FCCA) and charterholder of the Chartered Financial Analyst (CFA).

Mr. Ricky Lee has been involved in business valuation for the purpose of joint venture, merger and acquisition and public listing for over 20 years. Mr. Ricky Lee has prior experience in conducting equity interest valuation in transportation industry. He is a charter holder/qualified member of the Chartered Financial Analyst (CFA), the American Society of Appraisal (ASA), the Association of Chartered Certificated Accountants (FCCA) and the Canadian Institute of Chartered Business Valuators (CBV). Mr. Ricky Lee also serves as one of the Financial Reporting Valuation Panels in an advisory capacity to the Financial Reporting Standards Committee (FRSC) of the Hong Kong Institute of Certified Public Accountants (HKICPA) on financial reporting related valuation and a chapter officer (and former President) of the American Society of Appraisers/Hong Kong Chapter.

Krol Consulting (Shenzhen) Limited, Mr. Kevin Leung and Mr. Ricky Lee have no present or prospective interest in the property that is the subject of this report and have no personal interest or bias with respect to the parties involved. Compensation for Krol Consulting (Shenzhen) Limited is not contingent on an action or event resulting from the analysis, opinions, or conclusions in, or the use of, this report.

The following is the text of a report received from the Company's Reporting Accountants, KPMG Huazhen LLP, for inclusion in this circular.



REPORT ON THE DISCOUNTED FUTURE CASH FLOWS IN CONNECTION WITH THE BUSINESS VALUATION OF 100% EQUITY INTEREST OF JIANGSU SUXICHANG SOUTH EXPRESSWAY CO., LTD.* (江蘇蘇錫常南部高速公路有限公司)

TO THE BOARD OF DIRECTORS OF JIANGSU EXPRESSWAY COMPANY LIMITED

We refer to the discounted future cash flows on which the business valuation (“**the Valuation**”) dated XX XX 2026 prepared by Kroll Consulting (Shenzhen) Ltd., Beijing Branch in respect of the appraisal of the fair value of 100% equity interest of Jiangsu Suxichang South Expressway Co., Ltd.* (江蘇蘇錫常南部高速公路有限公司) (“**the Target Company**”) as at 31 December 2025 is based. The Valuation is prepared based on the discounted future cash flows and is regarded as a profit forecast under paragraph 14.61 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”).

Directors’ Responsibilities

The directors of Jiangsu Expressway Company Limited (the “**Directors**”) are responsible for the preparation of the discounted future cash flows in accordance with the bases and assumptions determined by the Directors and as set out in the Valuation. This responsibility includes carrying out appropriate procedures relevant to the preparation of the discounted future cash flows for the Valuation and applying an appropriate basis of preparation; and making estimates that are reasonable in the circumstances.

Our Independence and Quality Management

We have complied with the independence and other ethical requirements of the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants (“**IESBA**”), which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

Our firm applies International Standard on Quality Management (ISQM) 1 “Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements” issued by International Auditing and Assurance Standards Board (“**IAASB**”), which requires the firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

* For identification purpose only

Reporting Accountants' Responsibilities

Our responsibility is to report, as required by paragraph 14.60A(2) of the Listing Rules, on the calculations of the discounted future cash flows used in the Valuation. The discounted future cash flows do not involve the adoption of accounting policies.

Basis of Opinion

We conducted our engagement in accordance with International Standard on Assurance Engagements 3000 (Revised) "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" issued by the IAASB. This standard requires that we plan and perform our work to obtain reasonable assurance as to whether, so far as the calculations are concerned, the Directors have properly compiled the discounted future cash flows in accordance with the bases and assumptions adopted by the Directors as set out in the Valuation. We performed procedures on the arithmetical calculations and the compilations of the discounted future cash flows in accordance with the bases and assumptions adopted by the Directors. Our work is substantially less in scope than an audit conducted in accordance with International Standards on Auditing issued by the IAASB. Accordingly, we do not express an audit opinion.

Opinion

In our opinion, so far as the calculations are concerned, the discounted future cash flows have been properly compiled in all material respects in accordance with the bases and assumptions adopted by the Directors as set out in the Valuation.

Other matters

Without qualifying our opinion, we draw to your attention that we are not reporting on the appropriateness and validity of the bases and assumptions on which the discounted future cash flows are based and our work does not constitute any valuation of the Target Company or an expression of an audit or review opinion on the Valuation.

The discounted future cash flows depend on future events and on a number of assumptions which cannot be confirmed and verified in the same way as past results and not all of which may remain valid throughout the period. Further, since the discounted future cash flows relates to the future, actual results are likely to be different from the discounted future cash flows because events and circumstances frequently do not occur as expected, and the differences may be material. Our work has been undertaken for the purpose of reporting solely to you under paragraph 14.60A(2) of the Listing Rules and for no other purpose. We accept no responsibility to any other person in respect of, arising out of or in connection with our work.

KPMG Huazhen LLP

Beijing, China

30 September 2026

The following is the full text of the letter on profit forecast of the Target Company from the Financial Advisor, China Securities (International) Corporate Finance Company Limited, for inclusion in this circular.

The Board of Directors
Jiangsu Expressway Company Limited
6 Xianlin Avenue
Nanjing, Jiangsu Province
P. R. China



30 September 2026

Dear Sirs/Madam,

We refer to the circular of Jiangsu Expressway Company Limited (the “**Company**”) dated 30 September 2026 (the “**Circular**”), in connection with an acquisition of 100% equity interest in Jiangsu Suxichang South Expressway Co., Ltd. (“**Target Company**”) by the Company from Jiangsu Communications Holding Co., Ltd. (the “**Acquisition**”). Unless otherwise defined or if the context otherwise requires, all terms defined in the Circular shall have the same meaning when used in this letter.

The Circular refers to the valuation of the Target Company by Kroll Consulting (Shenzhen) Limited. (the “**Valuer**”) which are contained in the valuation report dated 30 September 2026 (the “**Valuation Report**”) prepared by the Valuer for the purpose of the proposed Acquisition. We understand that the Valuation Report and certain other documents relevant to the Acquisition have been provided to you as directors of the Company (the “**Directors**”) in connection with your consideration of the Acquisition. We understand that the Valuer has applied an income approach, known as the discounted cash flow method, on the equity interest in Target Company to implement the valuation. The valuation on the discounted cash flow is regarded as a profit forecast under Rule 14.60A of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the “**Listing Rules**”).

We have reviewed the profit forecast included in the Valuation Report upon which the valuation of Target Company has been made. We have made enquiries with the Directors, the management of the Company and the Valuer regarding the bases and assumptions upon which the profit forecast regarding Target Company in the Valuation Report has been made. We have also reviewed the reports to the Directors from KPMG Huazhen LLP, dated 30 September 2026, as set forth in Appendix II to the Circular regarding the calculations of discounted future cash flows.

On the basis of the foregoing and without giving any opinion on the reasonableness of the valuation methods, bases and assumptions selected by the Valuer, for which the Valuer and the Company are responsible, we are satisfied that the profit forecast disclosed in the Circular have been made after due and careful enquiry by you. The Directors are responsible for such profit forecast, including the preparation of the discounted future cash flows in accordance with the bases and assumptions determined by the Directors and as set out in the Valuation Report. This responsibility includes carrying out appropriate procedures relevant to the preparation of the discounted future cash flows for the Valuation Report and applying an appropriate basis of preparation and making estimates that are reasonable in the circumstances. For the avoidance of doubt, this letter does not constitute an independent valuation or fairness opinion and is expressly limited to the matters described herein.

The work undertaken by us has been undertaken for the purpose of reporting solely to you under Rule 14.60A(3) of the Listing Rules and for no other purpose. We have not independently verified the assumptions or computations leading to the valuation of Target Company. We have had no role or involvement and have not provided and will not provide any assessment of the value on the Target Company to the Company. We have assumed that all information, materials and representations provided to us by the Company and the Valuer, including all information, materials, and representations referred to or contained in the Circular were true, accurate, complete and not misleading at the time they were supplied or made, and remained so up to the date of the Circular and that no material fact or information has been omitted from the information and materials supplied. No representation or warranty, whether express or implied, is made by us on the accuracy, truthfulness or completeness of such information, materials or representations. Accordingly, we accept no responsibility, whether expressly or implicitly, on the valuation of Target Company as set out in the Valuation Report.

Yours faithfully,

For and on behalf of

China Securities (International) Corporate Finance Company Limited

George Yen

Executive Director

The following is the full text of the Report from the Traffic Consultant, Jiangsu Weixin Engineering Consulting Co., Ltd, for inclusion in the circular.



**Suxichang South Expressway Traffic Flow , Toll Revenue,
Operation and Maintenance Costs Forecast Report for the
Year 2026**

Jiangsu Weixin Engineering Consulting Ltd

30 September 2026

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CHAPTER 1 OVERVIEW

1.1 Research Background

Jiangsu Ninghu Expressway Co., Ltd. (hereinafter referred to as “**Ninghu Co.**”) is a major expressway network operator in the south Jiangsu, and its expressway network carries dense traffic and has consistently delivered strong operational results, giving the Company significant scale and brand advantages in the region. In order to further consolidate its core business during the 15th Five-Year Plan period, increase its market share in the regional road network, leverage economies of scale, and achieve sustainable development, the Company recently resumed its acquisition of equity interests in Suxichang South Expressway Co., Ltd. (hereinafter referred to as the “**Project Company**”), with the goal of acquiring a 100% controlling stake.

The geographical location of the Project is shown as below:



Chart 1.1 The Geographical Location Map of the Project in Jiangsu Province

1.2 Overview of the Highway

The Project Company was established on March 14, 2017 in Nanjing by Jiangsu Communications Holdings Co., Ltd. (hereinafter referred to as “**Communications Holdings Co.**”), Wuxi Communications Industry Group Co., Ltd., and Changzhou Communications Holdings Co., Ltd. Subsequently, the construction of the Project was comprehensively promoted and opened to traffic on December 30, 2021.

1. Project Overview

(1) Project scale

The length of the Project is 43.9km¹, including Yaoxianshan Tunnel and Taihu Tunnel. As of the date of this report, Taihu Tunnel is the longest and widest underwater tunnel in China. Along the road, there are 4 interchanges (Yuncun, Taihu-Bay, Mashan, Junzhang), 3 junctions (Qianhuang, Xueyan, Nanquan), and 1 service area (Taihu-Bay service area).

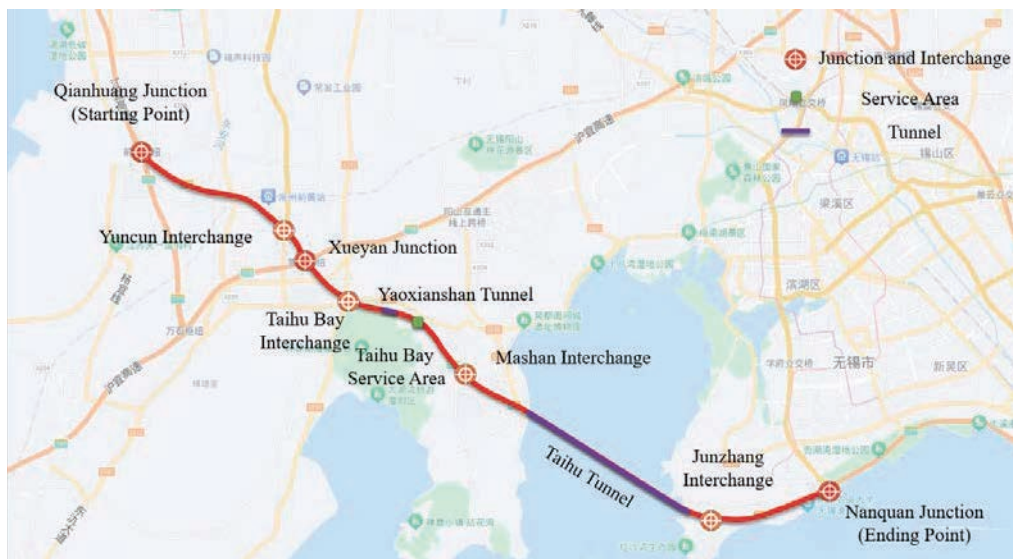


Chart 1.2 Main Facilities along the Project

(2) Route direction

The Project starts from Qianhuang Junction of Changyi Expressway, crosses rerouted Xilicao River, Changcao Road and Xinchang Railway on the south side of Qianhuang Town, crosses Xiyi Expressway, passes through Panjia Town, Changzhou Taihu-Bay Tourist Resort, and enters into the territory of Mashan in Wuxi through the Yaoxianshan Tunnel. It passes through the Taihu Tunnel eastward in Wuxi and finally ends at Nanquan Junction, connecting with Taihu-rim Expressway in Wuxi.

¹ This data is from the preliminary design documents of the Project and represents the engineering mileage, and it's inconsistent with the toll mileage.

(3) Main specifications

The Project adopts the standard of the six-lane expressway. The speed is 120 km/h from Qianhuang Junction to Mashan Interchange and 100 km/h from Mashan Interchange to Nanquan Junction, while the width of the roadbed is 34.5m in total. The Taihu Tunnel adopts the form of the double-holes and one-pipe-gallery, a single hole clearance is 17.45m. The design vehicle load level of the bridges and tunnels is highway-level I. Other specifications is implemented in accordance with the “Technical Standards for Highway Engineering” (JTGB01-2014) and the” Mandatory Provisions of the National Engineering Construction Standards” (highway engineering part). The main technical standards are as follows:

Table 1-1 Technical Standards for the Project

Number	Category	Technical standard
1	Highway classification	Expressway
2	Designed speed	120km/h 、 100km/h
3	Roadbed width	34.5m
4	Design flood frequency	Specially long span bridge 1/300, The rest 1/100
5	Peak ground acceleration	0.1g
6	Class of vehicle load	Highway – Class 1

(4) Investment of the Project

According to “the Reply of the Jiangsu Provincial Development and Reform Commission on the Preliminary Design of the section from Changzhou to Wuxi of the Suxichang South Expressway” (Sufagaijichu [2016] No. 1547), the approved preliminary design budget of the Project is RMB15,912,397,600 yuan (RMB10,374,366,000 yuan for the Wuxi Section, and RMB5,538,031,600 yuan for the Changzhou Section).

2. Road Network Functions

The Project is a local expressway with prominent functions in the regional road network, which was determined by the NDRC(National Development and Reform Commission) and the Ministry of Transport to support the “Three Major Strategies”. Based on the analysis of its location and traffic component, the main functions in the expressway network are as follows:

- (1) The parallel diversion line of Huning Expressway. In the planning of the Jiangsu Expressway Network, Huning Expressway is planned as Nanjing’s fifth radiation line, while the Second Ningchang Expressway, Changyi Expressway, the Project, Suxi Expressway, Suzhou Southwest-Ring Expressway and Suhu Expressway is planned as the sixth radiation line, the two passages connecting nodes are basically the same. The Project mainly diverts Huning Expressway’s traffic which starts from Beijing and Anhui directions and ends at Shanghai direction in the road network.
- (2) The intercity passage between Suzhou, Wuxi, and Changzhou. Huning Expressway was the only expressway between the central cities of Changzhou, Wuxi and Suzhou originally. After the completion of the Project, it can serve as an auxiliary intercity passage between the three cities. In addition, Huning Expressway is located in the north side of the three cities, so there are certain detours for the connecting of the southern region in the three cities when utilizing Huning Expressway, while the Project expressway offers a more direct and convenient route. The Project and the Huning Expressway together constitute a south and a north intercity traffic axis between the center of Suzhou, Wuxi and Changzhou.
- (3) A fast channel for external connection from the southern Wuxi. The Project and Taihu-rim Expressway, Xiyi Expressway, Huning Expressway together form a expressway ring in Wuxi City, and the Project is a part of the southern ring, and it is more convenient to make use of the Project for external links for the users living in the southern Wuxi, especially in Taihu New-city and Mashan area. In addition, the Project is adjacent to Taihu Lake, which can also serve the collection and distribution function for tourist traffic to the Taihu Lake Scenic Area.

1.3 Forecast Period

According to the “The Provincial Government’s Reply on Agreeing to Levy Vehicle Tolls on the Changzhou–Wuxi Section of the Suxichang South Expressway” (Suzhengfu [2021] No. 61) which was issued on December 16, 2021, the Suxichang South Expressway is a commercial toll road, and tolls will be levied from the date of its completion and compliance with the conditions for opening to traffic with a toll period of 25 years. Accordingly, the operation period of the Project is from December 30, 2021 to December 29, 2046.

The basic data collection for this forecast includes the data of the Project for the years 2022– 2025 and for the period from January 1 to April 30, 2026. The forecast period is from the day following the evaluation benchmark date to the end of the toll period of the Project, which is from May 1, 2026 to December 29, 2046, with a total forecast period of approximately 20 years and 8 months.

1.4 Forecast Conclusion

1. *A note on the caliber of the data*

A description of the caliber of traffic flow, toll revenues and operation and maintenance cost in this report is provided below:

Traffic flow refers to the number of vehicles passing through a certain road section within a certain period of time. For the roads with multiple sections, the traffic flow is the weighted average of the traffic flow on each road section by its mileage, which includes two calibers, namely, the natural flow (absolute number) and the standard flow (relative number). Therein, the natural flow refers to the natural number of vehicles, the unit is veh. And standard flow refers to the sum-product of natural flow of the different vehicle types and their respective conversion coefficients, the unit is pcu. The two calibers correspond to the daily average flow and standard toll flow in the “Monthly Statement of Average Daily Flow of Jiangsu Expressway Section” (B45) issued by Jiangsu Expressway Networking Operation and Management Center (hereinafter referred to as “**Networking Center**”) every month.

Toll revenue refers to the toll charged by the Project Company for vehicles passing through the Project. This toll includes network splitting revenue² and whitelist revenue³, and is issued monthly in the statement of the Networking Center. Toll revenues are the actual fees paid by users based on the approved toll rates, including value-added tax and the General Highway Coordination and Development Fund.

2 The network splitting revenue includes four parts: ETC, MTC, mobile payment, Digital RMB and out-of-province revenue.

3 Whitelist revenue consists of two components: subsidies from the city of Wuxi for some of the vehicles that pass through the Taihu Tunnel, and revenue from the whitelist of the vehicles operated by Kuailu.

The current and forecasted toll revenue data in this report do not take into account the General Highway Coordination and Development Fund, and the toll revenues are inclusive of VAT.

2. *Summary of conclusions on traffic flow, revenues, and operation and maintenance costs*

The annual traffic flow, toll revenue, and operation and maintenance costs of the Project within the forecast period are listed below:

Table 1-2 Summary Table of the Forecasted Conclusions

Year	Standard flow (pcu/d)	Toll revenue (10000 yuan/year)	Operation and maintenance costs (10,000 yuan/year)
2026	51,090	90,147	49,284
2027	51,788	89,991	50,472
2028	60,254	106,514	55,986
2029	80,043	142,636	67,866
2030	98,486	176,424	79,014
2031	104,172	186,600	74,248
2032	98,014	175,475	70,211
2033	102,521	182,960	73,609
2034	106,732	190,406	76,870
2035	110,794	197,584	80,075
2036	114,143	204,029	128,846
2037	122,666	218,778	88,140
2038	125,878	224,503	90,473
2039	129,001	230,047	92,772
2040	131,811	235,611	94,915
2041	134,258	239,240	96,863
2042	136,600	243,323	98,773

Year	Standard flow (pcu/d)	Toll revenue (10000 yuan/year)	Operation and maintenance costs (10,000 yuan/year)
2043	138,758	247,066	100,597
2044	140,557	250,836	102,242
2045	141,985	252,566	103,689
2046	143,114	252,948	104,981

Note: Revenues and costs at the end of the forecast year (the year 2046) are based on the actual number of days charged.

CHAPTER 2 CURRENT STATUS OF THE PROJECT

2.1 Current Status of Traffic Flow

The historical traffic and revenue data in this report are derived from the monthly statistical statements issued by the Networking Center.

2.1.1 Cross-sectional Flows

Since its opening to traffic in December 2021, the Suxichang South Expressway has shown rapid traffic growth. The average annual growth rates of the whole-line natural flow and standard flow reached as high as 26.88% and 26.06%, respectively, and those of passenger vehicles reached 29.34%, far higher than the average level of other expressways in the Huning Corridor, fully demonstrating the Project's competitiveness within the corridor and its continuously improving status in the expressway network.

In particular, the traffic flow of the Project surged in 2025, with the standard flow increasing by 40.2% (a net increase of 15,064 pcu/d) over 2024. The core driving force was the official implementation of the reconstruction and expansion project of the Yanjiang Expressway. Starting from November 2, 2024, the Yanjiang Expressway adopted a full-line "2/3+0" closure scheme, which interrupted the traffic from Wugaoxin Junction to the Jiangsu-Shanghai provincial boundary in the direction of Shanghai, forcing a large volume of Shanghai-bound traffic to detour via the Huning Expressway and the Project, and driving the section traffic flow to exceed 50,000 pcu/d for the first time.

In 2026, the traffic flow of the Project continued its growth trend. Starting from January 10, the traffic management of the Yanjiang Expressway entered its second phase, interrupting traffic from Dongbang Junction to Changzhou South Interchange in the direction from Shanghai to Nanjing, and traffic from Dongbang Junction to the Jiangsu–Shanghai provincial boundary in the direction from Nanjing to Shanghai. Compared with the previous scheme, the directions of closure were changed, resulting in an increase in alternative routes, but the diversion effect continued to deepen. From January to April 2026, the average daily standard flow of the Project was 51,320 pcu/d, a slight decrease of approximately 2.3% compared with the 2025 annual average (52,508 pcu/d); however, the natural flow reached 41,027 veh/d, an increase of about 3.9% over the 2025 annual average (39,487 veh/d). The slight decline in the standard volume is mainly attributable to the combined effects of periodic fluctuations in the proportion of trucks and changes in vehicle conversion factors.

Table 2-1 Historical Mainline Traffic Flow of Suxichang South Expressway

Zones	Period	Standard flow (pcu/d)	Natural flow (veh/d)	Passenger vehicles (veh/d)	Goods vehicles (veh/d)
Average	2022	20,322	15,828	13,043	2,785
	2023	32,282	28,134	25,296	2,838
	2024	37,444	31,405	27,421	3,984
	2025	52,508	39,487	31,910	7,577
	Jan.2026-Apr.2026	51,320	41,027	34,948	6,079
	Growth Rate	26.06%	26.88%	27.94%	21.55%
General road section	2022	19,959	15,408	12,615	2,793
	2023	31,838	27,489	24,565	2,924
	2024	38,532	31,689	27,293	4,396
	2025	55,523	39,904	31,163	8,741
	Jan.2026-Apr.2026	52,687	40,449	33,546	6,272
	Growth Rate	27.47%	27.29%	27.70%	22.42%

Zones	Period	Standard flow (pcu/d)	Natural flow (veh/d)	Passenger vehicles (veh/d)	Goods vehicles (veh/d)
Yaoxianshan Tunnel	2022	20,028	15,596	12,829	2,767
	2023	30,746	27,087	24,519	2,568
	2024	31,080	27,128	24,265	2,863
	2025	33,431	27,115	22,950	4,166
	Jan.2026-Apr.2026	37,325	32,164	28,573	3,591
	Growth Rate	16.84%	19.84%	22.16%	6.73%
Taihu Tunnel	2022	21,421	17,088	14,324	2,765
	2023	33,758	30,146	27,528	2,618
	2024	34,969	31,052	28,150	2,902
	2025	45,816	39,657	35,108	4,548
	Jan.2026-Apr.2026	48,888	43,720	39,778	3,942
	Growth Rate	22.91%	26.47%	29.09%	9.27%

From the perspective of vehicle type, the Project is dominated by passenger vehicles, but its share has shown fluctuations: from 82.4% in 2022 to 89.9% in 2023, and then fell to 80.8% in 2025. Correspondingly, the share of goods vehicles followed a V-shaped trend of “first decreasing and then increasing”, dropping from 17.6% in 2022 to 10.1% in 2023, and then rebounding to 19.2% in 2025. This change is mainly attributable to two factors: first, the reconstruction and expansion of the Yanjiang Expressway diverted some goods vehicle traffic to the Project, leading to a cyclical increase in the goods vehicle share; second, according to “The Notice on Optimizing and Improving the Toll Discount Policy for Some Goods Vehicles in Our Province” (SuJiaoCai [2025] No. 8) jointly issued by the Jiangsu Provincial Department of Transportation, the Provincial Development and Reform Commission, and the Provincial Department of Finance: from 16 May 2025, a 30% discount is offered to all goods vehicles nationwide that are equipped with and normally use ETC for toll payment when passing through the Taihu Tunnel, boosting the growth of goods traffic on the Project.

In terms of specific vehicle type composition, P1 types are overwhelmingly dominant among passenger vehicles, with their share remaining stable at approximately 99%. Goods vehicles exhibit a “two-tailed” distribution, being mainly composed of G1, G2, and G6 types, while the proportion of medium-sized goods vehicles is relatively low. Excluding the temporary impact of the Yanjiang Expressway reconstruction on the share of different goods vehicle types on the Project, medium-sized goods vehicles have shown a gradual declining.

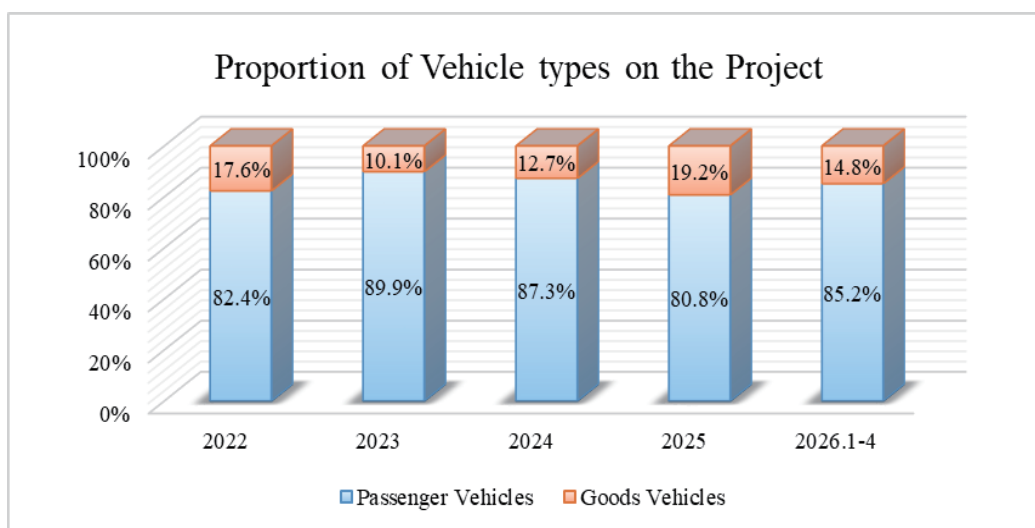


Chart 2.1 Historical Annual Share of Passenger and Goods Vehicle types on the Project

Table 2-2 Historical Proportion of Passenger Vehicle on the Project

Year\ Vehicle Type	Total	P1	P2	P3	P4
2022	100%	99.35%	0.16%	0.15%	0.34%
2023	100%	99.08%	0.16%	0.27%	0.48%
2024	100%	98.96%	0.15%	0.30%	0.59%
2025	100%	98.88%	0.13%	0.32%	0.67%
2026.1-4	100%	99.07%	0.09%	0.26%	0.58%

Table 2-3 Historical Proportion of Goods Vehicle on the Project

Year\ Vehicle Type	Total	G1	G2	G3	G4	G5	G6
2022	100%	33.03%	26.44%	9.03%	9.23%	5.95%	16.33%
2023	100%	38.81%	26.51%	7.32%	9.44%	6.42%	11.51%
2024	100%	36.13%	28.25%	6.79%	9.75%	6.65%	12.43%
2025	100%	28.90%	29.63%	7.21%	9.20%	8.61%	16.44%
2026.1-4	100%	30.55%	28.46%	6.89%	8.70%	9.90%	15.50%

2.1.2 Toll Station Traffic Flow

There are 4 toll stations along the Project, including Junzhang, Mashan, Taihu-Bay and Yuncun. The average daily flow of the toll stations in 2022 was 12,052 veh/d, which was at a lower level due to the impact of the pandemic and the shorter opening time. In 2023, the average daily flow rose to 20,060 veh/d, a year-on-year increase of approximately 66.4%.

The traffic composition is dominated by passenger vehicles, with a passenger-to-goods vehicle ratio of approximately 88:12. Among these, the average daily flow of passenger vehicles increased by about 80.6% year-on-year, showing significant growth; the average daily flow of goods vehicles increased by about 6.6% year-on-year. In 2024, the average daily flow rose to 26,689 veh/d, an increase of about 33.1% year-on-year, with the passenger-to-goods vehicle ratio of approximately 85:15. In 2025, the average daily flow reached 34,408 veh/d, up about 28.9% year-on-year, with a passenger-to-goods vehicle ratio of approximately 82:18. Among these, the average daily flow of passenger vehicles grew by about 24.4% year-on-year, while that of goods vehicles rose by about 54.3% year-on-year. During the first four months of 2026, the average daily flow was approximately 32,641 veh/d, of which passenger vehicles accounted for about 28,901 veh/d and goods vehicles about 3,740 veh/d, giving a passenger-to-goods vehicle ratio of approximately 89:11.

Table 2-4 Monthly Total Traffic Flow of Toll Stations on the Project (Unit: veh/d)

Month	Total	Passenger vehicle	Goods vehicle	Month	Total	Passenger vehicle	Goods vehicle
Jan.2022	12,291	10,521	1,770	Jan.2023	20,271	18,758	1,514
Feb.2022	17,204	16,046	1,158	Feb.2023	17,495	15,146	2,349
Mar.2022	6,443	4,400	2,043	Mar.2023	19,850	17,146	2,704
Apr.2022	3,632	1,491	2,142	Apr.2023	23,384	20,821	2,563
May.2022	6,726	4,001	2,725	May.2023	22,035	19,582	2,453
Jun.2022	11,807	9,351	2,456	Jun.2023	19,065	16,541	2,524
Jul.2022	11,380	8,988	2,392	Jul.2023	19,078	16,583	2,495
Aug.2022	15,594	13,124	2,469	Aug.2023	20,609	18,101	2,508
Sept.2022	15,699	13,093	2,606	Sept.2023	19,982	17,462	2,520
Oct.2022	18,024	15,614	2,410	Oct.2023	24,567	22,078	2,489
Nov.2022	13,313	10,603	2,711	Nov.2023	18,076	15,284	2,792
Dec.2022	12,884	10,261	2,623	Dec.2023	16,067	13,571	2,495
Average	12,052	9,752	2,299	Average	20,060	17,610	2,450
Jan.2024	16,247	13,867	2,379	Jan.2025	27,992	22,042	5,950
Feb.2024	22,495	21,355	1,140	Feb.2025	32,646	28,031	4,615
Mar.2024	22,032	18,929	3,103	Mar.2025	33,704	27,115	6,589
Apr.2024	27,904	24,049	3,855	Apr.2025	38,800	32,113	6,687
May.2024	33,936	29,685	4,252	May.2025	43,458	36,510	6,948
Jun.2024	24,905	20,854	4,051	Jun.2025	32,526	25,857	6,669
Jul.2024	25,406	21,191	4,216	Jul.2025	31,597	25,521	6,076
Aug.2024	27,005	22,567	4,438	Aug.2025	36,073	29,451	6,622
Sept.2024	25,801	20,860	4,941	Sept.2025	31,775	24,762	7,013
Oct.2024	36,096	31,606	4,490	Oct.2025	43,007	36,645	6,362

Month	Total	Passenger vehicle	Goods vehicle	Month	Total	Passenger vehicle	Goods vehicle
Nov.2024	30,250	24,412	5,838	Nov.2025	33,190	26,335	6,855
Dec.2024	27,992	22,042	5,950	Dec.2025	27,912	23,122	4,790
Average	26,689	22,626	4,064	Average	34,408	28,136	6,272
Jan.2026	26,230	22,262	3,968				
Feb.2026	37,463	35,096	2,367				
Mar.2026	30,125	26,021	4,104				
Apr.2026	37,364	32,954	4,410				
Average	32,641	28,901	3,740				

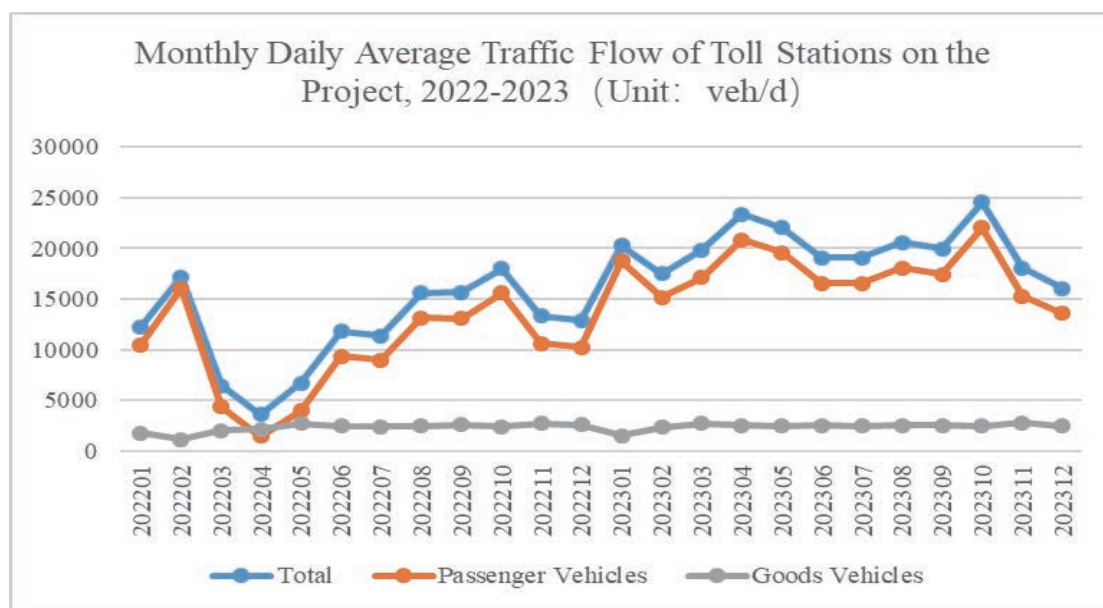


Chart 2.2 Monthly Daily Average Traffic Flow of Toll Stations on the Project, 2022–2023

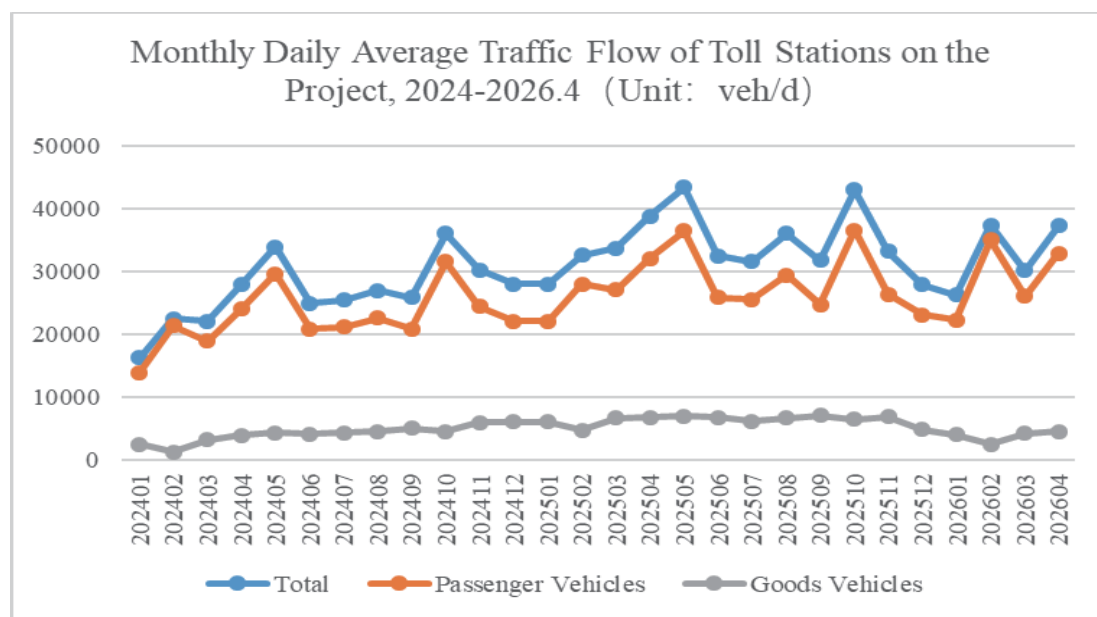


Chart 2.3 Monthly Daily Average Traffic Flow of Toll Stations on the Project, 2024–2026.4

From a cross-station comparison, Mashan Station bears the main traffic pressure, with an average monthly traffic of 15,488 veh/d in 2025, far exceeding that of other stations; Junzhang Station has the lowest traffic, with an average monthly traffic of 3,370 veh/d in 2025. Traffic flow at all toll stations is generally higher during months with holidays such as the Spring Festival and National Day, showing distinct holiday peak characteristics. Due to the traffic diversion from the reconstruction of the Yanjiang Expressway and the opening of the Yima Expressway on Provincial Highway 341 (Zhushan Lake Tunnel), the traffic flow at Mashan Station accelerated significantly in 2025 compared with 2024.

In the first four months of 2026, the average monthly traffic at Mashan Station was 15,062 veh/d—slightly lower than the 2025 annual average but still at a high level; Junzhang Station increased to 4,086 veh/d, up by approximately 21.2% over 2025, showing notable growth; Yuncun Station recorded 9,477 veh/d, an increase of about 6.5% over 2025. Overall, the uneven distribution of traffic among the toll stations persists, with Mashan Station's position as the main toll station of the Project further consolidated, and the growth potential of Junzhang Station gradually being unleashed.

Table 2-5 Monthly Traffic Flow of Each Toll Station on the Project (Unit: veh/d)

Toll station	Junzhang station	Mashan station	Taihu-Bay station	Yucun station
Jan.2022	1,637	4,704	3,563	2,386
Feb.2022	2,799	7,696	4,269	2,440
Mar.2022	963	1,724	2,872	885
Apr.2022	133	613	2,723	163
May.2022	114	2,503	2,727	1,383
Jun.2022	892	4,321	3,804	2,790
Jul.2022	865	2,395	3,855	4,265
Aug.2022	1,581	4,656	4,060	5,296
Sept.2022	1,535	4,995	3,708	5,461
Oct.2022	1,962	5,803	4,579	5,680
Nov.2022	1,352	4,215	3,249	4,497
Dec.2022	1,308	4,079	3,144	4,352
Average	1,252	3,950	3,542	3,308
Jan.2023	2,175	7,317	4,241	6,539
Feb.2023	1,725	6,012	3,771	5,987
Mar.2023	2,217	7,464	4,058	6,111
Apr.2023	2,846	8,263	4,938	7,337
May.2023	2,437	7,620	4,916	7,063
Jun.2023	2,192	6,734	4,082	6,057
Jul.2023	2,086	6,479	4,510	6,003
Aug.2023	2,331	7,148	4,693	6,437
Sept.2023	2,658	6,503	4,097	6,723
Oct.2023	2,734	8,587	6,501	6,745
Nov.2023	1,908	6,636	4,662	4,870

Toll station	Junzhang station	Mashan station	Taihu-Bay station	Yucun station
Dec.2023	1,713	5,929	3,591	4,316
Average	2,255	7,067	4,512	6,183
Jan.2024	1,800	5,733	3,784	4,929
Feb.2024	2,569	8,791	4,590	6,545
Mar.2024	2,225	7,560	6,554	5,693
Apr.2024	2,783	8,426	8,835	7,861
May.2024	3,382	10,270	10,529	9,755
Jun.2024	2,244	6,998	7,370	8,293
Jul.2024	2,032	6,602	8,009	8,764
Aug.2024	2,132	6,890	8,826	9,158
Sept.2024	2,064	6,717	8,022	8,998
Oct.2024	3,320	9,431	11,270	12,075
Nov.2024	2,290	8,270	8,849	10,842
Dec.2024	2,113	8,413	7,749	9,717
Average	2,413	7,839	7,879	8,559
Jan.2025	2,113	8,413	7,749	9,717
Feb.2025	2,690	15,026	5,857	9,072
Mar.2025	3,159	16,260	6,129	8,155
Apr.2025	3,711	18,203	7,245	9,641
May.2025	4,307	19,539	9,407	10,205
Jun.2025	3,212	15,252	6,156	7,905
Jul.2025	3,157	14,729	5,341	8,370
Aug.2025	3,406	16,698	7,279	8,691
Sept.2025	3,222	14,285	6,389	7,879
Oct.2025	4,443	19,125	8,311	11,128

Toll station	Junzhang station	Mashan station	Taihu-Bay station	Yucun station
Nov.2025	3,625	15,167	5,971	8,427
Dec.2025	3,339	13,148	3,866	7,560
Average	3,370	15,488	6,650	8,899
Jan.2026	3,213	12,544	3,336	7,137
Feb.2026	4,766	16,441	4,684	11,572
Mar.2026	3,649	14,380	3,550	8,546
Apr.2026	4,804	17,082	4,576	10,902
Average	4,086	15,062	4,016	9,477

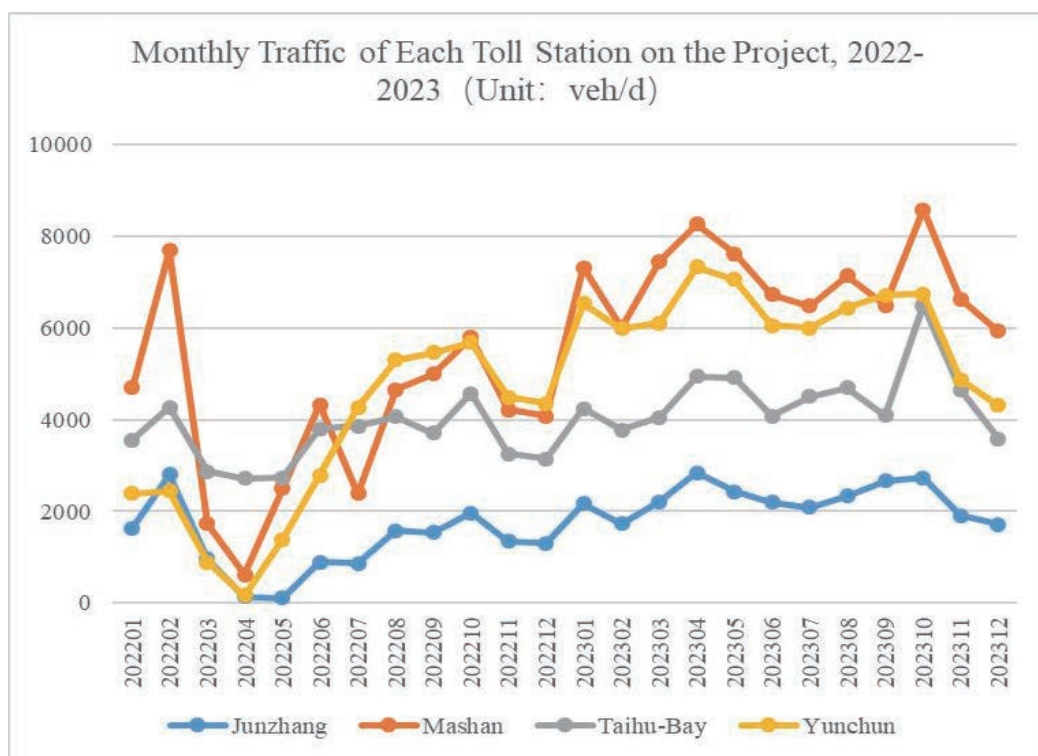


Chart 2.4 Monthly Traffic of Each Toll Station on the Project, 2022–2023

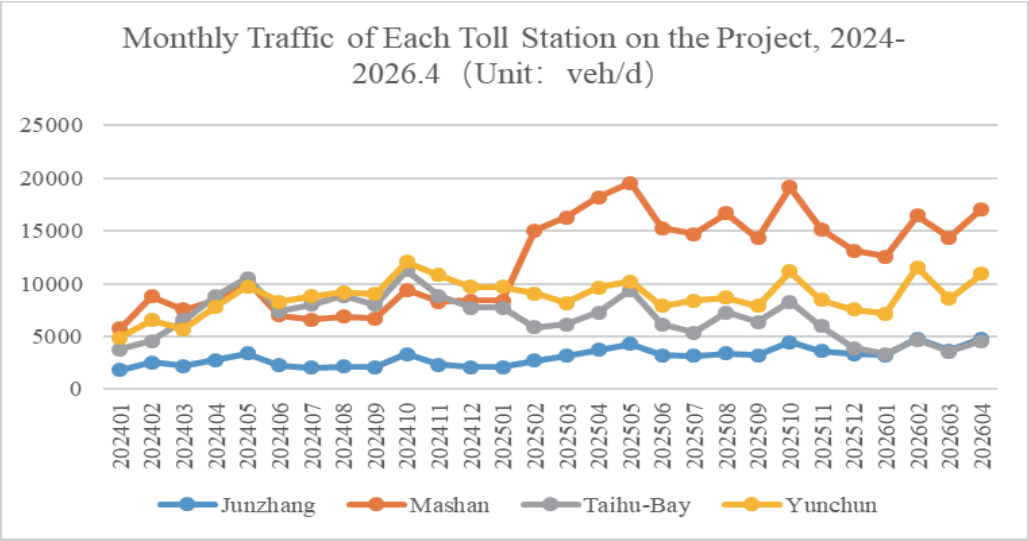


Chart 2.5 Monthly Traffic of Each Toll Station on the Project, 2024–2026.4

2.1.3 Regional Corridor Traffic Flow

Currently, there are three east-west expressway corridors within Wuxi in southern Jiangsu, including Yanjiang Expressway, Huning Expressway and Suxichang South Expressway. From 2017 to the May on 2026, the flow rate of the Wuxi section within the corridor of southern Jiangsu is shown in the table below.

Table 2-6 Traffic Flow on the Wuxi Sections of the East-West Expressways in Southern Jiangsu (Unit: pcu/d)

Year	Huning Expressway	Yanjiang Expressway	Suxichang South Expressway	Total
2017	152,174	51,573		203,747
2018	159,982	54,425		214,407
2019	167,876	55,904		223,780
2020	194,266	65,558		259,824
2021	187,453	66,859		254,312
2022	152,345	64,138	21,421	237,904
2023	193,014	69,781	33,758	296,553

Year	Huning Expressway	Yanjiang Expressway	Suxichang South Expressway	Total
2024	199,746	64,331	34,969	299,046
2025	213,968	30,162	45,816	289,946
2026.1-4	220,775	19,843	48,888	289,506

Note: We select the section of North-Wuxi Junction to Wuxi Junction in Huning Expressway, the section of Qiaoqi Junction to Qingyang Junction in Yanjiang Expressway, and the section of Taihu Tunnel in the Project. The total data of 2021 doesn't count the Project because it was only operated for 2 days.

As a highway corridor in one of the most economically active regions in China, the east-west expressway sections in Wuxi have seen overall traffic growth since 2017, and the trend was not interrupted during the pandemic. From 2017 to 2025, the total corridor traffic grew at an average annual rate of approximately 4.5%.

By expressway: The Huning Expressway Wuxi section bears the main traffic pressure within the corridor, with an average annual growth rate of about 4.4% from 2017 to 2025. In recent years, its section traffic flow has remained at a high level, reaching 213,968 pcu/d in 2025. During peak hours, the average speed has dropped below 60 km/h, indicating that capacity is approaching saturation, which has become a major bottleneck restricting further traffic growth on the entire Huning Expressway. The average annual growth rate of the Yanjiang Expressway from 2017 to 2024 was about 3.2%. However, due to the partial closure for construction that began in November 2024, its average daily traffic flow in 2025 dropped significantly to 30,162 pcu/d, a decrease of approximately 53.1%. In 2026, affected by changes in the construction traffic organization, the average daily traffic flow further declined to 19,843 pcu/d from January to April, dragging down the overall growth of the corridor. Since its opening to traffic in 2022, the Suxichang South Expressway has demonstrated strong traffic growth. Its average daily traffic flow in 2025 reached 45,816 pcu/d, accounting for about 15.8% of the total corridor traffic, and its functional positioning as a parallel diversion line to the Huning Expressway has gradually moved from planning to reality. During January–April 2026, its average daily traffic flow further increased to 48,888 pcu/d, accounting for 16.9% of the corridor, an increase of about 1.1 percentage points from the 2025 annual share. Against the background of the Huning Expressway remaining saturated and the Yanjiang Expressway's diversion capacity being limited due to construction, the Suxichang South Expressway has further undertaken the transferred traffic flow within the corridor. The corridor diversion effect has continued to strengthen, with a positive growth momentum, and it is expected to play a more important backbone role in the regional expressway network in the future.

Table 2-7 Share of Passenger and Goods Traffic on the Wuxi Sections of East-West Expressways in Southern Jiangsu (Unit: %)

Year	Total		Huning Expressway		Yanjiang Expressway		Suxichang South Expressway	
	P	G	P	G	P	G	P	G
2017	76.61	23.39	58.06	17.12	18.54	6.27		
2018	77.09	22.91	58.54	16.69	18.54	6.22		
2019	77.24	22.76	58.84	16.68	18.4	6.09		
2020	76.89	23.11	58.47	17.17	18.42	5.94		
2021	73.43	26.57	55.24	19.62	18.2	6.95		
2022	70.18	29.82	44.13	19.71	16.46	8.25	9.59	1.85
2023	77.17	22.83	48.17	15.87	16.36	5.72	12.63	1.25
2024	76.71	23.29	48.47	16.61	13.38	1.37	14.86	5.31
2025	74.75	25.25	49.69	20.24	17.68	2.28	7.37	2.73
2026.1-4	75.82	24.18	49.35	20.87	6.19	1.34	20.28	1.96

In terms of vehicle type composition, the east-west expressway corridors in southern Jiangsu are dominated by passenger vehicles. From 2017 to 2025, the passenger vehicle share in the corridor remained largely within the range of 70%–78%, with limited overall fluctuation, while the goods vehicle share correspondingly stayed at about 22%–30%. All three expressways exhibit a passenger-dominant characteristic, with the Project showing a particularly prominent passenger vehicle share. Since its opening, the passenger vehicle traffic of the Project has accounted for more than 7% of the total corridor traffic, indicating that it undertakes a significant passenger transport function within the corridor.

Comparing the data before and after the opening of the Project, the passenger vehicle share of the Huning Expressway within the corridor decreased from about 58% in 2017 to a range of 48%–50% after 2022, a total decrease of approximately 10 percentage points; the passenger vehicle share of the Yanjiang Expressway within the corridor dropped from about 19% in 2017 to a range of 12%–18% after 2022. This indicates that the opening of the Project has exerted a notable passenger traffic diversion effect on the traditional corridors of both the Huning Expressway and the Yanjiang Expressway, effectively alleviating the passenger traffic pressure on the Huning Expressway.

During January–April 2026, the passenger vehicle share in the corridor was 75.82%, basically continuing the fluctuation range observed in recent years. Among them, the passenger vehicle share on the Huning Expressway was 49.35%, that on the Yanjiang Expressway fell to 6.19% due to construction impacts, and the Project's passenger vehicle share rose to 20.28%, further increasing its proportion in the total passenger vehicle traffic of the corridor. The diversion effect has thus continued to strengthen.

2.2 Current Status of Toll Revenue

2.2.1 Current Status of Toll Rates

1. General user fee rates

According to the “The Provincial Government’s Reply on Agreeing to Levy Vehicle Tolls for the Suxichang South Expressway “ (Suzhengfu [2021] No. 61), the toll rate of the Project adopts the method of mileage billing for general road section and independent billing for two tunnels, and the toll rates for each part are shown as follows.

Table 2-8 Classification Standard for Expressway Vehicle Types

Passenger vehicle type	Seats	Goods vehicle type	Total number of axles (including suspended axles)
P1	≤9	G1	2(Vehicle length < 6m ∙ Total mass < 4.5ton)
P2	10-19	G2	2(Vehicle length ≥ 6m ∙ Total mass ≥ 4.5ton)
P3	≤39	G3	3
P4	≥40	G4	4
		G5	5
		G6	6

Table 2-9 Toll rates for Suxichang South Expressway

Section\ Type	P1	P2	P3	P4	G1	G2	G3	G4	G5	G6
General road section	0.550	0.825	1.100	1.100	0.450	0.977	1.350	1.805	1.843	2.200
Taihu tunnel	45	60	90	90	50	105	165	200	210	240
Yaoxianshan tunnel	5	5	10	10	5	10	20	25	25	30

- Note:*
1. The general road section is charged on a per-mile basis in yuan/km; the two tunnels are charged on a per-trip basis in yuan/trip.
 2. The toll coefficients are converted in accordance with the toll rate ratio of the general road section, of which the coefficients for P1-4 are 1, 1.5, 2, 2, and the coefficients for G1-6 are 1, 2.17, 3, 4.01, 4.10, and 4.89, respectively.

2. Differentiated toll scheme

The differentiated toll policy of the Taihu Tunnel has undergone adjustments in three stages, each of which is described separately below.

(1) 2021–2023 Scheme

According to “The Reply of the Provincial Government on Approving the Differentiated Toll Policy for Passenger Vehicles on the Taihu Tunnel of the Changzhou–Wuxi Section of the Suxichang South Expressway” (Suzhengfu [2021] No. 62) and the government service purchase agreement signed between the Wuxi Transportation Bureau and the Project company, a two-year differentiated toll policy for passenger vehicles on the Taihu Tunnel was implemented from 2021 to 2023. The details were as follows:

① Eligible Users and Scope

The policy applies to non-commercial, ETC-equipped passenger vehicles registered in Wuxi with a certified seating capacity of 9 or fewer, on the S58 Huchang Expressway section from Huazhuang, Nanquan, or Junzhang Interchange to Mashan Interchange, qualifying for a toll discount on the Taihu Tunnel.

② Discount Standard

The discounted toll for the Taihu Tunnel was set at RMB15 per vehicle trip.

③ Cost-Sharing Mechanism

Compared with the approved toll of RMB45, the toll reduction on the Taihu Tunnel amounts to RMB30 per trip. Of this reduction, the People's Government of Wuxi bore a fixed amount of RMB5, while the remaining RMB25 was shared between the People's Government of Wuxi and the Project company, as specified below:

For monthly travel frequency < 30 trips, the People's Government of Wuxi bore 70% (RMB17.5), and the Project company bore 30% (RMB7.5). For monthly travel frequency ≥ 30 trips: the Wuxi Municipal Government bore 30% (RMB7.5), and the Project company bore 70% (RMB17.5).

Table 2-10 Parties' Share of Taihu Tunnel Costs under Differentiated Tolls, 2021–2023 (Unit: yuan)

Undertaking party	Number of passes per month less than 30 passes	Number of passes per month more than 30 passes
Users	15	15
Wuxi Government	22.5	12.5
Project Company	7.5	17.5
Total	45	45

Note: The subsidy paid by users and the Wuxi Government are included in the toll revenue, while the subsidy paid by the Project Company is not included, the same below.

(2) 2024 Scheme

According to the supplemental agreement signed between the Wuxi Transportation Bureau and the Project company in December 2023, on the premise that the original scope of preferential beneficiaries and the discount rate remain unchanged, adjustments were made to the cost-sharing mechanism as follows:

- ① One-third of the toll reduction expenses for preferential vehicles passing through the Taihu Tunnel that were originally borne by the Project company were to be borne by the relevant entities coordinated by the Wuxi Transportation Bureau;
- ② It was preliminarily considered to expand the scope of preferential beneficiaries to include ETC-equipped commuter buses of industrial and mining enterprises that met the relevant conditions.

Table 2-11 Parties' Share of Taihu Tunnel Costs under Differentiated Tolls, 2024 (Unit: yuan)

Undertaking party	Parties' Share
Users	15
Wuxi Government	30
Total	45

(3) 2025–2027 Scheme

According to the latest agreement signed between the Wuxi Transportation Bureau and the Project company in December 2024, the differentiated toll policy for the Taihu Tunnel is adjusted effective from 2024.

On the premise that the original scope of preferential beneficiaries remains unchanged, the preferential toll rate is adjusted from RMB15 per vehicle trip to RMB10 per vehicle trip, which is not combinable with other preferential schemes; the connecting expressways within the preferential section are subject to normal tolls. The toll reduction expenses for preferential vehicles shall be paid by the Wuxi Transportation Bureau through government-purchased services.

Table 2-12 Parties' Share of Taihu Tunnel Costs under Differentiated Tolls, 2025–2027 (Unit: yuan)

Undertaking party	Parties' Share
Users	10
Wuxi Government	35
Total	45

3. *Preferential Toll for Goods Vehicles on the Taihu Tunnel*

Pursuant to the requirements set forth in “the Notice on Optimizing and Improving the Preferential Toll Policies for Some Categories of Goods Vehicles in Our Province” (SuJiaoCai [2025] No. 8), jointly issued by the Department of Transport of Jiangsu Province, the Provincial Development and Reform Commission, and the Provincial Department of Finance, from 16 May 2025, a 30% discount on the toll is granted to all goods vehicles nationwide that have installed and normally use ETC for payment when passing through the Taihu Tunnel. This policy is stipulated to be implemented for a period of two years. Upon the expiry of the policy term, the relevant authorities will conduct a comprehensive assessment of the implementation effects of the differentiated toll policy and the changes in road network traffic volume, and, based on the actual conditions, will guide the expressway operation and management entities to independently optimize and adjust the differentiated toll discounts, with the approved toll rate serving as the upper limit.

2.2.2 *Historical Toll Revenue*

Since the opening of the Project, toll revenue showed a rapid growth trend, with an average annual increase of 28.6% from 2022 to 2025, closely aligning with the growth trend in traffic volume. The Project had a period of rapid revenue growth in 2023. Along with a substantial increase in traffic volume (an absolute increase of 77.7% year-on-year), toll revenue surged by 50.4% to RMB627 million. In 2024, the decline in the proportion of goods

vehicles weighed on revenue growth. Although traffic volume grew by 11.6% in absolute terms, revenue increased by only 4.1%. Passenger vehicles contributed the majority of the traffic growth; however, their per- vehicle toll level was significantly lower than that of goods vehicles, leading to an overall decline in the average per-vehicle toll and preventing revenue from keeping pace with traffic growth. In 2025, due to the closure of the Yanjiang Expressway for reconstruction, a large number of goods vehicles were diverted to the Project. As a result, the proportion of goods vehicles on the Project increased from 11.8% to 17.2%, and the per-vehicle toll level recovered notably. Toll revenue rose to RMB886 million, representing a year-on-year growth rate of 35.7%, significantly outpacing the traffic growth rate (25.7%). From January to April 2026, revenue experienced a temporary decline due to a phased decrease in goods vehicle traffic. However, the second-phase traffic management measures on the Yanjiang Expressway were implemented on 10 January, and the goods diversion effect continued to deepen. It is expected that revenue growth will pick up significantly in the second half of the year, with toll revenue projected to reach RMB900 million in 2026, maintaining a steady growth trajectory.

Table 2-13 Historical Toll Revenue of the Project

Time	Total Revenue(RMB100 million)
2022	4.17
2023	6.27
2024	6.53
2025	8.86
2026.1-4	2.85
Average Annual Growth Rate (2022–2025)	28.6%

2.2.3 Composition of Revenue

Toll revenue statistics for the Project by vehicle type and by section are shown below.

1. Composition of vehicle types

Toll revenue of the Project was predominantly generated by passenger vehicles. In 2023, following the lifting of pandemic-related restrictions, passenger vehicle traffic recovered rapidly, and the share of passenger vehicle revenue increased by approximately 16 percentage points compared with 2022. Although it declined slightly in 2024, the passenger vehicle revenue share remained above 75%. In 2025, due to

traffic diversion caused by the reconstruction of the Yanjiang Expressway, the share of goods vehicle traffic and revenue on the Project increased significantly, and the passenger vehicle revenue share fell to 70.7%. From January to April 2026, as the composition of diverted goods traffic stabilized, the passenger vehicle revenue share rebounded to 75.7%.

Among passenger vehicle revenue, P1 types consistently dominated, accounting for over 95% of passenger vehicle revenue in each year, while the combined share of P2, P3, and P4 types remained below 5%. Among goods vehicle revenue, G1, G2, and G6 types contributed the majority, with their combined share remaining at around 62%; the combined revenue share of medium-sized goods vehicles in G3, G4, and G5 types was relatively low at approximately 38%. Overall, the goods vehicle revenue structure remained relatively stable.

Table 2-14 Revenues by Vehicle Types (Unit: Ten thousand yuan)

Year\Type	2022		2023		2024		2025		2026.1-4	
	Toll revenue	Proportions	Toll revenue	Proportions	Toll revenue	Proportions	Toll revenue	Proportions	Toll revenue	Proportions
P1	25,534	61.2%	48,211	76.9%	48,106	73.7%	60,924	68.8%	21,089	74.0%
P2	83	0.2%	152	0.2%	142	0.2%	139	0.2%	36	0.1%
P3	88	0.2%	309	0.5%	356	0.5%	501	0.6%	146	0.5%
P4	243	0.6%	615	1.0%	766	1.2%	1,018	1.1%	323	1.1%
G1	2,203	5.3%	2,573	4.1%	2,989	4.6%	4,291	4.8%	1,213	4.3%
G2	3,301	7.9%	2,956	4.7%	3,763	5.8%	6,071	6.9%	1,610	5.6%
G3	1,821	4.4%	1,252	2.0%	1,288	2.0%	2,066	2.3%	523	1.8%
G4	2,176	5.2%	2,065	3.3%	2,650	4.1%	3,787	4.3%	936	3.3%
G5	1,614	3.9%	1,727	2.8%	2,171	3.3%	4,104	4.6%	1,161	4.1%
G6	4,656	11.2%	2,859	4.6%	3,048	4.7%	5,674	6.4%	1,453	5.1%
Other	-14	0%	-11	0%	-8	0%	-11	0.0%	1	0%
Total	41,705	100%	62,707	100%	65,270	100%	88,564	100%	28,492	100%

- Note:*
1. Other refers to the total of several items such as refunds, retroactive payments, and adjustments in the report.
 2. The subsidy revenue from differentiated policy has been incorporated into the calculation of revenue for P1 type.
 3. The revenue of Kuailu was relatively small, and it is not split into types in the statement, so it isn't included in the above table.

2. Composition of sections

The Project includes general road section, the Taihu Tunnel and Yaoxianshan Tunnel, the revenue of each part is shown in the following table:

Table 2-15 Project Toll Revenues by Segment (Unit: Ten thousand yuan)

Year\Type		General road section	Yaoxianshan tunnel	Taihu tunnel	Total
2022	Toll revenue	10,117	3,064	28,524	41,706
	Proportions	24.26%	7.35%	68.39%	100.00%
2023	Toll revenue	15,627	4,382	42,698	62,707
	Proportions	24.92%	6.99%	68.09%	100.00%
2024	Toll revenue	17,972	4,219	43,081	65,272
	Proportions	27.53%	6.46%	66.00%	100.00%
2025	Toll revenue	26,532	4,803	57,230	88,564
	Proportions	29.96%	5.42%	64.62%	100.00%
2026.1-4	Toll revenue	8,079	1,653	18,760	28,492
	Proportions	28.35%	5.80%	65.85%	100.00%

Due to the higher toll rates of the two tunnels, their combined toll revenue consistently accounts for over 70% of the total revenue of the Project. In particular, the Taihu Tunnel, with the highest toll rate, has always contributed more than 65% of the total revenue, while the Yaoxianshan Tunnel accounts for a relatively smaller share, at over 5%. Affected by the construction of the Yanjiang Expressway, the combined revenue share of the two tunnels has shown a slight year-on-year declining trend.

2.3 Historical Operation and Maintenance Costs

The operation and maintenance costs correspond to the toll operation costs in the financial statements of the Project Company, including depreciation, amortization, and regulatory fees. According to the financial statement statistical framework, toll operation costs consist of three major components: road and bridge maintenance costs, three major system costs, and levy business costs.

The Project Company currently adopts an entrusted management model and has signed an entrusted management contract with Ninghu Co.. Personnel-related expenses, such as staff salaries and benefits, are included in the toll collection operation costs in the form of entrusted management fees. The operation and maintenance costs for 2021–2025 is presented below.

Table 2-16 Operation and Maintenance Costs (Unit: 10,000 yuan)

Classification\Year		2021	2022	2023	2024	2025	Total
Toll business costs (Total)	Value	49.72	40,225	52,277	59,220	56,777	208,548
	Proportion	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
Road and bridge maintenance costs	Value	0	22,835	33,624	40,079	38,302	134,841
	Proportion	0.00%	56.77%	64.32%	67.68%	67.46%	64.66%
Three major system costs	Value	9	928	768	1,431	1,378	4,513
	Proportion	18.91%	2.31%	1.47%	2.42%	2.43%	2.16%
Levy business costs	Value	40	16,462	17,886	17,710	17,097	69,194
	Proportion	81.09%	40.92%	34.21%	29.90%	30.11%	33.18%

CHAPTER 3 TRAFFIC FORECASTING METHODOLOGY AND ASSUMPTIONS

3.1 Forecasting methodology

3.1.1 Traffic Forecasting Methods

This traffic volume forecasting work is guided by the “Method for Preparing Feasibility Research Reports of Highway Construction Projects” issued by the Ministry of Transport in April 2010. Its core forecasting method is the “four-stage forecasting method” based on the OD investigation of motor vehicle. The main steps are as follows.

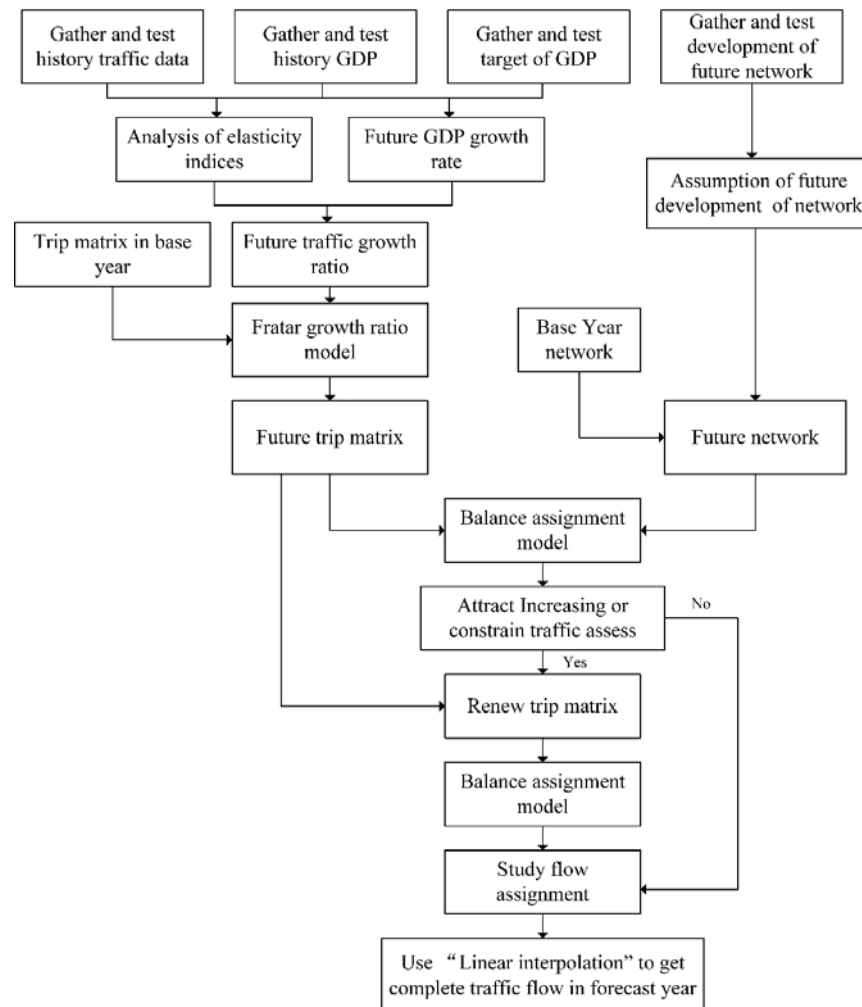


Chart 3.1 Traffic Forecasting Flowchart

1. *Forecasts of Economic and Social Development*

The focus of the economic and social development forecast is to determine, by subdistrict, the future level of development of the main economic and social indicators that have a clear relationship with the traffic demand. The forecasting work is based on the historical and current situation of economic and social development in the region concerned, analyzes and studies the main factors influencing future economic and social development, as well as possible development potential, and uses a combination of quantitative and qualitative methods in conjunction with macroeconomic development strategies and policies defined by the State, as well as the relevant plans for the region.

Forecasting should be integrated with the relevant plans for the area in which the Project is located, and one of the following methods should be selected on a case-by-case basis:

- (1) Take the local economic and social development plan as the basic basis for making appropriate supplementary analytical predictions. Attention should be paid to the balanced analysis of the forecast results of each zone with the planning objectives of the entire affected area and even the province concerned;
- (2) The local economic and social development plan is taken as one of the forecasting scenarios, which is combined with the results of the Project analysis and forecasting to form the forecasting value interval.

2. *Traffic generation forecast*

The total number of traffic generation (production and attraction) in the zones is a specific reflection of the economic and social development of traffic demand. The forecast of the production and attraction flow should be based on the basic economic and social development trend. Commonly used forecasting methods are growth rate method, correlation analysis method, intensity indicator method. Among them, the growth rate method is most commonly used to determine the growth rate of traffic trips by studying the growth of population or economic indicators.

3. *Traffic distribution forecast*

Traffic distribution forecasting is the process of estimating the distribution of traffic trips between each pair of zones based on the traffic production and attraction. Traffic distribution forecasting methods can be categorized into two types: present state method and integrated model method.

(1) Present state method

There are several models for forecasting the future distribution of traffic trips based on the present OD table, including the Equilibrium Growth Rate Method, Average Growth Rate Method, Detroit Method, and Fratar Method, among which the Fratar Method is the most widely used.

(2) Integrated model method

The integrated model method is a method for Traffic distribution forecast using the quality of regional economic activity and impedance of traffic trips. The main model form is the basic gravity model and its deformation, and the model's prediction parameters and their calibration are more complicated compared to the present state method.

4. *Traffic assignment forecast*

Traffic assignment is the process of using impedances on a highway network to assign the traffic distribution to specific routes. The impedance of routes on a highway network is generally measured using expressway network parameters such as time distance or generalized operating costs. The assignment model should be examined before traffic assignment forecast, and the examination of the assignment model includes the examination of the expressway network descriptive parameters and the examination of the route impedance model, which assigns the base year OD matrix to the base year expressway network, carries out the calibration between the actual survey results and the assignment results, and makes the two coincide with each other by continuously adjusting the parameters.

Commonly used traffic assignment methods include User Equilibrium Assignment Method, All-or-nothing Assignment Method, Shortest-path Iterative Assignment method Considering Capacity Constraints, and Multi-path Probabilistic Assignment Method.

3.1.2 Forecasting Software and its Parameter Selection

1. Forecasting software

Traffic volume forecasting employs uses TransCAD, which is primarily used to perform the calculation and analysis of key steps, including trip generation, trip distribution, and traffic assignment.

2. Main parameters in the forecast

Trip generation forecasting parameters: include socio-economic indicators of each traffic zone (e.g., population, GDP, etc.) and traffic elasticity coefficients.

Trip distribution forecasting parameters: on the basis of base-year OD calibration, inputs such as highway capacity and the current road network layout.

Trip assignment forecasting parameters: mainly include the planned road network, highway capacity, and traffic impedance functions.

In summary, the core parameters required for forecasting cover socio-economic indicators, traffic elasticity coefficients, highway capacity, current and planned road network, traffic impedance, etc. In addition, the vehicle composition ratio, as a key basis for converting natural traffic volume into equivalent standard traffic volume, also needs to be determined simultaneously during the forecasting process.

3.2 Key Assumptions

3.2.1 Parameters of Economic and Social Development

Economic development is a key factor determining the volume of traffic generation and attraction in a region, and its vitality directly drives the growth of road traffic. Therefore, forecasting key socioeconomic indicators is an important prerequisite for traffic volume forecasting. Generally, traffic volume has a significant correlation with the level of economic development (particularly as represented by GDP). Since GDP is a core indicator for measuring future development targets of each region, it is also adopted as the primary socioeconomic forecasting parameter in this forecast.

1. *Historical Regional GDP Growth*

According to the statistical yearbooks of the relevant regions, the GDP growth rates of the primary impact areas of this project from 2017 to 2025 are shown in the table below.

Table 3-1 Historical GDP growth rates in the regions concerned (Unit: %)

Region\Year	2017	2018	2019	2020	2021	2022	2023	2024	2025
Wuxi	7.4	7.4	6.7	3.7	8.8	3.0	5.8	5.8	5.1
Suzhou	7.1	6.8	5.6	3.4	8.7	2.0	4.5	6	5.4
Changzhou	8.1	7.0	6.8	4.5	9.1	3.5	6.1	6.1	5.2
Nanjing	8.1	8.0	7.8	4.6	7.5	2.1	5.6	4.5	5.2
Zhenjiang	7.2	3.1	5.8	3.5	9.4	2.9	6.4	5.9	5.4
Central Jiangsu	8.0	6.9	6.5	3.9	8.8	3.6	6.0	6	5.4
Northern Jiangsu	7.2	5.5	6.1	3.5	8.9	3.5	8.6	6.5	5.6
Jiangsu	7.2	6.7	6.1	3.7	8.6	2.8	5.8	5.8	5.3
Shanghai	7.0	6.8	6.0	1.7	8.1	-0.2	9.7	5	5.4
Zhejiang	7.8	7.1	6.8	3.6	8.5	3.1	6.3	5.7	5.5
Anhui	8.5	8.0	7.5	3.9	8.3	3.5	6.1	5.8	5.5
Shandong	7.4	6.4	5.5	3.6	8.3	3.9	6.2	5.5	5.1

2. *GDP Forecast for Future Characteristic Years*

The economic and social development of the Project-affected areas is a primary factor in forecasting traffic volume growth. This forecast is based not only on recent historical economic development data of each region but also incorporates the economic growth targets outlined in the local “14th” and “15th” Five-Year Plans for national economic development.

(1) Analysis of Economic Trends

Since the reform and opening-up, China's economy has experienced nearly three decades of rapid growth, driven primarily by two core dividends: first, the internal demographic dividend, which provided a large pool of low-cost labor, boosted the savings rate, and raised the potential economic growth rate; second, the external globalization dividend, which brought external demand expansion and foreign capital inflows, supporting an export-oriented growth model. However, the current domestic and international development environment has undergone profound changes. Internationally, the world economy has entered a period of deep adjustment, with a tortuous and slow recovery; regional conflicts, tariff wars and trade frictions have intensified and risks have accumulated, leading to a gradual erosion of the external dividend. Domestically, population aging is intensifying, and the traditional demographic dividend is gradually fading. The simultaneous weakening of both internal and external drivers will inevitably push Chinese economy from a stage of high-speed growth to a stage of medium-to-high-speed growth. From international experience, a "growth-rate gear-shifting" after a period of high growth is a common phenomenon. According to statistics from the World Bank's Commission on Growth and Development, only 13 economies since World War II have achieved continuous annual growth of over 7% for more than 25 years. Among them, except for a few small economies, most began to decelerate in the third decade, and by the fourth decade, only Chinese Taiwan, maintained a growth rate above 7%, while the rest fell below 4%. China has now entered the fourth decade of high-growth and faces the same growth-pattern constraints.

In summary, it is expected that over the foreseeable future, China's economic growth rate will show a stable yet gradually declining trend. The country will proactively seek a transformation in its development, prioritizing quality over speed as the guiding principle. This will signify a shift from a high-speed growth phase to a high-quality development phase, and from factor-driven growth to innovation- and efficiency-driven growth.

(2) Forecast of economic growth indicators in and around the Jiangsu region

“The Outline of 14th Five-Year Plan for National Economic and Social Development and the Vision of the 2035 for Jiangsu Province” proposes that the province’s per capita GDP should be doubled by 2035 from the 2020 level. In February 2026, the provincial government issued the outline of the “15th Five-Year Plan for National Economic Development”, specifying that the average annual GDP growth rate during the “15th” Five-Year Plan period should be around 5%. Taking into account the slight increase in the permanent population and the low base effect caused by the COVID-19 pandemic in 2020, it is estimated that the total GDP of the province in 2035 needs to reach approximately 2.1–2.15 times that of 2020. From 2021 to 2025, the actual GDP growth rates of Jiangsu were 8.6%, 2.8%, 5.8%, 5.8%, and 5.3%, respectively, with a cumulative growth of 31.4% over the five years. Based on this, it is inferred that the average annual GDP growth rate from 2026 to 2035 must remain above 5.0% to achieve the 2035 long-term goal.

From 2036, there is no official planning target for economic development in Jiangsu Province. According to the normal economic growth patterns of developed countries at the current stage, it is assumed that the average annual growth rate will start at about 4.0% in 2036 and then gradually decline to around 3.0% by 2046.

For the GDP forecasts of other regions involved in the Project, the projections are mainly based on the average development trend of Jiangsu Province, combined with the local “15th” Five-Year Plan goals and recent economic performance for a comprehensive assessment. The specific growth rate forecasts are presented in the table below.

Table 3-2 Forecasted Average GDP Growth Rate in the Main Affected Areas of the Project (Unit: %)

Region\Year	2026~2030	2031~2035	2036~2040	2041~2046
Wuxi	5.3	4.4	3.6	3
Suzhou	5.3	4.3	3.5	2.9
Changzhou	5.2	4.2	3.4	2.8
Nanjing	5.1	4.6	3.8	3.2

Region\Year	2026~2030	2031~2035	2036~2040	2041~2046
Zhenjiang	5.4	4.3	3.5	2.9
Central jiangsu region	5.4	4.5	4.1	3.4
Northern jiangsu region	5.6	5.0	4.2	3.6
Jiangsu	5.3	4.4	3.6	3
Shanghai	4.9	3.8	3.2	2.8
Shandong	5	4	3.3	2.8
Anhui	5.5	4.6	3.9	3.4
Zhejiang	5	4.5	3.7	2.9

3.2.2 Elasticity Coefficient Assumptions

1. Definition and calculation of elasticity coefficient

The elasticity coefficient is the coefficient of correlation between traffic growth and economic growth. The elasticity coefficient of highway traffic flow with respect to economic indicators is the ratio of the rate of change in traffic flow to the rate of change in economic indicators, and is calculated by the following formula:

$$GV_r = GDP_r * e_{GV}$$

$$PV_r = GDP_r * e_{PV}$$

Where,

GV_r : Average annual growth rate of goods vehicles traffic in the study area;

For example the growth rate for the year is equal to $GV_r = (GV_t - GV_{t-1})/GV_{t-1}$;

PV_r : Annual average growth of passenger vehicles traffic in the study area;

For example the growth rate for the year is equal to $PV_r = (PV_t - PV_{t-1})/PV_{t-1}$;

GDP_r : Average annual growth rate of GDP in the study area;

e_{GV} : Elasticity coefficient of goods vehicles;

e_{PV} : Elasticity coefficient of passenger vehicles.

According to the formulas above, we can deduce the calculation method between passenger/goods vehicles traffic and GDP. The method is as followings:

$$e_{GV} = \frac{\partial GV / GV}{\partial GDP / GDP}$$

$$e_{PV} = \frac{\partial PV / PV}{\partial GDP / GDP}$$

The elasticity relation of passenger/goods vehicles traffic and GDP corresponds to the below formula:

$$\text{Traffic} = A * \text{GDP}^B \quad (1)$$

Where,

Traffic: Traffic flow in the study area;

GDP : Gross Domestic Product indicator for the study area;

A, B : Calibrating factors.

Logarithm on both sides of formula (1), we can get formula (2):

$$\ln(\text{Traffic}) = \ln(A) + B * \ln(\text{GDP}) \quad (2)$$

$$\frac{\partial(\text{Traffic})}{\text{Traffic}} = B * \frac{\partial(\text{GDP})}{\text{GDP}}$$

$$B = \frac{\frac{\partial(\text{Traffic})}{\text{Traffic}}}{\frac{\partial(\text{GDP})}{\text{GDP}}} \quad (\text{Elasticity coefficient})$$

2. Analysis and forecast of the elasticity coefficient

Different stages of economic and social development correspond to different patterns of passenger and goods transport evolution. The specific evolution process is as follows: In the early stage of economic development, heavy industry and basic industries expand rapidly, generating strong demand for the transport of raw materials and primary products, which drives significant growth in goods volume. At this stage, goods growth outpaced passenger growth, and the goods elasticity coefficient was higher than the passenger elasticity coefficient. As the economy continues to develop, national income and living standards rise steadily, leading to growing demand for

personal mobility. Passenger transport growth gradually accelerates and eventually surpasses goods transport. Highway passenger traffic not only grows at a faster rate, but its growth cycle also lasts longer than that of goods. Consequently, over a relatively long period, the passenger elasticity coefficient approaches or exceeds 1.0, and then gradually declines.

In the mature stage of economic development, the goods elasticity coefficient is generally lower than the passenger elasticity coefficient, and passenger transport becomes the dominant force driving traffic growth. Based on the above analysis of these patterns, and in consideration of the actual conditions of the Project-affected areas, the projections for the elasticity coefficients of passenger and goods vehicles are presented below.

Table 3-3 Elasticity Coefficient of Passenger Vehicles by Region

Region\Year	2026~2030	2031~2035	2036~2040	2041~2046
Wuxi	1.03	0.91	0.81	0.72
Suzhou	1.01	0.89	0.79	0.71
Changzhou	1.05	0.93	0.83	0.73
Nanjing	1.02	0.90	0.80	0.72
Zhenjiang	1.06	0.93	0.83	0.74
Central jiangsu region	1.07	0.96	0.85	0.76
Northern jiangsuregion	1.11	0.98	0.87	0.78
Shanghai	0.99	0.87	0.77	0.70
Shandong	1.08	0.96	0.84	0.75
Anhui	1.13	0.99	0.89	0.79
Zhejiang	1.05	0.93	0.83	0.73

Table 3-4 Elasticity Coefficients of Goods Vehicles by Region

Region\Year	2026~2030	2031~2035	2036~2040	2041~2046
Wuxi	0.76	0.66	0.58	0.51
Suzhou	0.75	0.65	0.57	0.50
Changzhou	0.79	0.67	0.59	0.52
Nanjing	0.76	0.66	0.58	0.51
Zhenjiang	0.89	0.76	0.64	0.56
Central jiangsu region	0.93	0.79	0.67	0.58
Northern jiangsu region	0.94	0.81	0.69	0.60
Shanghai	0.73	0.63	0.56	0.48
Shandong	0.91	0.77	0.66	0.57
Anhui	0.95	0.82	0.70	0.61
Zhejiang	0.77	0.67	0.59	0.53

3.2.3 Road Capacity Analysis

1. Normative situation

The traffic capacity of this project is primarily calculated in accordance with the “Technical Standards for Highway Engineering” (JTG B01-2014). The highway service level is classified into six grades, namely, Grade I to VI. Among them, the maximum service traffic flow of Level III service level corresponds to the design capacity, and the maximum service traffic flow of Level V service level corresponds to the basic capacity. The specific classification criteria are shown in the table below.

Table 3-5 Grading of Service Level for Expressways

Service level	v/C	Design speed		
		120	100	80
		Maximum service traffic flow (pcu/h/ln)		
I	$v/C \leq 0.35$	750	730	700
II	$0.35 < v/C \leq 0.55$	1200	1150	1100
III	$0.55 < v/C \leq 0.75$	1650	1600	1500
IV	$0.75 < v/C \leq 0.90$	1980	1850	1800
V	$0.90 < v/C \leq 1.00$	2200	2100	2000
VI	$v/C > 1.00$	0~2200	0~2100	0~2000

Note: v/C is the ratio of the maximum service traffic flow to the basic capacity under baseline conditions, and the base capacity is the maximum hourly traffic flow corresponding to the Level of Service V condition.

As the classification of vehicle types and the conversion coefficients for vehicle types in the standards are not consistent with the approved toll standard. According to the sample statistics of the past operation data in the expressway network, the capacity calculated by the toll coefficients is about 5% higher compared with the calculated value of the conversion coefficients in the specifications actually.

2. Real capacity measurement

The following formula is used to calculate the real capacity of the expressway:

$$C_r = C_d \times f_{HV} \times f_N \times f_p$$

Where,

C_r : The real capacity of expressways. veh/(h · ln);

C_d : The basic capacity of the expressway section corresponding to the actual driving speed is pcu/(h · ln). When the design speed is 120 and 100 km/h, the basic capacity is set as 2200 and 2100 pcu/(h · ln).

f_{HV} : The correction coefficient of traffic composition to capacity, corrected according to the proportion of each vehicle type in the traffic composition, calculated by the formula:

$$f_{HV} = \frac{1}{1 + \sum P_i(E_i - 1)}$$

Among them,

P_i : Traffic flow of type i as a percentage of total traffic flow;

E_i : Vehicle conversion coefficient for type i ;

f_N : The correction coefficient for the number of lanes for expressways with six or more lanes, which is taken as 0.98 and 0.99 for six lanes;

f_p : The overall driver characteristic correction coefficient, which is generally taken as 0.95-1, and this time it is taken as 1.

Since the composition of vehicle types varies from section to section in the expressway network, the capacity in the model cannot be set uniformly according to the natural flow. Therefore, the capacity in the model is expressed as a standardized quantity, and the correction coefficient for the vehicle type is uniformly taken as a rough value of 0.98.

3. *Daily capacity measurement*

$$C = C_r * N / K / D$$

Among them,

C : Daily traffic capacity, Unit: pcu/d;

N : Number of one-way lanes, taking 2, 3, and 4;

K : The peak hour ratio, based on historical survey data, is approximately 0.08-0.12, with a value of 0.08 in this report;

D : Directional imbalance coefficient, taken as 0.52 in this report.

In the model, the capacity of expressways is rounded according to the calculated values and set as shown in the table below:

Table 3-6 Daily Capacity of Expressway (Unit: pcu/d)

Design speed\Lane	Expressway		
	Eight-lane	Six-lane	Four-lane
120 km/h	210,000	160,000	110,000
100 km/h	200,000	150,000	100,000

3.2.4 Analysis of the Proportion of Vehicle Types

1. The development trend of passenger vehicle type

With economic development, the number of motor vehicles in China as a whole and in Jiangsu Province has grown rapidly, providing a solid foundation for expressway traffic growth. Experience from Jiangsu and nationwide shows that passenger vehicle traffic grows faster than goods vehicle traffic, leading to a steady increase in the share of passenger vehicles in the expressway network. Changes in motor vehicle ownership in the main project-affected areas (Jiangsu and its neighboring provinces) and private car ownership in the five cities of southern Jiangsu from 2017 to 2024 are presented in the table below (data sourced from the statistical yearbooks of the relevant regions).

Table 3-7 Changes in Motor Vehicles Ownership in Jiangsu and Neighboring Provinces (Unit: Ten thousand vehicles)

Region\Year	2017		2024		Growth rate	
	Passenger vehicle	Goods vehicle	Passenger vehicle	Goods vehicle	Passenger vehicle	Goods vehicle
Jiangsu Province	1,499.72	105.65	2,374.93	156.53	6.79%	5.78%
Shanghai City	328.17	30.81	512.41	34.39	6.57%	1.58%
Anhui Province	605.79	99.79	1107.77	140.90	9.01%	5.05%
Zhejiang Province	1,266.84	124.53	2,089.41	176.28	7.41%	5.09%
Shandong Province	1,711.66	210.72	2,795.57	332.37	7.26%	6.73%
Nationwide	18,469.54	2,338.85	31,013.91	3,399.28	7.69%	5.49%

Note: The data is sourced from the China Statistical Yearbook.

Table 3-8 Changes in the Ownership of Private Vehicles in the Five Cities of Southern Jiangsu (Unit: Ten thousand vehicles)

Region\Year	2017	2018	2019	2020	2021	2022	Average growth rate
Nanjing	201.56	207.25	211.19	216.03	222.64	229.24	2.61%
Zhenjiang	49.56	53.78	56.93	59.64	62.32	63.37	5.04%
Changzhou	104.76	113.41	120.81	126.68	132.91	136.52	5.44%
Wuxi	149.03	161.42	172.24	180.87	189.46	195.81	5.61%
Suzhou	301.54	329.72	350.49	369.22	390.94	409.78	6.33%
Total	806.45	865.58	911.66	952.4439	998.2756	1034.72	5.11%

- Note:*
1. The data is sourced from the Jiangsu Statistical Yearbook.
 2. Since 2023, the statistical coverage has been adjusted, making the data before and after incomparable, so they are no longer presented.

In addition, in recent years, congestion on local urban roads in southern Jiangsu has been increasing, making the expressway an important choice for regional commuter traffic, with a significant increase in short-distance trips by P1.

At the same time, with the continuous improvement of the national high-speed railway network and local intercity railway networks, the medium- and long-distance intercity passenger transport function has gradually shifted to railways, resulting in a noticeable decline in traditional long-distance large passenger vehicles (P3 and P4). This is particularly evident along routes such as the Jinghu High-Speed Railway and the Huning High-Speed Railway. Drawing on the development experience of intercity expressways such as the Guangshen and Huning, P1 types have contributed over 80% to traffic growth, making them a key factor driving changes in the vehicle type composition of expressways.

In summary, future expressway travel will show the following trends: on the one hand, passenger vehicle growth will continue to outpace that of goods vehicles, which will further increase the share of passenger vehicles in the expressway network; on the other hand, driven by the widespread adoption of small passenger cars and the diversion effect of intercity railways, P1 types within the passenger vehicle fleet will also increase correspondingly.

2. *The development trend of goods vehicle*

Goods vehicle types is mainly influenced by two factors: goods specialization and regional industrial structure changes.

From the perspective of goods specialization, goods vehicle types show a trend of developing towards both ends. On the one hand, large goods vehicles (G6) continue to grow under efficient transport organization modes, benefiting from lower unit transport costs; on the other hand, small goods vehicles (G1 and G2) have high maneuverability and adapt to flexible economic demands, further promoted by industries such as express logistics. In contrast, medium goods vehicles (G3, G4, G5) have seen their transport advantages weaken, being squeezed by both heavy and light goods vehicles, and their share has declined year by year. National statistics show that the number of medium goods vehicles in China decreased from 2.6975 million in 2010 to 958,800 in 2021, with an average annual decline of about 9%, while the numbers of light and heavy goods vehicles both increased during the same period.

From the perspective of industrial structure evolution, different industries have significantly different demands for goods transport. The goods demand generated per unit of heavy industrial output value is usually greater than that of light industry, which in turn is greater than that of the service industry; in addition, the product structure also deeply affects transport demand. High-value-added, “light, thin, short, small” products may have relatively small goods volumes but require higher transport quality and timeliness, while traditional “bulky, heavy, long, large” products still rely on large-capacity transport. The proportion of agriculture, light industry, heavy industry, and services in the regional industrial structure, as well as the upgrading of product types, jointly determine the total volume and structural characteristics of goods demand. Therefore, the future development of high-value-added manufacturing will promote a trend toward lighter goods vehicles, while demand for large equipment and large-scale logistics will encourage heavier development.

Based on the above two aspects, the regional goods vehicle structure is expected to continue adjusting, with the proportion of medium goods vehicles gradually declining, and light and heavy goods vehicles becoming the main development directions, with the vehicle structure evolving toward “polarization and specialization.”

3. *Vehicle type proportion forecast*

Based on the calculation requirements of this project, the vehicle type forecasts are primarily qualitative in nature, and passenger and goods vehicles need to be forecast separately. Based on the above analysis, the overall proportion of vehicle types P1 will show a trend of increasing, and other passenger vehicle types decreasing. In terms of the proportion of goods vehicle types, it will also maintain a development trend of developing at both ends and decreasing in the middle.

Table 3-9 Forecast of the Proportion of Passenger Vehicle Types on the Project

Year	Total	P1	P2	P3	P4
2026	100.00%	99.16%	0.08%	0.22%	0.54%
2030	100.00%	99.23%	0.08%	0.20%	0.49%
2035	100.00%	99.31%	0.09%	0.18%	0.42%
2040	100.00%	99.39%	0.09%	0.17%	0.35%
2046	100.00%	99.50%a	0.10%	0.14%	0.26%

Table 3-10 Forecast of the Proportion of Goods Vehicle Types on the Project

Year	Total	G1	G2	G3	G4	G5	G6
2026	100.00%	32.58%	28.24%	6.69%	9.21%	9.45%	13.83%
2030	100.00%	33.09%	28.12%	6.17%	8.65%	8.88%	15.09%
2035	100.00%	33.20%	27.96%	5.61%	7.94%	8.20%	17.09%
2040	100.00%	33.45%	27.80%	5.02%	7.23%	7.51%	18.98%
2046	100.00%	33.66%	27.59%	4.25%	6.25%	6.57%	21.68%

3.2.5 Volume Delay Assumptions

The model adopts the volume delay functions (VDF) for expressway network flow assignment. The VDF reflects the road resistance factors considered by drivers in the path selection process, which usually include the actual trip time of the selected path, the length of the route and the tolls, etc. The importance of these road resistance factors is reflected by the weighting coefficients, and the toll and the operating costs which are proportional to trip length, can be convert into time by the value of time. The VDF is generally expressed as follows:

$$T = L/V + [FT + (TPK + VOC) \times L] / VOT$$

Where:

T: Comprehensive costs of road sections (unit: hour);

L: Length of road section (unit: km);

V: Actual driving speed (unit: km/h);

FT: Fixed Toll (unit: Yuan);

TPK: Toll Per KM (unit: yuan/km);

VOC: Vehicle operating costs (unit: yuan/km);

VOT: Value of Time (unit: yuan/hour).

Among them, the actual travel time depends on travel speed which changes with the changing of traffic flow, the relationship between them is described by BPR function developed by U. S. Bureau of Public Road. When calculating the network traffic flow iteration and assignment, travel speeds in each road section will be calculated according to the traffic flow in it. BPR function formula is seen as below:

$$t_{cur} = t_0 \times \left(1 + \alpha \left(\frac{q}{q_{max} \times \gamma} \right)^\beta \right)$$

Where:

t_{cur} : Trip time in road network has been loaded (unit: h);

t_0 : Free flow trip time (unit: hour), taking the ratio of the length of the road section to the design speed;

q : Traffic flow on road network (unit: pcu/d);

q_{max} : Road capacity (unit: pcu/d);

α 、 β 、 γ : Parameters. The parameters in the model are obtained from our similar consultants and refer to the widely used value at home and abroad. Generally, α , β , γ take the values of 0.15, 4,1.

3.2.6 Integrated Transportation Development Plan

1. Expressway network planning and construction plan

The “Jiangsu Provincial Highway Network Plan (2021–2035)” was approved and issued by the Provincial Government in 2023. The Plan states that the future expressway network of Jiangsu Province will focus on fulfilling the following functions: ① serving the integrated transport development of the Yangtze River Delta world-class city cluster; ② enhancing the radiating and driving role of Nanjing as a mega-city in the Yangtze River Delta; ③ promoting the integrated development across the Yangtze River; ④ supporting high-quality development in coastal areas; ⑤ strengthening inter-provincial corridor connections.

The Plan specifies that by 2035, the provincial expressway network will form an overall layout of “fifteen radial, seven longitudinal, and ten transverse” corridors, along with 22 expressway river-crossing passages, with a total length of approximately 7,815 km, of which national expressways account for 4,229 km and provincial expressways account for 3,586 km.

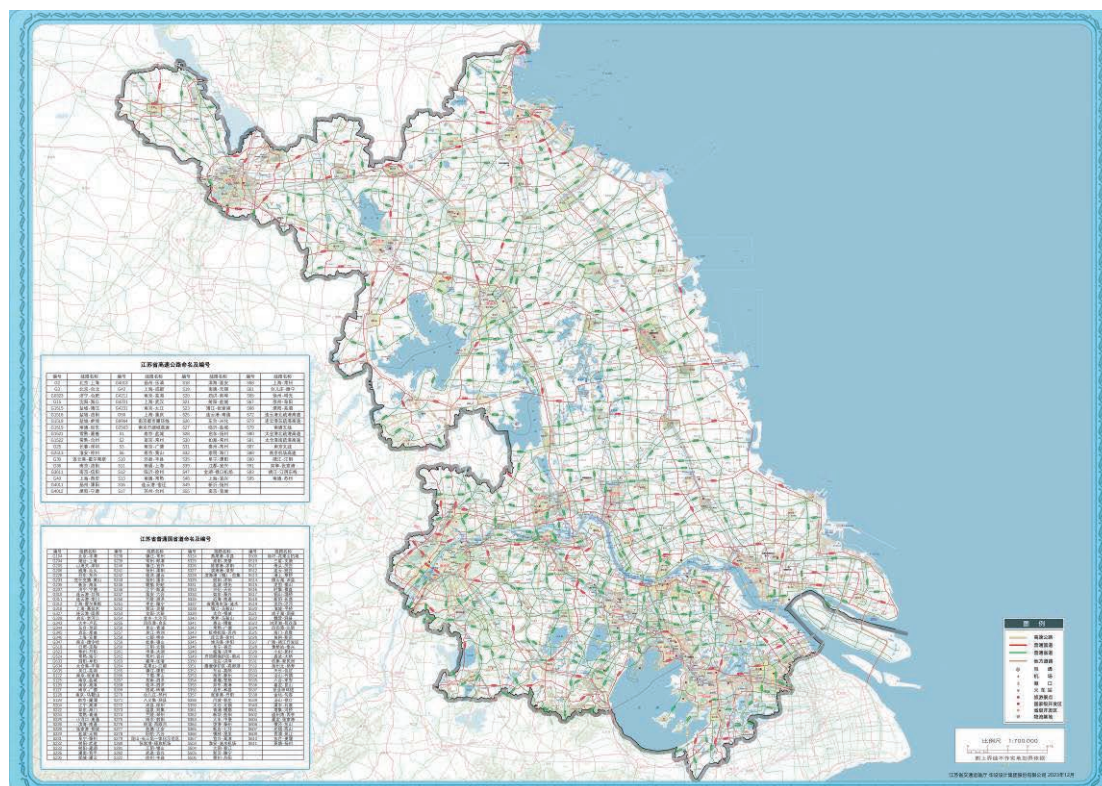


Chart 3.2 Layout Plan of Expressway in Jiangsu Province ⁴

Analysis indicates that the traffic composition of the Project exhibits the following characteristics: ① internal connections among the three cities of Suzhou, Wuxi, and Changzhou are predominant, accounting for over 50%; ② transit and access movements in the Nanjing-Changzhou direction are the second largest category. Highway construction projects related to the above two types of connections will have a significant impact on the actual traffic volume changes of the Project.

⁴

After the issuance of the “Jiangsu Provincial Highway Network Plan (2021–2035)” in December 2023, the expressway network planning has continued to be adjusted through a case-by-case review process. By the end of 2025, the total completed expressway mileage in the province reached 5,414 km, and the planned total mileage by 2035 has been increased from approximately 7,815 km to approximately 7,900 km.

This forecast takes as an important basis the latest information on relevant highway construction projects during the “15th Five-Year Plan” period, as set forth in the “Jiangsu Provincial Comprehensive Transportation System Development Plan for the 15th Five-Year Plan Period”.

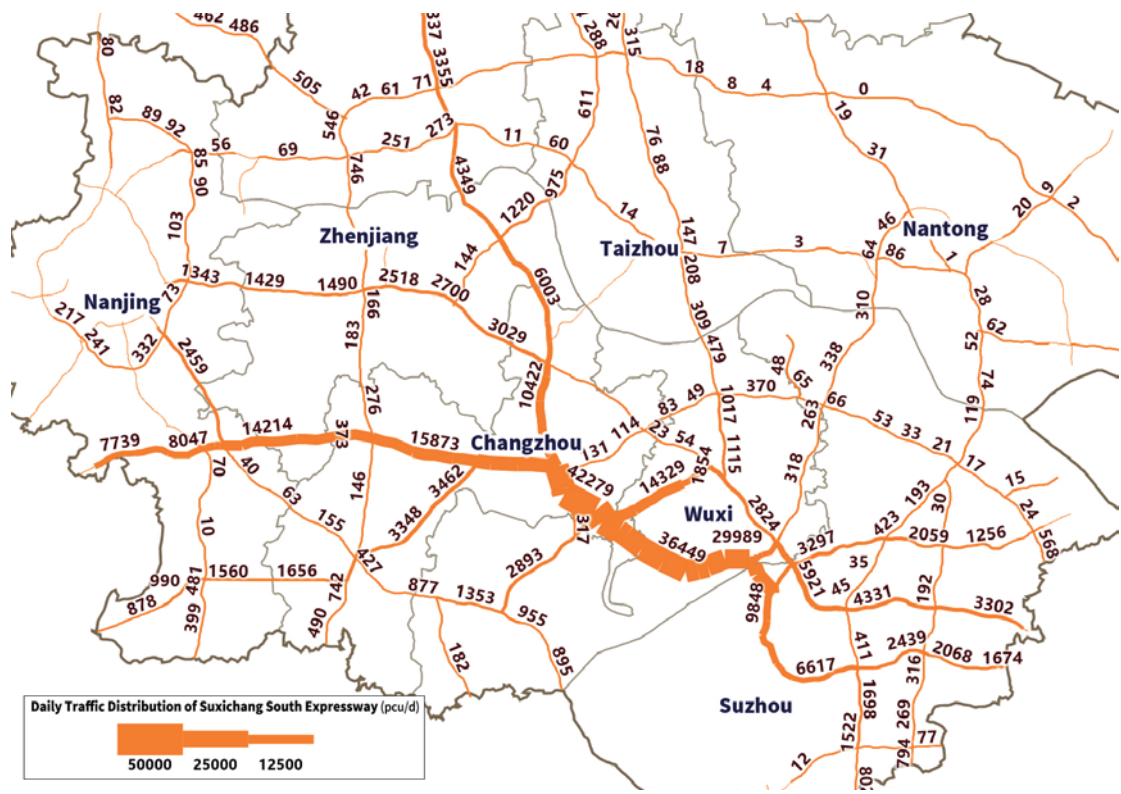


Chart 3.3 Schematic Diagram of Traffic Flow Distribution on the Southern Su-Xi-Chang Expressway (September 2024)

(1) Reconstruction of the Yanjiang Expressway

The reconstruction of the Yanjiang Section of the Huwu Expressway started on November 2, 2024, and is expected to be completed and opened by the end of January 2027.

From November 2, 2024, to January 10, 2026, a “2/3+0” semi-closure was implemented on the entire section from Wugaoxin Hub to the Suhu provincial boundary, affecting the Shanghai-bound carriageway. As a key east–west artery in the southern Jiangsu road network, the closure of the Yanjiang section triggered a large-scale redistribution of traffic flow to connecting and parallel routes such as the Huning Expressway and the Suxichang South Expressway, resulting in a substantial restructuring of the road network traffic pattern.

From January 10, 2026 to June 1, 2026, the traffic management arrangement for the reconstruction section was adjusted as follows: traffic in the Shanghai-to-Nanjing direction on the section from Dongbang Hub to Changzhou South Interchange was interrupted; and traffic in the Nanjing-to-Shanghai direction on the section from Dongbang Hub to the Suhu provincial boundary was also interrupted. On the open sections, the speed limit was set at 100 km/h, and at traffic diversion points, the speed limit was 60 km/h. The transport of hazardous chemicals and oversized cargo was prohibited on the above sections.

Based on the section traffic volume data from January to April, following the latest adjustment of the Yanjiang traffic management plan, traffic on the Suxichang South Expressway has further increased.

From June 1, 2026 to January 31, 2027, the traffic management arrangement for the reconstruction section will be further adjusted as follows: traffic in the Shanghai-to-Nanjing direction on the section from Taicang North Hub to Changzhou South Interchange will be interrupted; speed limits on open sections will remain at 100 km/h and 60 km/h at diversion points; and the transport of hazardous chemicals and oversized cargo will continue to be prohibited. In addition, the ramp from the S48 Huyi Expressway to the Huwu Expressway (Nanjing direction) at Taicang North Hub will be closed.

After this adjustment, some of the Nanjing-to-Shanghai and Anhui-to-Shanghai transit traffic previously diverted from the Yanjiang Expressway is expected to return.

Upon the completion and opening of the Yanjiang reconstruction project at the end of January 2027, a portion of the traffic diverted to the Suxichang South Expressway during the construction period is expected to return to the Yanjiang Expressway.

(2) Construction of the Xitai Expressway

The Xitai Expressway starts from the Wuxi North Hub on the Hurong Expressway and is designed as a two-way six-lane road. It runs eastward through Huishanxin Town, Xibei, Donggang, and Yangjian, and ends at the Xiangcheng West Hub on the Sutai Expressway, with a total length of approximately 50 km. Construction commenced in November 2024 and is expected to be completed and opened by the end of 2028.

Upon its opening, the Xitai Expressway will divert traffic from parallel corridors such as the Huning Expressway, the Yanjiang Expressway, and the Suxichang South Expressway. Traffic originally passing through the Taihu Tunnel section toward the Xiangcheng Hub direction will be transferred to the Xitai Expressway, and the section flow from Xueyan Hub to the Taihu Lake terminal point will decrease accordingly.

(3) Construction of the Ningchang Expressway (Jintan-Wujin Section)

The Jintan–Wujin section of the Ningchang Expressway starts from the intersection with the Yangle Expressway, passes through Huangli Town in Wujin District, Changzhou, crosses Gehu Lake, and ends at the connection with the Huchang Expressway. The construction standard is a new two-way six-lane expressway, with construction planned to begin in 2027 and completion expected in 2031. As this section connects near the starting point of the Suxichang South Expressway, its opening will attract traffic from southern Changzhou to use the Project, positively impacting traffic growth and is expected to generate certain induced traffic on the Project.

(4) Reconstruction of the Ningchang Expressway

The reconstruction of the Ningchang Expressway will be carried out from 2030 to 2032, and the “2+2” two-way traffic maintenance phase will begin in 2031. During construction, the capacity of the Ningchang Expressway will be constrained, and traffic originally routed via Ningchang to the Suxichang South Expressway will decrease. Upon completion, the diverted traffic will return to the Project.

(5) Reconstruction of the Huning Expressway

According to the “Huning Expressway Jiangsu Section Expansion Planning Study Report” and the “Jiangsu Provincial Comprehensive Transportation System Development Plan for the 15th Five-Year Plan Period”, the reconstruction of the eastern section of the Huning Expressway (from Henglin Hub to the Suhu provincial boundary) will be implemented from 2028 to 2031.

To maximize land conservation, a two-level construction scheme is considered the most feasible and will require a “4+0” traffic management arrangement: from 2028 to 2029, the Nanjing-to-Shanghai direction will be closed first, followed by the Shanghai-to-Nanjing direction from 2030 to 2031. The semi-closure construction will divert approximately 55%-60% of the Huning Expressway traffic. The primary diversion routes are the Suxichang South Expressway, Xitai Expressway, Yanjiang Expressway, and G312 Highway, with the Suxichang South Expressway accounting for about 15%-25% of the diversion. Unlike the Yanjiang reconstruction, the Huning Expressway reconstruction will result in balanced diversion across all sections of the Project, leading to a rapid increase in Taihu Tunnel traffic, a temporary rise in per-vehicle revenue, and a significant increase in total revenue across the entire route. After the completion of the Huning reconstruction, a portion of the diverted traffic will return.

(6) Reconstruction of the North Section of the Xiyi Expressway

The reconstruction of the Xueyan Hub–Wuxi North Hub section of the Xiyi Expressway will be carried out from 2027 to 2029, and a two-way closure construction traffic management approach will be adopted. During construction, traffic on the north section of the Xiyi Expressway will be diverted to the “Ningchang–Yanjiang–Huning” route and the Suxichang South Expressway, further increasing traffic volume on the Project. Upon completion, some of the diverted traffic will return.

(7) Reconstruction of the Ninghang Expressway

The reconstruction of the Jiangsu section of the Ninghang Expressway is divided into two segments: the middle section (Guizhuang Hub–Xinchang Hub) and the southern section (Xinchang Hub–Suzhe provincial boundary). The middle section will be expanded from four to eight lanes, while the southern section will be expanded from six to eight lanes and from six to ten lanes. Both sections will be implemented concurrently from 2027 to 2030, and the semi-closure phase will commence by the end of 2028. During construction, some traffic traveling from Liyang toward Suzhou and Jiaxing will be diverted to the Suxichang South Expressway. Upon completion, some of the diverted traffic will return.

(8) Construction of the Taichang Expressway

The Taichang Expressway is planned as a two-way six-lane facility, with its opening expected around 2036. Its terminus connects to the east side of Xueyan Hub on the Project, which will improve regional network connectivity. From 2037, it will have a slight positive effect on the traffic volume of the Project.

2. *Railway transit planning and construction plan*

The Project primarily serves passenger transport functions, and its traffic volume may be affected by the development of rail transit facilities, including high-speed railways, intercity railways, and suburban railways. According to the “Jiangsu Provincial Comprehensive Three-Dimensional Transport Network Planning Outline” and the “Jiangsu Provincial Railway Development Plan during the 14th Five-Year Plan and Medium- and Long-Term Network Layout Plan”, the current status and planning of rail systems are as follows:

- (1) High-speed railway network. Jiangsu province has planned a “six vertical and six horizontal” high-speed railway network. The main trunk lines within the corridor of the Project mainly include the Jinghu High-speed Railway, the Huning Intercity Railway, and the South Yanjing Intercity Railway. At present, all of the above high-speed railways have been completed and are in operation, with a relatively stable network structure, which will have a relatively marginal impact on the future traffic volume of the Project.
- (2) Intercity railways within city clusters and suburban railways within metropolitan areas. The Suzhou metropolitan area plans to develop a suburban railway network with Suzhou, Wuxi, and Changzhou as multiple centers, aiming to strengthen organic connectivity among regions such as Xichangtai and Huzhou, and to establish a multi-corridor pattern for accessing Shanghai. According to the “Jiangsu Provincial Comprehensive Transportation System Development Plan for the 15th Five-Year Plan Period”, the key planned construction projects related to the Project are the Yantaixi Intercity Railway and the Suzhou Intercity Railway. The specific construction information is presented in the table below.

Table 3-11 Information Table for Expressway Planning and Construction that Mainly Affects the Project

Number	Road name	Construction content	Construction period	Impact description
1	Yantaixiyi Intercity railway	High-speed railway	2028–2033	Negligible → impact → on → the Project
2	Husuxichang Intercity railway	High-speed Railway	2024–2028 (Taicang pilot section); 2029–2035 (full line)	After the full line is opened, it will divert some passenger bus traffic on the Wuxi–Shanghai section of the Project

First, current travel between Wuxi and Yixing is predominantly by passenger cars (P1), with the share of large and medium-sized buses (P3, P4) being extremely low. Meanwhile, the traffic flow on the Project in the Wuxi–Yixing direction accounts for a relatively small proportion of its total traffic volume. Public information indicates that the intercity railway under construction will have a station in Huishan District, Wuxi, located on the western side of the city, which is far from the Taihuxin Town area that the Project primarily serves. Therefore, it will be unlikely to effectively substitute for the Project’s main passenger source.

Second, the Taicang pilot section of the Husuxichang Intercity railway will be scheduled to be completed and opened before 2028. It will only serve commuter travel between Taicang and Shanghai, with no spatial overlap with the service area of the Project, and thus no competitive relationship will exist. In the near term, it will have no impact on the traffic of the Project. By 2035, when the entire line becomes operational, a rail transit service with metro-like frequency will be established between Shanghai, Suzhou, Wuxi, and Changzhou. This rail will have a certain parallel competitive relationship with the Project on the Wuxi–Shanghai section, and will divert some travel demand from large buses that are sensitive to travel time and cost. However, its impact on short-distance and intra-regional travel that relies on expressways will be limited.

In summary, the high-speed railway network in southern Jiangsu is already well developed. The impact of new railway construction on the traffic on the Project will be minimal.

3. *Relevant ordinary national and provincial highways Construction Plan*

(1) Operation policy of the Zhushan Lake Tunnel

On December 26, 2024, the Yima Expressway on Highway S341, which includes the Zhushan Lake Tunnel, was opened. During the two-year trial operation period, the mainline of Highway S341 from Xueyun Road in Mashan to Highway S230 (Dubian Line) in Yixing is subject to a full-time, two-way prohibition on the following vehicles: medium and heavy-duty trucks (except new energy medium-sized box-type trucks and medium-sized enclosed trucks), medium and heavy-duty special-purpose vehicles, vehicles transporting dangerous goods, and other vehicles that may affect or endanger tunnel safety.

The opening of this section has shortened the commuting distance between Wuxi and Yixing, generating a traffic diversion effect on the Taihu Tunnel section of the Suxichang South Expressway. However, due to the restrictions imposed by the traffic policy, the incremental traffic on the Taihu Tunnel primarily consists of passenger vehicles and G1 types. This report assumes that the restriction on vehicles with “Su B” license plates will be lifted as originally scheduled in 2027, and the traffic volume of medium and heavy-duty trucks on the Taihu Tunnel will increase.

(2) Reconstruction of the Wuxi and Changzhou sections of Highway G312

Currently, the following sections of Highway G312 are being upgraded to expressway standards: the Henglin to East Hutang section in Changzhou, the Xihu Road to Xiyu Overpass section in Wuxi, the Fengxiang Road to Guangshi Road section in Wuxi, and the Luocheng Road to Changzhou boundary section in Wuxi. The Changzhou section will be completed by the end of 2026, while the Wuxi sections will be completed by June 2028. As a toll-free parallel corridor, the capacity of G312 during construction will be constrained, prompting a portion of traffic to shift to the Project, which will have a slight positive impact on the Project’s traffic volume in the short term. Once these upgraded expressways have been opened, they will have a certain diversion effect on the Project.

4. *Relevant Local Expressway Construction Plans*

According to the “Overall Land and Space Planning of Wuxi (2021–2035)”, the local expressways that have a greater impact on the Project are the west extension of Juqu Road and the Suxi Taihu Channel.

- (1) The west extension of Juqu Road is the planned Taihu-crossing expressway parallel to the Project, passing through Meiliang Lake and connecting with Yima Expressway. The route is basically the same as the Project. It will transfer the local traffic in Wuxi undertaken by the Project after its completion.
- (2) The Suxi Taihu Channel is an intercity road constructed in the form of local roads in Wuxi and Suzhou after the cancellation of the second phase planning of the Suxichang South Expressway. It starts at the intersection of the Taihu Road and Gongshan Road in Suzhou and ends at the north of Nanquan Junction, Lihu Road in Wuxi. It will connect with the Project’s ending point and become an important fast intercity channel within the Suzhou, Wuxi and Changzhou. The completion of this channel will bring about a significant increase in the traffic flow of the project, especially for vehicles traveling from southern Suzhou to Changzhou and Wuxi.

At present, Suxi Taihu Tunnel is in the preliminary research stage, while the western extension of Juqu Road has not yet undergone preliminary research and its construction timeline has not been determined. In this report, both roads are temporarily assumed to be completed and opened by December 2036.

The geographical location of the local expressways are shown in the following figure below.



Chart 3.4 Planning Map of Juqu Road and Suxi Taihu Channel

3.2.7 Toll Policy

1. Toll Period

According to the toll approval documents, the expiry dates of toll collection periods for expressways in Jiangsu Province are not entirely consistent. If the existing toll periods are strictly followed, some sections may become toll-free upon expiry, which would cause traffic on the project to shift to the toll-free corridors.

Meanwhile, “the Toll Expressways Administration Regulations” are under revision and the future adjustment of the toll policy is uncertain. However, considering that many expressways built in the early stages of the network are in need of reconstruction and expansion, and that such projects would necessitate a reassessment of the toll collection period, it is more likely that these expressways will remain tolled in the future. Therefore, this forecast assumes that all expressways will maintain their current tolling status throughout the forecast period.

2. *Charging standards*

The following assumptions are made about the toll standard in the forecast:

- (1) For expressways that have been completed and put into operation, the tolls approved remain unchanged.
- (2) For expressways completed and put into operation before 2025, the toll rates for reconstruction and expansion projects, as well as new bridge and tunnel projects, shall be determined in accordance with the “Pricing Mechanism for Expressway Tolls in Jiangsu Province” jointly issued in 2021 by the Jiangsu Provincial Department of Transportation, the Development and Reform Commission and the Department of Finance. For other new general projects, the basic toll rate shall be RMB0.55 per vehicle-kilometer for passenger vehicles and RMB0.45 per vehicle-kilometer for goods vehicles.
- (3) Expressways scheduled to be completed and put into operation by 2030. At present, the toll pricing mechanism for expressways during Jiangsu Province’s “15th Five-Year Plan” period is under study, and it is expected that the upper limit of toll rates will be raised. According to research findings, the upper limit of the basic toll rate for passenger vehicles may be adjusted from RMB0.55/km to RMB0.65–0.70/km, while that for goods vehicles may be raised from RMB0.45/km accordingly. The Xitai Expressway has a relatively high construction cost (approximately RMB500 million per kilometer), making it highly likely to exceed the current upper limit. In this consultation, it is assumed that the basic toll rates for passenger vehicles and goods vehicles will be adjusted to RMB0.65/km and RMB0.55/km. The remaining projects will continue to follow the policies of the “14th Five-Year Plan” period.
- (4) Expressways scheduled to be completed and put into operation after 2030. As prices rise, construction costs will continue to increase, and toll rates are expected to be raised accordingly. The main project concerned is the reconstruction of the Huning Expressway. According to preliminary research by Ninghu Co., its construction cost per kilometer will exceed RMB500 million. In this forecast, it is assumed that after reconstruction, the toll rate for passenger vehicles will be raised to RMB0.75/km, and that for goods vehicles to RMB0.55/km. The other projects will maintain the “14th Five-Year Plan” standards.

As a result of the toll rate increase on the parallel expressway, it is anticipated that the Project’s share of traffic flow within the overall corridor will increase compared to the current status.

3. *Differentiated toll policy for the Project*

As described in the previous chapter, the differentiated toll policy for the project has undergone three rounds of adjustments since its opening:

(1) 2021.12–2023.12

On December 29, 2021, the Wuxi Transportation Bureau signed a government-purchased services contract with the Project company, stipulating that for non-commercial ETC-equipped passenger vehicles registered in Wuxi with a certified seating capacity of 9 or fewer, traveling on the S58 Huchang Expressway between Huazhuang Interchange, Nanquan Interchange, or Junzhang Interchange and Mashan Interchange, the discounted toll for the Taihu Tunnel would be RMB15 per vehicle trip. The preferential period was set to expire on December 31, 2023.

(2) 2024.1–2024.12

Prior to the expiration of the above contract, on December 29, 2023, the Wuxi Transportation Bureau renewed the government-purchased services agreement, maintaining the original discount rate (RMB15 per vehicle trip) and the scope of beneficiaries, with the preferential period extended to December 29, 2024.

(3) 2025.1–2027.12

On December 27, 2024, the Wuxi Transportation Bureau signed a new government-purchased services agreement, effective from December 30, 2024, under which the discount rate was adjusted from RMB15 to RMB10 per vehicle trip, with the scope of beneficiaries unchanged and the preferential period extended to December 29, 2027.

This forecast assumes that the subsequent differentiated toll policy will remain unchanged from the latest scheme signed in December 2024, and that any proposal to expand the preferential scope is not taken into account.

4. *Preferential Toll for Goods Vehicles on the Taihu Tunnel*

Pursuant to “the Notice on Optimizing and Improving the Preferential Toll Policies for Some Categories of Goods Vehicles in Our Province” (SuJiaoCai [2025] No. 8), jointly issued by the Department of Transport of Jiangsu Province, the Provincial Development and Reform Commission, and the Provincial Department of Finance, from 16 May 2025, a 30% discount on the toll is granted to all goods vehicles nationwide that have installed and normally use ETC for payment when passing through the Taihu Tunnel. This policy is implemented for a period of two years.

So this forecast assumes that the extension of the 30% discount after the two-year period is not considered.

CHAPTER 4 TRAFFIC FLOW FORECASTING PROCEDURE AND CONCLUSIONS**4.1 Brief description of the forecasting procedure**

Based on the previous forecasting methodology and assumed conditions, the main procedure of this traffic forecasting is as follows:

1. Divide the study area to traffic zones according to the characteristics of the Project, and calculate the base year OD;
2. Establish the expressway network model and calibrate the parameters based on historical data;
3. Calculate the traffic generation for each zone for major years based on future year economic growth rates and elasticity coefficient analysis;
4. Used Fratar method to calculate the future OD distribution in each zone for the major years;
5. Calibrate the expressway network information in the major year, adopt UE Assignment Model to carry out traffic assignment;
6. Calculate the average annual traffic volume of the Project by sections and by vehicle types.

4.2 Traffic zone division and base year OD

1. Traffic zone division

According to the administrative division of the area where the Project locates, the structure of regional expressway network and traffic flow characteristics, in line with the principle of zone division with the Project's influenced regions as the main focus and taking into account the surrounding areas, the study area is divided into a total of 24 traffic zones, of which 15 are in the southern Jiangsu, 5 are in the other parts of Jiangsu, and 4 are outside Jiangsu, as shown in the table below.

Table 4-1 Table of Traffic Zone Division

Number	Traffic zone	Number	Traffic zone
1	Wuxi urban area	13	Zhangjiagang
2	Yixing	14	Taicang
3	Jiangyin	15	Changshu
4	Nanjing urban area	16	Nantong
5	Lishui	17	Yangzhou
6	Gaochun	18	Taizhou
7	Zhenjiang Other	19	Lianyungang, Yancheng
8	Jurong	20	Huaian, Suqian, Xuzhou
9	Changzhou urban area	21	Shanghai
10	Jintan	22	Shandong and North
11	Liyang	23	Anhui and West
12	Suzhou urban area and Kunshan	24	Zhejiang and South

Note: Within each major region, traffic zones are divided according to the service areas of the expressway toll stations. As there are too many to be listed, they are not detailed in this report.

2. Base year OD acquisition

The base-year OD is obtained through expansion processing based on the gantry traffic statistics and toll stations traffic data provided by the network operation center for 2025, and is then aggregated by the large traffic zones to which the toll stations belong to derive the OD matrix between zones, as shown in the table below.

Table 4-2 OD Matrix in Base Year 2025(Passenger Vehicle, Unit: pcu/d)

OD	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24
1	1906	2448	2358	975	228	24	376	63	2523	161	201	1719	22	92	55	167	392	894	375	438	841	140	836	773
2	2633	2	129	0	0	0	0	0	0	0	0	1957	100	106	99	259	0	11	9	0	737	1	0	61
3	2255	118	541	689	222	25	209	45	1889	174	176	2982	120	53	51	159	28	43	22	29	734	9	647	878
4	1162	0	974	4	0	0	0	0	2	0	0	5197	782	479	558	698	0	38	1	0	4679	0	0	645
5	225	0	215	0	0	0	0	0	0	0	0	776	118	49	61	164	0	39	0	0	310	0	0	7
6	22	0	25	0	0	0	0	0	0	0	0	79	16	6	9	25	0	5	0	0	24	0	0	0
7	436	0	268	0	0	0	2	0	0	0	0	1683	233	111	132	101	0	6	0	0	884	0	0	274
8	80	0	56	0	0	0	0	0	0	0	0	291	41	23	23	38	0	3	0	0	146	0	0	19
9	2576	0	2006	1	0	0	0	0	10	0	0	6853	1143	456	652	1704	2	742	208	2	3196	15	0	1017
10	168	0	190	0	0	0	0	0	0	1	0	572	110	40	56	146	0	36	2	0	322	0	0	36
11	219	0	180	0	0	0	0	0	0	0	0	665	108	51	52	176	0	47	3	0	285	0	0	1
12	1912	2006	3431	4239	819	83	1478	239	6963	575	651	8	2	0	0	444	1986	3312	1289	2606	0	897	3933	168
13	16	82	96	595	124	17	190	34	1091	96	101	3	1	0	0	34	22	1	1	21	0	3	475	129
14	118	105	77	359	66	7	104	19	486	42	53	0	0	0	0	51	42	11	1	34	0	9	383	20
15	60	92	55	439	78	11	126	20	710	57	55	0	0	0	1	39	30	4	1	29	0	6	381	24
16	142	278	140	469	145	26	54	26	1667	131	172	311	27	35	25	7	0	0	0	0	343	0	471	141
17	430	0	34	0	0	0	0	0	2	0	0	2050	35	48	38	1	1	0	0	0	868	0	0	351
18	969	25	57	23	36	6	3	2	729	31	45	3421	1	11	7	0	0	2	0	0	698	0	74	681
19	493	5	23	1	0	0	0	0	180	2	2	2101	1	3	5	0	0	0	0	0	181	0	0	389
20	495	0	35	0	0	0	0	0	4	0	0	2842	30	43	41	0	0	0	0	0	762	0	0	514

OD	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24
21	935	784	996	3284	504	30	803	120	3277	314	318	0	0	0	0	469	876	852	52	680	2	360	3339	42
22	182	0	10	0	0	0	0	0	13	0	0	1329	3	11	10	0	0	0	0	0	576	0	0	745
23	856	0	670	0	0	0	0	0	0	0	0	3377	502	342	357	466	0	74	2	0	2568	0	0	544
24	919	67	1095	451	10	0	281	16	1232	51	1	87	144	10	18	150	407	808	274	563	4	702	550	2

Table 4-3 OD Matrix in Base Year 2025(Goods Vehicle, Unit: pcu/d)

OD	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24
1	4380	619	1098	424	258	4	194	35	2040	125	101	3449	8	230	122	104	266	612	100	298	1324	486	968	1262
2	683	0	62	0	0	0	0	0	0	0	0	713	52	91	71	74	0	14	2	0	635	0	0	42
3	1234	69	192	165	70	10	133	34	1848	197	152	1972	93	58	91	102	29	36	18	9	477	29	623	1646
4	487	0	262	0	0	0	0	0	0	0	0	1204	229	236	182	105	0	9	0	0	2150	0	0	273
5	253	0	84	0	0	0	0	0	0	0	0	374	59	64	47	100	0	10	0	0	486	0	0	4
6	5	0	14	0	0	0	0	0	0	0	0	15	6	5	4	7	0	2	0	0	12	0	0	0
7	304	0	188	0	0	0	0	0	0	0	0	768	170	142	127	63	0	1	0	0	762	0	0	342
8	47	0	29	0	0	0	0	0	0	0	0	168	53	24	20	30	0	2	0	0	132	0	0	30
9	2372	0	1945	0	0	0	0	0	0	0	0	4433	1126	705	872	813	1	706	56	1	2878	63	1	1544
10	168	0	221	0	0	0	0	0	0	0	0	407	146	111	131	90	0	28	1	0	315	1	0	42
11	97	0	186	0	0	0	0	0	0	0	0	219	91	55	54	95	0	26	2	0	139	0	0	0
12	2878	706	2082	1111	414	24	589	142	4171	370	227	1	1	0	0	148	1239	2131	173	893	0	1642	2947	219
13	6	53	80	184	56	5	120	44	1046	145	86	1	3	0	0	25	30	1	0	11	0	7	675	134
14	215	80	68	165	64	4	107	14	659	87	57	0	0	0	0	44	49	6	0	18	0	12	645	27

OD	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24
15	100	72	92	145	40	3	91	9	809	103	50	0	0	0	0	26	46	2	2	14	0	15	474	59
16	135	82	132	115	128	7	42	38	905	106	101	176	32	65	48	13	0	0	0	0	232	0	353	170
17	345	0	58	0	0	0	0	0	1	0	0	1263	63	89	71	1	0	0	0	0	666	0	0	871
18	693	22	39	7	9	2	0	1	762	29	27	2013	1	3	3	0	0	0	0	0	247	0	38	2145
19	152	1	12	0	0	0	0	0	56	1	1	345	0	0	1	0	0	0	0	0	42	0	0	565
20	427	0	16	0	0	0	0	0	1	0	0	855	17	34	21	0	0	0	0	0	486	0	0	764
21	1034	318	486	1645	494	11	535	104	2738	292	133	0	0	0	0	241	510	259	8	413	1	653	5385	74
22	450	0	24	0	0	0	0	0	24	0	0	1510	6	3	6	0	0	0	0	0	645	0	0	3228
23	944	0	634	0	0	0	0	0	1	0	0	2264	556	486	482	332	0	34	1	0	3739	0	1	361
24	1396	30	1811	203	11	0	366	18	1594	37	0	110	138	7	14	132	783	2186	263	822	14	3006	699	0

Table 4-4 OD Matrix in Base Year 2025(Total, Unit: pcu/d)

OD	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24
1	6286	3067	3456	1399	486	28	570	98	4563	286	302	5167	30	322	177	270	658	1506	474	736	2165	626	1804	2035
2	3316	2	191	0	0	0	0	0	0	0	0	2670	153	198	170	333	0	25	11	0	1372	1	0	103
3	3489	188	733	855	292	36	342	79	3737	371	329	4955	213	111	142	261	57	79	40	37	1211	37	1270	2524
4	1649	0	1235	4	0	0	0	0	2	0	0	6400	1011	715	741	803	0	47	1	0	6829	0	0	918
5	478	0	299	0	0	0	0	0	0	0	0	1149	177	112	108	265	0	48	0	0	796	0	0	11
6	28	0	39	0	0	0	0	0	0	0	0	94	22	10	13	31	0	7	0	0	36	0	0	0
7	740	0	456	1	0	0	2	0	0	0	0	2451	402	253	258	164	0	7	0	0	1647	0	0	616
8	128	0	85	0	0	0	0	0	0	0	0	459	94	47	44	68	0	5	0	0	278	0	0	49

OID	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24
9	4948	0	3950	1	0	0	0	0	10	0	0	11286	2268	1161	1524	2517	3	1449	264	3	6074	78	1	2562
10	336	0	411	0	0	0	0	0	0	1	0	979	256	151	187	237	0	64	3	0	637	1	0	78
11	315	0	365	0	0	0	0	0	0	0	0	885	199	106	107	271	0	73	5	0	424	0	0	1
12	4790	2712	5514	5350	1233	107	2067	382	11134	945	878	9	2	0	0	592	3225	5442	1462	3498	0	2539	6880	387
13	22	135	176	779	180	23	310	78	2137	242	187	4	5	0	0	59	52	2	1	32	0	10	1150	262
14	332	186	145	524	131	11	211	34	1145	129	110	0	0	0	0	95	91	18	1	52	0	22	1028	47
15	160	163	146	584	119	14	217	29	1519	160	105	0	0	0	1	64	77	6	3	43	0	21	855	83
16	277	359	272	584	273	33	95	64	2571	237	273	487	59	101	73	20	1	0	0	0	575	0	824	311
17	775	0	92	0	0	0	0	0	3	0	0	3313	97	137	109	1	1	0	0	0	1534	0	0	1222
18	1662	47	96	30	44	7	3	3	1491	60	72	5434	2	15	9	0	0	2	0	0	945	0	112	2826
19	645	6	35	1	0	0	0	0	236	2	2	2446	2	4	6	0	0	0	0	0	223	0	1	954
20	922	0	50	0	0	0	0	0	5	0	0	3696	48	77	62	0	0	0	0	0	1248	0	0	1278
21	1970	1101	1483	4929	998	41	1338	224	6015	606	452	1	0	0	0	710	1386	1112	60	1092	3	1013	8725	116
22	631	1	34	0	0	0	0	0	37	0	0	2839	9	14	16	0	0	0	0	0	1221	0	0	3972
23	1800	0	1304	0	0	0	0	0	1	0	0	5641	1058	829	839	799	0	107	3	0	6307	0	1	904
24	2316	98	2907	654	21	0	646	34	2826	88	1	197	283	16	32	283	1191	2994	538	1386	18	3708	1248	2

4.3 Modeling and Calibration

4.3.1 Calibration Test Methods

For this forecast, the UE model in TransCAD was used to assign the base year OD matrix to the network, and then the assignment results were compared with the observation data, and the paths between each OD pair were checked. If necessary, the various information data of the expressway network were corrected and the program was re-run to keep correcting the network so that the model could better reflect the current operating pattern of vehicles, and this correction process was repeated until reasonable paths and assigned flows were obtained.

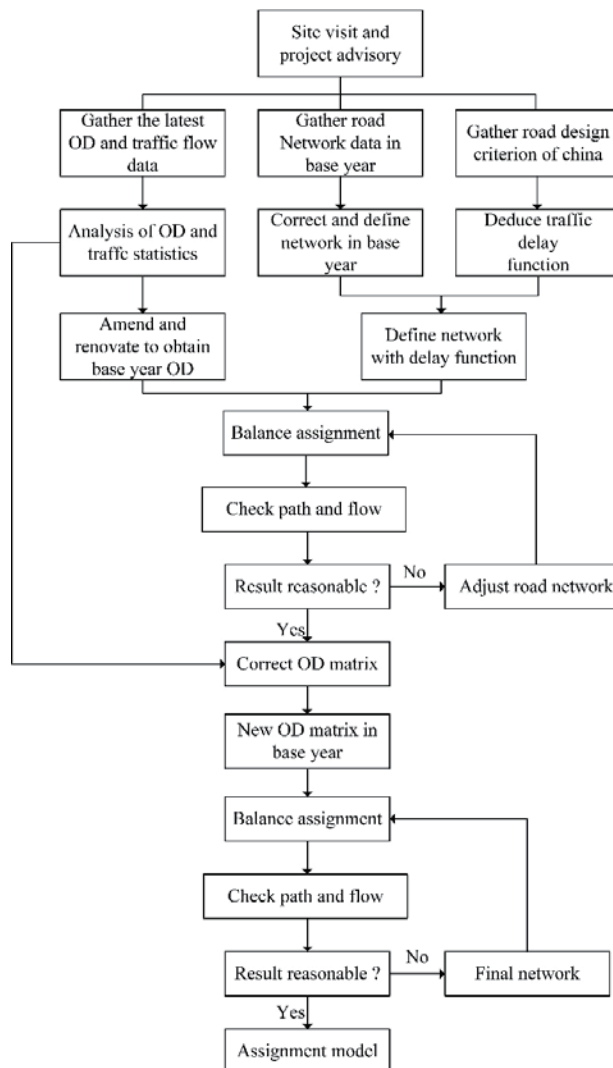


Chart 4.1 Flowchart of Calibration and Testing of the Forecast Model

4.3.2 Calibration Test Results

The model was calibrated and tested to better reflect the traffic flow on the Project in base year 2025. The goal of the calibration is to make the model assigned values match the actual values as closely as possible.

The following table summarizes the calibration results for the Project. It can be seen that the forecasting model reflects the base-year traffic conditions reasonably well (within 5% error), and can therefore serve as a reliable basis for future-year forecasts.

Table 4-5 Compare of Assignment Value and Observation Value in Base Year (Unit: pcu/d)

Road name	Link	Observation value	Assignment value	Relative error
Suxichang South Expressway	Ending point around the Taihu – >Junzhang	44,405	43,104	-2.93%
	Junzhang->Mashan A	45,816	47,553	3.79%
	Mashan A->Taihu-Bay	33,431	33,224	-0.62%
	Taihu-Bay ->Xueyan junction	43,233	44,275	2.41%
	Xueyan junction ->Yuncun	85,530	82,314	-3.76%
	Yuncun->Qianhuang junction	77,940	79,280	1.72%

4.4 Traffic Generation Forecasting

1. Growth rate of trip generation and attraction

Based on the assumptions of economic growth rate and elasticity coefficient for the traffic zones, the growth rate of passenger and goods vehicles for each traffic zone is calculated as follows:

Table 4-6 Future Traffic Growth Rate of Passenger Vehicles

Number	Region	2026~2030	2031~2035	2036~2040	2041~2046
1	Wuxi urban area	5.56%	4.00%	2.90%	2.17%
2	Yixing	5.56%	4.00%	2.90%	2.17%

Number	Region	2026~2030	2031~2035	2036~2040	2041~2046
3	Jiangyin	5.56%	4.00%	2.90%	2.17%
4	Nanjing urban area	5.90%	4.12%	3.04%	2.30%
5	Lishui	5.90%	4.12%	3.04%	2.30%
6	Gaochun	5.90%	4.12%	3.04%	2.30%
7	Zhenjiang Other	5.43%	3.96%	2.94%	2.18%
8	Jurong	5.43%	3.96%	2.94%	2.18%
9	Changzhou urban area	5.27%	3.87%	2.86%	2.08%
10	Jintan	5.27%	3.87%	2.86%	2.08%
11	Liyang	5.27%	3.87%	2.86%	2.08%
12	Suzhou urban area and Kunshan	5.31%	3.83%	2.80%	2.09%
13	Zhangjiagang	5.31%	3.83%	2.80%	2.09%
14	Taicang	5.31%	3.83%	2.80%	2.09%
15	Changshu	5.31%	3.83%	2.80%	2.09%
16	Nantong	5.86%	4.29%	3.46%	2.57%
17	Yangzhou	5.86%	4.29%	3.46%	2.57%
18	Taizhou	5.86%	4.29%	3.46%	2.57%
19	Lianyungang, Yancheng	6.68%	4.87%	3.65%	2.81%
20	Huaian, Suqian, Xuzhou	6.68%	4.87%	3.65%	2.81%
21	Shanghai	4.53%	3.32%	2.46%	1.94%
22	Shandong and North	5.33%	3.80%	2.77%	2.11%
23	Anhui and West	6.30%	4.57%	3.45%	2.71%
24	Zhejiang and South	5.63%	4.15%	3.05%	2.14%

Table 4-7 Future Traffic Growth Rate of Goods Vehicles

Number	Region	2026~2030	2031~2035	2036~2040	2041~2046
1	Wuxi urban area	4.10%	2.90%	2.08%	1.53%
2	Yixing	4.10%	2.90%	2.08%	1.53%
3	Jiangyin	4.10%	2.90%	2.08%	1.53%
4	Nanjing urban area	4.39%	3.02%	2.20%	1.63%
5	Lishui	4.39%	3.02%	2.20%	1.63%
6	Gaochun	4.39%	3.02%	2.20%	1.63%
7	Zhenjiang Other	4.56%	3.24%	2.27%	1.65%
8	Jurong	4.56%	3.24%	2.27%	1.65%
9	Changzhou urban area	3.97%	2.79%	2.03%	1.48%
10	Jintan	3.97%	2.79%	2.03%	1.48%
11	Liyang	3.97%	2.79%	2.03%	1.48%
12	Suzhou urban area and Kunshan	3.94%	2.79%	2.02%	1.47%
13	Zhangjiagang	3.94%	2.79%	2.02%	1.47%
14	Taicang	3.94%	2.79%	2.02%	1.47%
15	Changshu	3.94%	2.79%	2.02%	1.47%
16	Nantong	5.10%	3.53%	2.72%	1.96%
17	Yangzhou	5.10%	3.53%	2.72%	1.96%
18	Taizhou	5.10%	3.53%	2.72%	1.96%
19	Lianyungang, Yancheng	5.66%	4.03%	2.89%	2.16%
20	Huaian, Suqian, Xuzhou	5.66%	4.03%	2.89%	2.16%
21	Shanghai	3.34%	2.41%	1.79%	1.33%
22	Shandong and North	4.49%	3.05%	2.18%	1.60%

Number	Region	2026~2030	2031~2035	2036~2040	2041~2046
23	Anhui and West	5.30%	3.79%	2.72%	2.09%
24	Zhejiang and South	4.13%	2.99%	2.17%	1.55%

2. *Trip generation and attraction of traffic zones in base year*

When forecasting the traffic generation and attraction of base year, considering the significant differences in the generation mechanism and service objects of passenger and goods vehicles, the production and attraction of passenger and goods vehicles were calculated separately based on different vehicle types in the research, and finally summarized into the traffic generation and attraction of each traffic zone.

Using the above method, the average daily traffic production and attraction for each traffic zone in 2025 are as follows:

Table 4-8 Base Year Traffic Production and attraction by Vehicle Type (Unit: pcu/d)

Number	Name	Passenger vehicle		Goods vehicle	
		P	A	P	A
1	Wuxi urban area	19,208	18,006	18,805	18,505
2	Yixing	6,014	6,105	2,053	2,441
3	Jiangyin	13,660	12,098	9,816	9,288
4	Nanjing urban area	11,530	15,220	4,165	5,137
5	Lishui	2,234	1,965	1,544	1,479
6	Gaochun	229	212	70	69
7	Zhenjiang Other	3,627	4,130	2,177	2,868
8	Jurong	586	722	439	535
9	Changzhou urban area	20,778	20,585	16,656	17,516
10	Jintan	1,635	1,680	1,492	1,662
11	Liyang	1,777	1,788	935	965

Number	Name	Passenger vehicle		Goods vehicle	
		P	A	P	A
12	Suzhou urban area and Kunshan	38,304	37,042	22,259	22,108
13	Zhangjiagang	3,538	3,133	2,850	2,713
14	Taicang	1,971	1,990	2,408	2,324
15	Changshu	2,250	2,218	2,368	2,152
16	Nantong	5,299	4,610	2,545	2,880
17	Yangzhou	3,789	3,858	2,955	3,429
18	Taizhou	6,930	6,820	6,065	6,039
19	Lianyungang, Yancheng	2,240	3,387	627	1,176
20	Huaian, Suqian, Xuzhou	4,402	4,767	2,478	2,621
21	Shanghai	18,163	18,038	15,382	15,336
22	Shandong and North	2,141	2,880	5,917	5,897
23	Anhui and West	11,091	9,758	12,809	9,834
24	Zhejiang and South	7,460	7,843	13,801	13,641
Total		188,858	188,858	150,615	150,615

3. *Traffic production and attraction forecast for each characteristic year*

Based on the projected growth rates of passenger and goods vehicles by zone, the trip generation and attraction volumes for each zone are forecast for the representative years. Given the large dataset, only the results for 2026, 2030, 2035, 2040, and 2046 are listed below.

Table 4-9 Traffic Generation Flow by Traffic Zone in Each Characteristic Year (Unit: pcu/d)

Number	Region	2026		2030		2035		2040P		2046	
		P	A	P	A	P	A	P	A	P	A
1	Wuxi urban area	42,818	41,110	54,293	52,078	64,462	61,793	73,031	69,971	81,696	78,240
2	Yixing	9,157	9,690	11,804	12,461	14,190	14,954	16,225	17,078	18,304	19,244
3	Jiangyin	26,508	24,135	33,792	30,728	40,283	36,598	45,776	41,560	51,350	46,593
4	Nanjing urban area	17,975	23,320	23,511	30,521	28,409	36,898	32,690	42,473	37,134	48,265
5	Lishui	4,307	3,922	5,577	5,071	6,690	6,076	7,655	6,947	8,651	7,844
6	Gaochun	344	323	450	423	545	511	628	589	714	669
7	Zhenjiang Other	6,564	7,909	8,422	10,131	10,101	12,136	11,542	13,851	12,999	15,583
8	Jurong	1,158	1,420	1,483	1,817	1,775	2,176	2,025	2,482	2,276	2,791
9	Changzhou urban area	41,941	42,674	52,788	53,653	62,442	63,416	70,716	71,773	78,902	80,042
10	Jintan	3,501	3,740	4,397	4,691	5,193	5,534	5,873	6,254	6,546	6,966
11	Liyang	3,046	3,091	3,858	3,913	4,587	4,650	5,215	5,285	5,839	5,916
12	Suzhou urban area and Kunshan	68,073	66,470	86,178	84,097	102,232	99,726	115,890	113,015	129,706	126,457
13	Zhangjiagang	7,163	6,552	9,022	8,242	10,662	9,731	12,051	10,991	13,451	12,260
14	Taicang	4,895	4,823	6,123	6,037	7,198	7,102	8,105	7,999	9,012	8,898
15	Changshu	5,168	4,894	6,480	6,144	7,632	7,244	8,605	8,174	9,582	9,108
16	Nantong	9,012	8,597	11,846	11,273	14,450	13,720	16,944	16,055	19,528	18,464
17	Yangzhou	7,735	8,354	10,126	10,921	12,301	13,251	14,367	15,459	16,493	17,727
18	Taizhou	14,898	14,742	19,482	19,274	23,641	23,386	27,585	27,284	31,635	31,287
19	Lianyungang, Yancheng	3,351	5,330	4,585	7,276	5,768	9,138	6,849	10,836	8,029	12,684
20	Huaian, Suqian, Xuzhou	8,022	8,614	10,900	11,705	13,638	14,646	16,115	17,308	18,796	20,191
21	Shanghai	36,956	36,766	44,971	44,732	51,946	51,668	57,860	57,546	63,957	63,608

Number	Region	2026		2030		2035		2040P		2046	
		P	A	P	A	P	A	P	A	P	A
22	Shandong and North	9,088	9,908	11,445	12,512	13,435	14,723	15,088	16,566	16,740	18,419
23	Anhui and West	27,634	22,666	36,591	30,059	44,879	36,916	52,228	43,013	60,209	49,648
24	Zhejiang and South	23,839	24,103	29,955	30,319	35,453	35,917	40,144	40,697	44,651	45,294

4.5 Traffic Distribution Forecast

4.5.1 Forecast Methods and Principles

The traffic distribution forecast is to forecast the OD which consists of three main components: trended OD, transferred OD, and induced increase OD.

1. Trend OD analysis

The calculation of the OD matrix for each characteristic year in the future adopts the commonly used growth coefficient method, namely the Fratar method, which uses total forecasting value of the production and attraction as the constraints for the horizontal rows and vertical columns, iteratively refurbishing each column and then each row until reaching the target total for each column and row, ultimately resulting in an OD matrix for each future characteristic year.

The specific form of the Fratar Method is as follows:

$$Q_{ij} = Q_{oij} \cdot G_j \cdot F_i \cdot \frac{L_i + L_j}{2}$$

$$G_j = \frac{Q_{aj}}{Q_{oaj}}$$

$$F_i = \frac{Q_{pi}}{Q_{opi}}$$

$$L_i = \frac{Q_{opi}}{\sum_{j=1}^n (Q_{oij} \cdot G_j)}$$

$$L_j = \frac{Q_{oaj}}{\sum_{i=1}^n (Q_{oij} \cdot F_i)}$$

Where,

Q_{ij} : Future traffic distribution from zone i to j;

Q_{oij} : Present traffic distribution from zone i to j;

G_j : Traffic attraction growth rate in Zone i;

F_i : Traffic production growth rate in Zone i;

Q_{aj} : Future traffic attraction in Zone i;

Q_{oaj} : Present traffic attraction in zone j;

Q_{pi} : Future traffic production in Zone i;

Q_{opi} : Present traffic production in Zone i;

L_i : Location coefficient of zone i for all zone j;

L_j : Location coefficient of zone j for all zone i.

The OD of passenger and goods vehicles will be forecasted separately, and summarized to form the overall trend OD for the characteristic year.

2. *Forecasts of Diverted and Induced Traffic Volume*

Diverted traffic volume refers to traffic that shifts from expressways to other modes, such as railways, water transport, and aviation, due to the construction, upgrading, or operational changes of these alternative modes. When other transport modes offer comparative advantages in terms of timeliness, cost-effectiveness, or convenience, some travelers may switch from expressways and choose railways, water transport, or aviation instead, thereby exerting a diversion effect on expressway traffic.

Induced traffic volume refers to traffic generated as a result of the construction or upgrading of highways. This type of traffic does not originate from the diversion of existing travel modes, but rather from the improved regional accessibility, reduced travel time, and lower transport costs brought about by new or upgraded highways, which stimulate potential travel demand—enabling trips that were previously not undertaken due to poor accessibility, and increasing travel frequency due to improved travel conditions.

(1) Diverted Traffic Volume

As a pioneer region in economic development, southern Jiangsu has a well-established transportation system with other transport modes already largely stabilized, and thus they do not pose a significant diversion impact on this Project.

In terms of water transport, the water transport network in Jiangsu Province has matured and has a relatively fixed transport pattern. Its service function differs significantly from that of expressways, so no diversion effect is expected.

In terms of railways, the Yantaixiyi Intercity Railway is not aligned with the Project's route, and its station locations are located away from the Project's main service areas, making effective substitution unlikely. In the near term, only the Taicang pilot section of the Husuxichang Intercity Railway is in operation, and its service areas do not overlap with those of the project. Although there may be some parallel competition on the Wuxi–Shanghai section after full operation in 2035, it mainly affects time-sensitive long-distance bus travel, with limited impact on short-distance and intra-regional travel that depends on the project.

In terms of aviation, air transport primarily serves long-distance trips of over 800 km, with very little overlap with the project's medium- and short-distance road passenger demand. The aviation network in Wuxi and surrounding areas has remained stable, with no possibility of significant passenger diversion due to changes in aviation services.

(2) Induced Traffic Volume

The Project has been open for nearly five years, and the regional traffic pattern has largely stabilized. The likelihood of generating significant induced traffic in the future is very low. In this report, a conservative approach is adopted, and no induced traffic volume is considered for the Project.

4.5.2 Results of Traffic Distribution Forecast

The Fratar Method was used to forecast each characteristic year OD, and the forecasted results of traffic distribution are shown in the table below.

Table 4-10 OD Matrix in Characteristic Year 2026 (Unit: pcu/d)

OD	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24
1	6938	3551	4150	1463	601	35	695	119	5424	355	351	4935	25	349	173	313	815	1878	464	989	1993	636	2552	2309
2	3813	2	252	0	0	0	0	0	0	0	0	3147	170	220	198	458	0	60	5	0	1254	1	0	110
3	3661	196	837	1051	361	46	411	76	4155	417	390	5452	189	146	151	295	93	104	24	51	1440	33	1774	2781
4	2187	0	1440	5	0	0	1	0	2	0	0	7807	1233	779	893	936	0	48	1	0	7063	0	0	923
5	525	0	340	0	0	0	0	0	0	0	0	1242	197	134	126	302	0	49	0	0	987	0	0	20
6	31	0	43	0	0	0	0	0	0	0	0	110	26	12	15	37	0	8	0	0	41	0	0	0
7	819	0	529	0	0	0	2	0	0	0	0	2771	451	288	305	140	0	4	0	0	1761	0	0	838
8	141	0	123	0	0	0	0	0	0	0	0	514	114	47	41	95	0	4	0	0	296	0	0	44
9	5385	0	4752	2	0	0	0	0	12	0	0	12266	2554	1285	1754	3111	3	1801	182	6	6506	40	2	3012
10	353	0	493	0	0	0	0	0	0	1	0	1087	302	151	193	300	0	76	2	0	685	0	0	98
11	353	0	415	0	0	0	0	0	0	0	0	959	222	122	120	327	0	86	2	0	485	0	0	1
12	5763	2889	5955	5736	1461	118	2328	430	12501	1045	997	9	5	0	0	557	3519	6203	1779	4006	1	2891	8082	198
13	31	152	235	832	207	25	351	81	2306	251	206	2	5	0	0	62	95	2	1	48	0	8	1392	262
14	351	209	130	626	139	12	235	43	1257	157	117	0	0	0	0	113	142	17	3	82	0	14	1160	16
15	186	173	161	625	129	15	231	39	1590	188	114	0	0	0	1	79	109	10	4	63	0	15	1132	30
16	299	357	311	714	334	38	154	63	2765	251	303	611	66	100	69	23	1	0	0	0	720	0	1135	283
17	873	0	81	0	0	0	0	0	4	0	0	3995	70	115	100	1	1	0	0	0	1686	0	0	1427
18	1810	29	102	45	66	9	7	5	1729	74	89	6105	2	21	7	0	0	2	0	0	1225	0	165	3249
19	931	21	85	2	0	0	0	0	515	6	10	2681	2	2	6	0	0	0	0	0	108	0	8	954
20	987	0	53	0	0	0	0	0	4	0	0	4380	43	66	56	0	0	0	0	0	1343	0	0	1679

OID	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24
21	2373	1459	1430	6014	994	44	1537	256	6610	668	469	0	0	0	0	646	1601	1060	159	1329	3	1222	8878	18
22	833	1	53	0	0	0	0	0	103	1	0	3154	13	28	27	0	0	0	0	0	1236	0	0	4457
23	1804	0	1369	0	0	0	0	0	1	0	0	6424	1165	978	837	845	0	115	1	0	7999	0	1	1127
24	2372	116	3170	860	15	0	611	48	2966	87	1	421	309	52	95	372	1357	3372	725	1448	124	4227	1354	2

Table 4-11 OD Matrix in Characteristic Year 2030 (Unit: pcu/d)

OD	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24
1	8481	4732	5218	2021	811	47	938	159	7031	463	458	5707	28	399	199	391	1125	2522	659	1414	2198	842	3562	2674
2	5065	3	344	0	0	0	0	0	0	0	0	3955	214	274	248	621	0	87	8	0	1503	2	0	138
3	4611	269	1084	1497	501	64	571	104	5550	560	525	6496	225	172	179	380	132	144	35	76	1636	45	2552	3318
4	3027	0	2050	8	0	0	2	0	2	0	0	10220	1614	1010	1162	1323	0	73	2	0	8817	0	0	1211
5	709	0	472	0	0	0	0	0	0	0	0	1589	252	170	160	417	0	72	0	0	1204	0	0	26
6	42	0	60	0	0	0	0	0	0	0	0	141	33	15	19	52	0	12	0	0	51	0	0	0
7	1106	0	735	0	0	0	4	0	0	0	0	3541	576	365	387	193	0	7	0	0	2146	0	0	1072
8	190	0	169	0	0	0	0	0	0	0	0	653	145	59	52	130	0	7	0	0	358	0	0	56
9	6995	0	6350	3	0	0	0	0	16	0	0	15071	3137	1563	2141	4127	5	2571	274	9	7624	56	2	3707
10	459	0	661	0	0	0	0	0	0	2	0	1341	372	185	236	399	0	108	2	0	805	0	0	121
11	462	0	558	0	0	0	0	0	0	0	0	1186	274	150	148	437	0	124	2	0	572	0	0	1
12	6693	3658	7114	7531	1871	151	2982	548	15395	1294	1236	10	5	0	0	661	4618	7918	2400	5443	1	3637	10718	218
13	36	192	280	1088	264	32	447	103	2829	309	254	2	6	0	0	73	124	3	2	65	0	11	1838	287
14	402	262	154	811	176	15	297	54	1527	192	143	0	0	0	0	132	184	21	4	109	0	17	1519	17

OD	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24
15	214	217	190	813	164	19	293	49	1939	230	139	0	0	0	1	92	142	12	5	85	0	19	1487	33
16	373	487	400	1008	460	53	213	87	3662	334	404	722	78	117	81	29	1	0	0	0	811	0	1619	335
17	1210	0	116	0	0	0	0	0	6	0	0	5235	92	149	130	2	2	0	0	0	2107	0	0	1873
18	2443	43	142	69	98	14	11	7	2475	106	128	7795	3	26	9	0	0	4	0	0	1491	0	255	4155
19	1313	32	123	3	0	0	0	0	770	8	15	3575	3	2	8	0	0	0	0	0	137	0	12	1275
20	1418	0	79	0	0	0	0	0	6	0	0	5952	59	89	76	0	0	0	0	0	1740	0	0	2285
21	2625	1759	1628	7522	1213	54	1876	310	7756	788	554	0	0	0	0	730	2001	1289	205	1720	3	1464	11217	19
22	1111	2	73	0	0	0	0	0	146	2	0	3978	17	35	34	0	0	0	0	0	1486	0	0	5629
23	2538	0	1981	0	0	0	0	0	1	0	0	8547	1549	1288	1106	1214	0	177	1	0	10150	0	2	1502
24	2773	148	3813	1137	19	0	788	61	3677	108	1	466	342	57	104	444	1792	4332	985	1980	131	5353	1807	2

Table 4-12 OD Matrix in Characteristic Year 2035 (Unit: pcu/d)

OD	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24
1	9771	5807	6132	2529	997	58	1161	196	8459	559	555	6340	32	440	219	458	1414	3106	848	1827	2365	1019	4518	2984
2	6203	5	430	0	0	0	0	0	0	0	0	4670	252	320	291	773	0	114	10	0	1720	2	0	164
3	5422	338	1300	1912	630	81	722	131	6816	690	649	7366	255	194	202	454	169	181	46	100	1797	55	3304	3781
4	3791	0	2620	11	0	0	3	0	3	0	0	12345	1948	1210	1396	1685	0	98	2	0	10316	0	0	1469
5	873	0	593	0	0	0	0	0	0	0	0	1887	299	201	189	522	0	95	0	0	1385	0	0	31
6	52	0	75	0	0	0	0	0	0	0	0	168	39	17	23	65	0	15	0	0	58	0	0	0
7	1370	0	929	0	0	0	5	0	0	0	0	4230	687	432	460	243	0	9	0	0	2483	0	0	1287
8	234	0	213	0	0	0	0	0	0	0	0	776	172	69	61	163	0	9	0	0	413	0	0	67

OD	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24
9	8427	0	7803	4	0	0	0	0	20	0	0	17508	3642	1801	2475	5056	7	3310	369	12	8579	71	3	4327
10	555	0	814	0	0	0	0	0	0	2	0	1561	433	213	274	490	0	140	3	0	908	0	0	142
11	560	0	689	0	0	0	0	0	0	0	0	1385	320	174	172	539	0	160	3	0	647	0	0	2
12	7457	4341	8085	9115	2226	180	3570	653	17913	1512	1447	11	5	0	0	748	5613	9428	2987	6801	1	4256	13146	236
13	39	227	317	1312	312	38	533	122	3280	360	297	2	6	0	0	83	150	3	2	80	0	12	2247	309
14	444	307	173	972	207	18	352	64	1759	223	165	0	0	0	0	148	222	25	5	135	0	20	1844	18
15	236	256	214	977	194	23	348	58	2239	267	162	0	0	0	1	104	171	14	7	106	0	22	1810	35
16	437	607	477	1282	575	66	268	108	4478	410	497	815	88	131	91	34	2	0	0	0	887	0	2087	379
17	1523	0	149	0	0	0	0	0	8	0	0	6355	111	179	157	2	3	0	0	0	2477	0	0	2285
18	3017	56	179	93	129	19	14	10	3193	137	166	9283	4	31	11	0	0	5	0	0	1721	0	346	4973
19	1680	44	160	3	0	0	0	0	1029	11	20	4412	3	3	9	0	0	0	0	0	164	0	17	1581
20	1838	0	104	0	0	0	0	0	8	0	0	7439	74	111	95	0	0	0	0	0	2106	0	0	2870
21	2831	2021	1790	8813	1397	62	2174	358	8736	891	628	0	0	0	0	801	2355	1486	247	2081	3	1659	13318	20
22	1351	2	90	0	0	0	0	0	185	2	0	4667	20	40	40	0	0	0	0	0	1689	0	0	6635
23	3236	0	2576	0	0	0	0	0	2	0	0	10509	1903	1571	1353	1574	0	242	2	0	12088	0	3	1856
24	3116	178	4369	1387	23	0	952	74	4314	128	2	505	370	61	112	507	2196	5202	1236	2495	137	6318	2235	3

Table 4-13 OD Matrix in Characteristic Year 2040 (Unit: pcu/d)

OD	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24
1	10760	6736	6865	2983	1160	67	1357	228	9670	641	637	6787	34	469	234	519	1694	3659	1025	2212	2480	1171	5381	3207
2	7181	6	506	0	0	0	0	0	0	0	0	5256	284	359	327	920	0	142	13	0	1896	3	0	186

OID	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24
3	6073	398	1481	2293	745	96	858	156	7925	805	758	8021	278	210	220	523	206	217	57	123	1916	65	4002	4132
4	4474	0	3143	14	0	0	3	0	4	0	0	14162	2238	1382	1599	2043	0	123	3	0	11592	0	0	1692
5	1017	0	702	0	0	0	0	0	0	0	0	2136	338	226	213	625	0	118	0	0	1536	0	0	36
6	60	0	89	0	0	0	0	0	0	0	0	190	44	19	26	77	0	19	0	0	65	0	0	0
7	1602	0	1105	0	0	0	6	0	0	0	0	4808	782	489	522	292	0	11	0	0	2765	0	0	1468
8	272	0	252	0	0	0	0	0	0	0	0	878	195	78	69	194	0	11	0	0	457	0	0	76
9	9642	0	9077	4	0	0	0	0	24	0	0	19475	4056	1995	2748	5943	8	4052	463	15	9347	85	4	4830
10	636	0	949	0	0	0	0	0	0	2	0	1740	484	237	305	577	0	172	4	0	991	0	0	158
11	643	0	805	0	0	0	0	0	0	0	0	1548	358	193	191	636	0	197	4	0	708	0	0	2
12	8001	4907	8820	10473	2522	204	4065	741	19954	1690	1619	12	6	0	0	825	6551	10822	3515	8023	1	4766	15256	247
13	42	256	345	1506	354	43	607	138	3650	402	331	2	6	0	0	91	175	4	3	95	0	14	2605	323
14	473	345	187	1110	233	21	398	72	1948	247	184	0	0	0	0	162	257	28	5	159	0	22	2127	19
15	253	288	233	1118	219	26	394	65	2484	298	181	0	0	0	1	114	199	17	8	124	0	25	2092	37
16	494	722	548	1551	687	79	321	130	5253	483	585	896	97	143	100	40	2	0	0	0	954	0	2551	418
17	1826	0	182	0	0	0	0	0	10	0	0	7410	130	208	183	3	4	0	0	0	2829	0	0	2674
18	3562	70	215	117	161	23	18	12	3913	169	204	10655	4	35	12	0	0	6	0	0	1934	0	442	5729
19	2019	56	196	5	0	0	0	0	1284	14	25	5155	4	4	11	0	0	0	0	0	188	0	22	1854
20	2231	0	129	0	0	0	0	0	10	0	0	8776	87	130	112	0	0	0	0	0	2434	0	0	3398
21	2974	2236	1912	9912	1550	69	2423	398	9526	975	688	0	0	0	0	864	2691	1669	284	2403	3	1818	15131	20
22	1559	3	106	0	0	0	0	0	222	3	0	5235	22	45	45	0	0	0	0	0	1855	0	0	7470
23	3871	0	3132	0	0	0	0	0	2	0	0	12219	2216	1819	1570	1934	0	309	2	0	13766	0	4	2166

OD	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24
24	3364	202	4796	1604	26	0	1091	84	4836	144	2	530	389	64	117	562	2580	6009	1464	2962	141	7119	2610	3

Table 4-14 OD Matrix in Characteristic Year 2046 (Unit: pcu/d)

OD	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24
1	11694	7696	7584	3463	1329	77	1560	262	10875	723	719	7183	36	494	248	577	1992	4236	1221	2641	2583	1330	6333	3387
2	8192	7	587	0	0	0	0	0	0	0	0	5839	316	397	362	1074	0	172	16	0	2073	3	0	206
3	6710	463	1663	2707	868	112	1003	181	9061	923	870	8630	299	225	236	591	247	255	69	149	2030	75	4788	4437
4	5198	0	3712	17	0	0	4	0	4	0	0	16023	2536	1557	1806	2429	0	153	4	0	12909	0	0	1910
5	1166	0	819	0	0	0	0	0	0	0	0	2385	379	251	238	733	0	145	0	0	1688	0	0	40
6	69	0	103	0	0	0	0	0	0	0	0	212	50	22	29	91	0	24	0	0	71	0	0	0
7	1843	0	1292	0	0	0	7	0	0	0	0	5386	878	545	584	344	0	13	0	0	3049	0	0	1641
8	311	0	293	0	0	0	0	0	0	0	0	979	217	86	77	228	0	13	0	0	502	0	0	85
9	10854	0	10386	5	0	0	0	0	28	0	0	21348	4454	2178	3008	6847	10	4858	571	18	10085	100	4	5284
10	717	0	1087	0	0	0	0	0	0	3	0	1911	532	259	334	666	0	206	5	0	1072	0	0	174
11	726	0	925	0	0	0	0	0	0	0	0	1703	394	212	210	735	0	237	5	0	766	0	0	2
12	8486	5471	9509	11866	2821	228	4561	828	21898	1861	1784	12	6	0	0	896	7517	12226	4088	9345	1	5285	17521	254
13	45	285	372	1705	395	49	681	154	4004	443	365	2	7	0	0	99	200	4	3	110	0	15	2990	332
14	499	383	201	1250	259	23	444	80	2125	271	202	0	0	0	0	175	293	32	6	184	0	25	2429	19
15	267	320	250	1262	244	29	441	73	2716	326	198	0	0	0	1	123	227	19	9	144	0	27	2394	38
16	548	843	619	1840	804	93	377	152	6037	557	675	969	105	154	108	45	3	0	0	0	1016	0	3068	452
17	2150	0	218	0	0	0	0	0	12	0	0	8493	149	238	209	4	5	0	0	0	3192	0	0	3058

OID	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24
18	4132	86	253	146	197	28	22	15	4696	203	246	12035	5	39	14	0	0	8	0	0	2150	0	555	6456
19	2395	69	236	6	0	0	0	0	1576	18	31	5954	4	4	13	0	0	0	0	0	214	0	29	2136
20	2669	0	157	0	0	0	0	0	13	0	0	10226	102	151	130	0	0	0	0	0	2792	0	0	3951
21	3103	2453	2028	11049	1705	76	2675	438	10285	1057	746	0	0	0	0	923	3038	1855	325	2754	3	1984	17095	20
22	1779	4	123	0	0	0	0	0	262	3	0	5815	25	50	50	0	0	0	0	0	2029	0	0	8280
23	4573	0	3761	0	0	0	0	0	3	0	0	14057	2554	2084	1804	2338	0	389	3	0	15589	0	5	2486
24	3569	225	5173	1818	29	0	1224	94	5309	158	2	547	403	66	121	611	2961	6790	1703	3451	143	7896	2999	3

4.6 Traffic Assignment Forecasts

4.6.1 Traffic assignment methods

The traffic assignment is conducted using the User Equilibrium (UE) model in TransCAD to forecast traffic volumes on the target road section. The UE model assumes that all users have full access to expressway network operation information and choose their routes according to the principle of minimizing their own generalized costs, which vary with traffic volume on each section. The generalized costs are represented by the volume–delay functions described in the previous chapter, which incorporate various factors including travel time, road tolls, and vehicle operating costs. The assignment process of the UE model is schematically illustrated in the figure below. Mathematically, the UE model minimizes the sum of the integrals of the generalized cost functions over all road sections in the network, with equilibrium achieved through iterative computation.

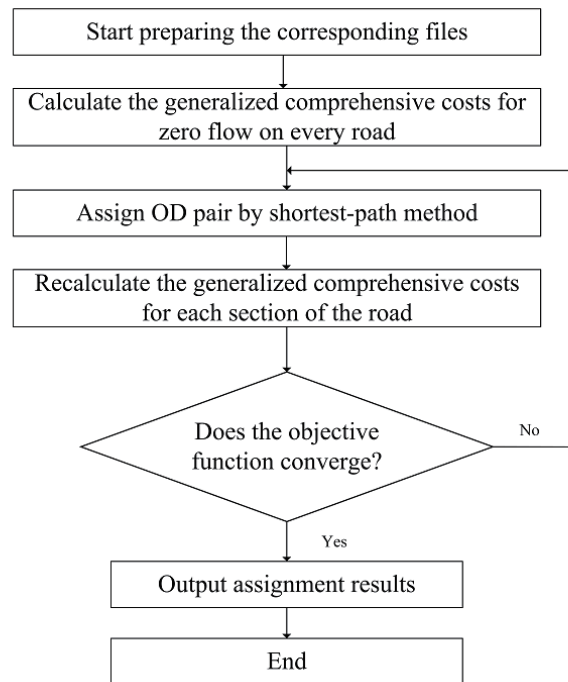


Chart 4.2 Traffic assignment forecast flowchart

4.6.2 Assignment of expressway networks

The expressway network used for traffic assignment in this forecast is primarily derived from the Jiangsu Provincial Expressway Network Planning Map presented in Section 3.2.6. Ordinary national and provincial highways, local arterial roads, and urban expressways that have an impact on the project are also incorporated into the assignment network. Additionally, the network for each forecast year is established separately, based on the assumed construction schedules of the relevant expressway projects.

4.7 Main Forecast Conclusions

1. Forecasted Traffic flows by Year

Table 4-15 Forecasted Traffic flow of the Project by Year

Year	Natural flow		Standard flow	
	Flow(veh/d)	Growth Rate	Flow(veh/d)	Growth Rate
2026	43,541	11.5%	51,090	0.5%
2027	47,111	8.2%	51,788	1.4%
2028	52,504	11.4%	60,254	16.3%
2029	68,424	30.3%	80,043	32.8%
2030	83,436	21.9%	98,486	23.0%
2031	88,457	6.0%	104,172	5.8%
2032	83,815	-5.2%	98,014	-5.9%
2033	87,928	4.9%	102,521	4.6%
2034	91,724	4.3%	106,732	4.1%
2035	95,370	4.0%	110,794	3.8%
2036	98,408	3.2%	114,143	3.0%
2037	105,808	7.5%	122,666	7.5%
2038	108,455	2.5%	125,878	2.6%
2039	111,174	2.5%	129,001	2.5%
2040	113,655	2.2%	131,811	2.2%

Year	Natural flow		Standard flow	
	Flow(veh/d)	Growth Rate	Flow(veh/d)	Growth Rate
2041	115,857	1.9%	134,258	1.9%
2042	117,954	1.8%	136,600	1.7%
2043	119,898	1.6%	138,758	1.6%
2044	121,547	1.4%	140,557	1.3%
2045	122,918	1.1%	141,985	1.0%
2046	124,010	0.9%	143,114	0.8%

During the forecast period, the average daily natural traffic volume on the Project is projected to grow from 43,541 veh/d in 2026 to 124,010 veh/d in 2046, representing an average annual growth rate of approximately 5.3%. The average daily standard traffic volume is projected to increase from 51,090 pcu/d to 143,114 pcu/d over the same period, with an average annual growth rate of about 5.2%.

2. Traffic flow Forecast by Year and Section

Table 4-16 Forecasted Average Traffic Flow of the Project by Vehicle Type (Natural flow: veh/d, Standard flow: pcu/d)

Year	Total	P1	P2	P3	P4	G1	G2	G3	G4	G5	G6	Standard flow
2026	43541	38612	30	84	211	1500	1300	308	424	435	637	51090
2027	47111	44043	35	95	235	862	762	182	244	254	399	51788
2028	52504	47453	38	100	246	1521	1315	302	416	428	685	60254
2029	68424	60860	49	126	308	2331	1993	446	622	639	1050	80043
2030	83436	73652	60	150	363	3048	2590	568	797	818	1390	98486
2031	88457	78262	65	156	375	3181	2696	581	817	839	1485	104172
2032	83815	74634	63	146	347	2854	2420	513	721	743	1374	98014
2033	87928	78514	67	151	354	2929	2477	517	727	749	1443	102521
2034	91724	82065	71	155	359	3009	2540	519	733	757	1516	106732
2035	95370	85468	74	158	363	3090	2602	522	739	763	1591	110794
2036	98408	88330	78	160	363	3150	2647	521	738	764	1657	114143

Year	Total	P1	P2	P3	P4	G1	G2	G3	G4	G5	G6	Standard flow
2037	105808	95030	85	169	377	3381	2831	545	776	804	1810	122666
2038	108455	97348	88	169	373	3495	2920	551	787	816	1908	125878
2039	111174	99837	91	170	369	3577	2981	551	789	819	1990	129001
2040	113655	102140	94	170	364	3642	3027	547	787	818	2066	131811
2041	115857	104216	98	170	357	3689	3060	541	781	813	2132	134258
2042	117954	106188	101	169	350	3737	3093	535	774	807	2200	136600
2043	119898	108029	104	168	341	3778	3120	528	765	799	2266	138758
2044	121547	109616	107	166	331	3806	3136	518	754	789	2324	140557
2045	122918	110982	109	164	320	3816	3137	505	739	775	2371	141985
2046	124010	112126	113	157	293	3811	3123	481	708	744	2454	143114

Table 4-17 Traffic Flow Forecast for General Road Section by Vehicle Type (Natural flow: veh/d, Standard flow: pcu/d)

Year	Total	P1	P2	P3	P4	G1	G2	G3	G4	G5	G6	Standard flow
2026	43396	37922	29	83	207	1581	1457	364	470	498	785	52144
2027	46917	43280	34	93	231	1005	925	228	294	312	515	52651
2028	52263	46619	37	98	242	1615	1484	359	465	492	852	61314
2029	68136	59957	48	124	303	2362	2167	516	668	708	1283	81349
2030	83105	72684	59	148	358	3022	2768	648	840	890	1688	100027
2031	88085	77230	64	154	370	3148	2879	663	859	911	1807	105772
2032	83403	73538	62	144	342	2857	2608	590	766	812	1684	99523
2033	87478	77358	66	149	349	2930	2670	594	771	818	1773	104073
2034	91238	80853	70	153	354	3007	2737	597	777	824	1866	108326
2035	94849	84203	73	156	357	3085	2802	600	782	829	1962	112431
2036	97855	87016	77	158	357	3142	2850	599	781	828	2047	115820
2037	105228	93679	84	166	372	3351	3034	625	816	866	2235	124441
2038	107849	95957	87	167	368	3456	3124	631	825	875	2359	127715
2039	110543	98409	90	168	364	3530	3186	631	826	875	2464	130891
2040	113001	100678	93	168	359	3589	3233	627	822	871	2561	133746

Year	Total	P1	P2	P3	P4	G1	G2	G3	G4	G5	G6	Standard flow
2041	115177	102721	96	167	352	3631	3266	620	814	863	2647	136225
2042	117254	104663	99	167	345	3674	3299	613	805	854	2735	138609
2043	119178	106476	102	166	336	3710	3326	604	795	843	2820	140804
2044	120806	108035	105	164	326	3734	3342	593	782	829	2896	142631
2045	122158	109371	107	162	315	3743	3344	579	765	812	2960	144091
2046	123228	110484	111	155	289	3738	3329	549	728	772	3073	145257

**Table 4-18 Traffic Flow Forecast for Taihu Tunnel by Vehicle Type (Actual Volume: veh/d,
Standard Volume: pcu/d)**

Year	Total	P1	P2	P3	P4	G1	G2	G3	G4	G5	G6	Standard flow
2026	44959	41436	32	90	227	1320	883	161	300	267	244	49328
2027	48767	47165	37	101	252	506	337	60	113	101	94	50671
2028	54391	50862	40	107	264	1308	868	152	287	258	243	58708
2029	70532	64551	52	134	327	2304	1524	262	498	450	431	77897
2030	85756	77612	63	158	382	3190	2103	355	677	616	598	95769
2031	90982	82483	68	165	395	3344	2197	364	698	639	630	101408
2032	86543	79118	66	155	368	2916	1909	310	598	551	551	95603
2033	90845	83242	71	160	376	2997	1956	311	604	560	569	100095
2034	94817	87021	75	164	381	3087	2007	313	612	570	588	104271
2035	98634	90642	79	168	385	3179	2060	314	619	580	608	108291
2036	101825	93704	83	170	385	3246	2096	313	621	586	623	111611
2037	109353	100557	90	179	399	3540	2278	333	665	631	681	119914
2038	112127	103037	93	179	395	3683	2363	337	679	649	711	123006
2039	114969	105677	97	180	391	3786	2421	338	686	660	734	126064
2040	117560	108118	100	180	385	3868	2465	336	688	666	752	128790
2041	119870	110330	104	180	378	3930	2496	332	686	669	767	131188
2042	122066	112423	107	179	370	3993	2528	328	684	672	782	133466
2043	124108	114383	110	178	361	4049	2555	324	680	673	795	135565
2044	125848	116083	113	176	351	4087	2571	317	673	671	806	137314

Year	Total	P1	P2	P3	P4	G1	G2	G3	G4	G5	G6	Standard flow
2045	127322	117573	116	174	339	4101	2571	309	662	665	811	138727
2046	128508	118839	119	167	311	4096	2559	299	649	657	812	139786

Table 4-19 Traffic Flow Forecast for Yaoxianshan Tunnel by Vehicle Type (Actual Volume: veh/d, Standard Volume: pcu/d)

Year	Total	P1	P2	P3	P4	G1	G2	G3	G4	G5	G6	Standard flow
2026	34688	31512	24	69	172	974	907	162	313	297	257	39188
2027	37437	36201	28	78	193	315	292	51	99	95	84	39084
2028	42035	38889	31	82	202	957	885	152	297	285	255	46443
2029	57167	51586	41	107	261	1756	1618	273	536	517	470	65036
2030	71431	63704	52	130	314	2468	2267	375	741	719	663	82343
2031	75726	67659	56	135	324	2590	2370	384	764	746	698	87081
2032	70350	63373	53	124	295	2242	2044	325	650	638	607	80133
2033	73776	66635	57	128	301	2304	2094	326	656	648	626	83752
2034	76936	69614	60	131	305	2375	2151	328	665	661	647	87143
2035	79981	72474	63	134	308	2447	2209	330	673	673	670	90417
2036	82455	74830	66	136	307	2499	2248	328	675	679	686	93021
2037	89441	81147	73	144	322	2736	2453	351	726	735	754	100912
2038	91640	83058	75	144	319	2851	2548	356	743	757	788	103481
2039	93944	85166	78	145	315	2934	2613	357	751	770	814	106027
2040	96046	87123	81	145	310	3001	2663	355	754	779	835	108299
2041	97874	88856	83	145	305	3050	2698	352	752	782	852	110229
2042	99641	90524	86	144	298	3101	2735	348	750	786	869	112096
2043	101265	92069	88	143	291	3146	2765	343	747	788	885	113797
2044	102603	93369	91	142	282	3177	2784	337	740	787	896	115158
2045	103643	94428	93	140	272	3188	2784	328	728	780	902	116132
2046	104399	95262	96	134	249	3183	2771	318	713	770	904	116758

CHAPTER 5 TOLL REVENUE FORECAST

5.1 Revenue Forecasting Methodology

1. *Forecasting methodology*

The Project contains three types of toll facilities, including the general road section, the Taihu Tunnel and the Yaoxianshan Tunnel in the mainline, with different toll rates and billing methods, and it is necessary to summarize the tolls of each type of facility to form the toll revenue of the Project.

The formula for calculating the toll revenue of the general road section is as follows: annual toll amount = traffic flow of each type of vehicle $\times$ corresponding toll rate $\times$ number of days of annual toll collection $\times$ toll mileage $\times$ toll adjustment coefficient;

The formula for calculating the toll revenue of the two tunnels is as follows: annual toll amount = traffic flow of each type of vehicle $\times$ corresponding toll rate $\times$ number of toll days per year $\times$ toll adjustment coefficient.

Among them, the traffic flow of each vehicle type is taken from the forecast traffic flow by type in the previous chapter, the number of annual toll days is the actual number of toll days in each year during the forecast period (365 days in regular years, 366 days in leap years, and 363 days in the final year). The toll rates are described in detail in Chapter 2.2.1 and 3.2.7; and the toll mileage and the toll adjustment coefficients are explained as follows.

2. *Toll mileage*

The toll mileage is taken from the simplified calculation chart of the toll mileage of the Project provided by the Networking Center. The total toll mileage of the Project is 55.30 km, of which the toll mileage of the mainline is 40.46 km (including 29.33 km of the general road section, 10.00 km of the Taihu Tunnel, 1.13km of Yaoxianshan Tunnel), and the toll mileage of the ramp is 14.84 km. In calculating the revenue, the mileage is taken from the mainline toll mileage in the table below.

Table 5-1 Toll Mileage for the Mainline of the Project (Unit: meter)

Start point	End point	Mileage	Start point	End point	Mileage
Qianhuang junction	Yuncun interchange	7,020.5	Yaoxianshan tunnel	Mashan interchange	6,264.4
Yuncun interchange		778.4	Mashan interchange		872.3
Yuncun interchange	Xueyan junction	1,446.4	Mashan interchange	Taihu tunnel	1,387.1
Xueyan junction		1,070.8	Taihu tunnel		10,000.9
Xueyan junction	Taihu-Bay interchange	1,239.5	Taihu tunnel	Junzhang interchange	1,317.4
Taihu-Bay interchange		555.8	Junzhang interchange		831.6
Taihu-Bay interchange	Yaoxianshan tunnel	1,902.3	Junzhang interchange	End point	4,643.5
Yaoxianshan tunnel		1,126.4	Total		40,457.3

3. *Toll adjustment coefficient*

The toll adjustment coefficient mainly considers the impact of differentiation policies, free P1 vehicles during holidays, ramp collections, ETC discounts, cash rounding, and others. The Toll Standards and adjustment coefficients are shown in the table below.

Table 5-2 Calculation of Toll Adjustment Coefficients

Section/Type		P1	P2	P3	P4	G1	G2	G3	G4	G5	G6
General road section (yuan/km)	Actual rate	0.44	0.92	1.19	1.21	0.49	0.94	1.48	1.69	1.92	2.41
	Fee standards	0.55	0.83	1.10	1.10	0.45	0.98	1.35	1.81	1.84	2.20
	Adjustment coefficient	0.797	1.115	1.082	1.099	1.099	0.959	1.099	0.934	1.039	1.096
Taihu tunnel (yuan/once)	Actual rate	31.7	57.6	78.8	86.0	46.2	80.0	124.8	159.1	196.8	196.0
	Fee standards	45.0	60.0	90.0	90.0	50.0	105.0	165.0	200.0	210.0	240.0
	Adjustment coefficient	0.704	0.960	0.876	0.956	0.924	0.762	0.756	0.796	0.937	0.817

Section/Type		P1	P2	P3	P4	G1	G2	G3	G4	G5	G6
Yaoxianshan tunnel (yuan/ once)	Actual rate	3.43	4.77	8.90	9.57	4.65	7.84	15.24	19.86	23.40	24.73
	Fee standards	5.00	5.00	10.00	10.00	5.00	10.00	20.00	25.00	25.00	30.00
	Adjustment coefficient	0.687	0.955	0.890	0.957	0.930	0.784	0.762	0.794	0.936	0.824

As can be seen from the above table, the adjustment coefficient for P1 is smaller than that for other types, especially the two tunnels, mainly because of the substantial increase in traffic flow during holidays when P1 is free; the adjustment coefficient for the general road section is larger than that of the two tunnels because the 14.8 kilometers of the ramp mileage is included in the general road section tolls, and there is even a case in which the adjustment coefficient for some of the types is larger than 1.

5.2 Results of Revenue Forecast

1. Summary of Revenue

The calculated toll revenues by year for the Project are shown in the table below:

Table 5-3 Forecasted Revenue by Year for the Project (Unit: 10,000 yuan)

Year	General road section	Taihu tunnel	Yaoxianshan tunnel	Total
2026	24,964	59,920	5,263	90,147
2027	25,075	59,889	5,027	89,991
2028	29,385	70,948	6,181	106,514
2029	38,937	94,936	8,763	142,636
2030	47,910	117,346	11,168	176,424
2031	50,658	124,145	11,797	186,600
2032	47,775	116,867	10,833	175,475
2033	49,814	121,875	11,271	182,960
2034	51,845	126,847	11,714	190,406
2035	53,805	131,638	12,141	197,584

Year	General road section	Taihu tunnel	Yaoxianshan tunnel	Total
2036	55,575	135,942	12,512	204,029
2037	59,548	145,695	13,535	218,778
2038	61,127	149,490	13,886	224,503
2039	62,650	153,175	14,222	230,047
2040	64,194	156,857	14,560	235,611
2041	65,204	159,267	14,769	239,240
2042	66,347	161,966	15,010	243,323
2043	67,397	164,440	15,229	247,066
2044	68,459	166,935	15,442	250,836
2045	68,968	168,081	15,517	252,566
2046	69,148	168,302	15,498	252,948
Total	1,128,785	2,754,561	254,338	4,137,684

Note: The total number is the cumulative value from January 1, 2026 to December 29, 2046, the same below.

Toll revenue of the project is projected to grow from RMB900 million in 2026 to RMB2.53 billion in 2046. Over the forecast period, cumulative toll revenue is expected to reach RMB41.38 billion, of which the Taihu Tunnel accounts for approximately RMB27.55 billion, representing 66.6% of the total.

2. Revenue forecast by vehicle type

The toll revenue for the Project passenger and goods vehicles is shown in the table below:

Table 5-4 Forecasted Revenue by Year for the Project (Unit: 10,000 yuan)

Year	Passenger vehicle revenue	Goods vehicle revenue	Total
2026	71,202	18,945	90,147
2027	81,110	8,881	89,991
2028	87,620	18,894	106,514
2029	111,518	31,118	142,636
2030	134,521	41,903	176,424
2031	142,891	43,709	186,600
2032	136,920	38,555	175,475
2033	143,590	39,370	182,960
2034	150,030	40,376	190,406
2035	156,193	41,391	197,584
2036	161,815	42,214	204,029
2037	173,348	45,430	218,778
2038	177,517	46,986	224,503
2039	181,982	48,065	230,047
2040	186,610	49,001	235,611
2041	189,811	49,429	239,240
2042	193,323	50,000	243,323
2043	196,596	50,470	247,066
2044	199,957	50,879	250,836
2045	201,839	50,727	252,566
2046	202,663	50,285	252,948
Total	3,281,056	856,628	4,137,684

It is calculated that over the forecast period, the cumulative toll revenue from passenger vehicles on the Project will amount to approximately RMB32.81 billion, while that from goods vehicles will reach approximately RMB8.57 billion, with passenger vehicle revenue accounting for 79.3% of the total.

CHAPTER 6 FORECAST OF OPERATION AND MAINTENANCE COSTS

6.1 Cost Forecasting Methodology

In this report, it is assumed that the Project Company will follow the current outsourcing service by entrusted management mode, and the operation and maintenance costs such as staff remuneration and other expenses related to personnel will be included in the levy business costs in the form of entrusted management fee. At the same time, the operation and maintenance costs are divided into three major components (excluding depreciation, amortization and regulatory), namely road and bridge maintenance costs, three major system costs and levy business costs, in accordance with the caliber of the Company's financial statements, and the forecasting parameters for each of these components are described below:

1. Road and bridge maintenance costs

The costs of road and bridge maintenance mainly include road and bridge maintenance fees as well as technical consulting fees.

(1) Road and bridge maintenance

According to "Jiangsu Provincial Expressway Maintenance Management Measures", expressway maintenance work mainly includes minor maintenance work, major and medium maintenance work.

- ① Minor maintenance work mainly refers to maintenance or repair for the expressways and their appurtenances to keep them in good condition always. It mainly includes pavement sweeping, divider cleaning, refurbishment of road shoulders, slopes, drainage facilities dredging, ground pumping, minor pavement distress treatment, bridge expansion joint cleaning, cleaning of signs and guardrails along the road, and localized repairs. The costs are stable and are assumed to use 2025 as the base year at a 3% annual growth rate in this assessment.
- ② Major and medium maintenance work mainly refers to medium-term and long-term comprehensive repairs which are carried out for the expressway or its appurtenances with large damages in order to fully restore to the original design standard, and it also refers to the local improvement and individual construction in the original technical grade in order to gradually improve expressway capacity. For example, it concludes comprehensive pavement renovation to reach the service lifecycle and restore its original design state, and timely repair to ensure its normal use when significantly damaged by the floods, earthquakes

and other disasters. In the actual process, the time and scale of maintenance works are uncertain, so the main work content of road maintenance works during the operating period of the project is assumed in this assessment as follows:

- Pavement Maintenance Work: Generally, the corresponding work plan and program are formulated according to the annual road test and evaluation report, and the early routine practice is to carry out a pavement overhaul every 10 to 12 years. Given the low proportion of heavy vehicles on the project and the further promotion of preventive maintenance in line with the current philosophy, the pavement overhaul cycle may be extended. Referring to the experience of other projects in Jiangsu, it is assumed that the overhaul works will be carried out once during the operation period and implemented in the 15th year of opening, i.e. 2036. The cost is based on the current price of 200 yuan/m², taking into account an annual increase of 2%.
- Equipment maintenance work: renewed every 10 years, starting in the sixth year, for a total amount based on the budgeted amount, share evenly over each year, and taking into account annual increases of 2%.
- Other ancillary works: road markings are renewed every three years with a balanced annual apportionment, taking into account an annual increase of 2%; guardrails are renewed once during the operating period with a balanced annual apportionment, taking into account an annual increase of 2%.

(2) *Technical consulting fees*

Technical consulting fees are calculated at 4.44% of the annual routine and special maintenance costs, with this percentage derived from historical ratios.

2. *Three major system costs*

The costs are primarily for routine maintenance and repair of electrical and mechanical facilities and are based on a 3% annual increase using 2025 as the base year in the assessment. The upgrades to the three systems have been included in the maintenance work costs (equipment maintenance work) of the road and bridge maintenance costs.

3. *Levy Business costs*

The levy business costs mainly include entrusted management fees, utility costs (water, electricity, and gas), rental fees, network management fees, labor costs, and others.

- Entrusted management fees are based on the 2025 level, with an annual increase of 3%.
- Utility costs (water, electricity, and gas) are based on the 2025 level. As all relevant equipment has been properly commissioned, they are projected to grow at 3% per annum.
- Rental fees and labor costs are based on the 2025 level, with an annual growth rate of 2%.
- Network management fees are calculated at 0.65% of the toll revenue for the given year, a percentage derived from historical ratios.
- Other expenses are based on the 2025 level, with an annual growth rate of 2%.

6.2 Conclusion of Costs Forecast

The forecasted operation and maintenance costs and their components for each year of the Project are shown in the table below:

Table 6-1 Forecast of Operation and Maintenance Costs by Year for the Project (Unit: 10,000 yuan)

Year	Levy business costs	Three major system costs	Road and bridge maintenance costs	Total
2026	6,403	1,419	41,462	49,284
2027	6,603	1,461	42,408	50,472
2028	6,885	1,505	47,596	55,986
2029	7,308	1,550	59,008	67,866
2030	7,719	1,597	69,698	79,014
2031	7,972	1,645	64,631	74,248

Year	Levy business costs	Three major system costs	Road and bridge maintenance costs	Total
2032	8,082	1,694	60,435	70,211
2033	8,327	1,745	63,537	73,609
2034	8,577	1,797	66,496	76,870
2035	8,831	1,851	69,393	80,075
2036	9,085	1,907	117,854	128,846
2037	9,404	1,964	76,772	88,140
2038	9,665	2,023	78,785	90,473
2039	9,932	2,084	80,756	92,772
2040	10,206	2,146	82,563	94,915
2041	10,473	2,210	84,180	96,863
2042	10,750	2,277	85,746	98,773
2043	11,032	2,345	87,220	100,597
2044	11,321	2,415	88,506	102,242
2045	11,604	2,488	89,597	103,689
2046	11,885	2,563	90,533	104,981
total	192,064	40,687	1,547,178	1,779,929

1. RESPONSIBILITY STATEMENT

This Circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Hong Kong Listing Rules for the purpose of giving information with regard to the Company. The Directors having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this Circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this Circular misleading.

2. SHARE CAPITAL

Authorised and issued share capital

As at the Latest Practicable Date, the authorised and issued share capital of the Company was as follows:

RMB

Authorised share capital

1,222,000,000 H Shares	1,222,000,000
3,815,747,500 A Shares	<u>3,815,747,500</u>

5,037,747,500

Issued share capital

1,222,000,000 H Shares	1,222,000,000
3,815,747,500 A Shares	<u>3,815,747,500</u>

5,037,747,500

Note: This is an English translation of the report. In case of discrepancy, the Chinese version prevails.

3. DISCLOSURE OF INTERESTS BY DIRECTORS

As at the Latest Practicable Date, no director or chief executive of the Company had any interests and short positions in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) which (a) were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO) to be entered in the register referred to therein; or (b) were required, pursuant to Section 352 of the SFO, to be recorded in the register referred to therein; or (c) were required, pursuant to the Model Code set out in Appendix C3 to the Hong Kong Listing Rules, to be notified to the Company and the Stock Exchange.

4. DISCLOSURE OF INTEREST UNDER DIVISION 2 AND 3 OF PART XV OF THE SFO AND SUBSTANTIAL SHAREHOLDERS

As at the Latest Practicable Date, so far as is known to the directors or chief executive of the Company, the following persons had an interest or short position in the shares and underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO as recorded in the register required to be kept by the Company under Section 336 of the SFO.

Name of Shareholder	Capacity	A Shares Direct interest	Number of A Shares	Percentage in A Shares (total shares)
Jiangsu Communications Limited Holding Company	Others	Yes	2,742,578,825(L)	71.88%(54.44%) (L)
	Interest of corporation controlled by you ⁽¹⁾	No	530,000(L)	0.0139%(0.0105%) (L)
China Merchants Expressway Network&Technology Holdings Co., Ltd. ⁽²⁾	Others	Yes	589,059,077(L)	15.44%(11.69%) (L)

Name of Shareholder	Capacity	H Shares Direct interest	Number of H Shares	Percentage in H Shares (total shares)
Jiangsu Communications Holding Company Limited	Interest of corporation controlled by you ⁽³⁾	No	179,010,000 (L)	14.65%(3.55%) (L)
Jiangsu Yunshan Capital Management Co., Ltd.	Beneficial owner	Yes	179,010,000 (L)	14.65%(3.55%) (L)
BlackRock, Inc.	Interest of corporation controlled by you ⁽⁴⁾	No	66,094,750 (L) 23,384,600 (S)	5.41%(1.31%) (L) 1.91%(0.46%) (S)
China Merchants Expressway Network&Technology Holdings Co., Ltd.	Beneficial owner	Yes	498,400 (L)	0.04%(0.01%) (L)

Note:

- (1) Jiangsu Communications Holding Company Limited was deemed to have indirect interests in the A Shares of the Company by virtue of interests of its following subsidiaries:
 - a) Jiangsu Communications Holding Asset Management Co., Ltd. (江蘇交控資產管理有限公司) (a wholly-owned subsidiary) held 20,000 A Shares (L) of the Company;
 - b) Jiangsu Yangtze Bridge Co., Ltd. (江蘇揚子大橋股份有限公司) (a 64.3989%-owned subsidiary) held 500,000 A Shares (L) of the Company;
 - c) Suzhou Jinling Nanlin Hotel Co., Ltd. (蘇州金陵南林飯店有限責任公司) (a 61.0041%-owned subsidiary) held 10,000 A Shares (L) of the Company.
- (2) China Merchants Group Corporation Limited was deemed to have an interest in the shares of the Company due to the interest of its controlled subordinate body corporate, China Merchants Expressway.
- (3) Jiangsu Communications Holding Company Limited was deemed to have an interest in the shares of the Company due to the interests of its wholly-owned subsidiary, Jiangsu Yunshan Capital Management Co., Ltd.
- (4) BlackRock, Inc. was deemed to have a long position in a total of 66,094,750 H Shares of the Company and a short position in a total of 23,384,600 H Shares of the Company (of which 13,688,600 H Shares are cash-settled unlisted derivatives) by virtue of its control over a number of corporations. All of the corporations are indirectly wholly-owned by BlackRock, Inc., except for the following:
 - a) BlackRock Holdco 6, LLC was indirectly owned as to 90% by BlackRock, Inc. BlackRock Holdco 6, LLC held interests in the Company through the following indirect wholly-owned corporations:
 - i. BlackRock Institutional Trust Company, National Association held 6,198,000 H Shares (L) and 9,990,000 H Shares (S) of the Company.
 - ii. BlackRock Fund Advisors held 52,074,000 H Shares (L) of the Company.

- b) BR Jersey International Holdings L. P. was indirectly owned as to 86% by BlackRock International Holdings, Inc. BR Jersey International Holdings L. P. held interests in the Company through the following indirect wholly-owned corporations:
- i. BlackRock Asset Management North Asia Limited held 303,813 H Shares (L) of the Company.
 - ii. BlackRock Japan Co., Ltd. held 52,735 H Shares (L) of the Company.
- c) BlackRock Group Limited was indirectly owned as to 90% by BR Jersey International Holdings L. P. (see note 4(b) in the above). BlackRock Group Limited held interests in the Company through the following direct or indirect wholly-owned corporation:
- i. BlackRock (Netherlands) B. V. held 316,000 H Shares (L) of the Company.
 - ii. BlackRock Asset Management Ireland Limited held 990,000 H Shares (L) of the Company.
 - iii. BLACKROCK (Luxembourg) S. A. held 10,000 H Shares (L) and 992,000 H Shares (S) of the Company.
 - iv. BlackRock Investment Management (UK) Limited held 42,000 H Shares (L) of the Company.
 - v. BlackRock Fund Managers Limited held 3,288,282 H Shares (L) of the Company.

Save as disclosed above, as at the Latest Practicable Date, so far as is known to the Directors or chief executive of the Company, no other person (other than a Director or chief executive of the Company) had, or were taken or deemed to have interests or short positions in the shares and underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the Securities and Futures Ordinance.

As at the Latest Practicable Date, so far as the Directors of the Company are aware, the following Directors held office in one of the aforementioned substantial shareholders of the Company:

Name of Director	Position held
Wang Yingjian	Employee of Jiangsu Communications Holding, the current safety director, head of the operations department, and head of the emergency safety department of Jiangsu Communications Holding
Zhou Lili	Head of the Financial Management Department of Jiangsu Communications Holding
Yang Shaojun	Member of the Party Committee and Chief Financial Officer of China Merchants Expressway Network & Technology Holdings Co., Ltd.
Liu Gang	General Manager of the Capital Operations Department (Board Office) and Secretary to the Board of China Merchants Expressway Network & Technology Holdings Co., Ltd.

Apart from the above, according to the Company's knowledge, as at the Latest Practicable Date, there are no other individuals need to be disclosed based on the Security and Future Ordinance of Hong Kong.

5. SERVICE CONTRACT

As at the Latest Practicable Date, none of the Directors had any existing or proposed service contract with any member of the Enlarged Group, excluding service contracts expiring or determinable by such member of the Enlarged Group within one year without payment of compensation (other than statutory compensation).

6. DIRECTORS' INTERESTS IN COMPETING BUSINESS

As at the Latest Practicable Date, none of the Directors or their respective associates had any interest in businesses, which would be considered to compete or would likely to compete, either directly or indirectly, with the business of the Group as required to be disclosed pursuant to the Hong Kong Listing Rules.

7. DIRECTORS' INTERESTS IN THE GROUP'S ASSETS

None of the Directors has any interest in any assets which had since 31 December 2025 (being the date to which the latest published audited accounts of the Company were made up) and up to the Latest Practicable Date, been acquired or disposed of by or leased to any member of the Enlarged Group, or were proposed to be acquired or disposed of by or leased to any member of the Enlarged Group.

8. DIRECTORS' INTERESTS IN CONTRACT OR ARRANGEMENT SIGNIFICANT TO THE GROUP

None of the Directors was materially interested in any contract or arrangement subsisting at the Latest Practicable Date which would be significant in relation to the business of the Enlarged Group.

9. EXPERTS QUALIFICATION AND CONSENT

The qualification of the experts who have been named in this circular and have given opinions or advice which are contained herein is set out below:

Name	Qualification
China Securities (International) Corporate Finance Company Limited	Licensed corporation to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activity under the SFO
Somerley Capital Limited	Licensed corporation to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activity under the SFO

Name	Qualification
Kroll Consulting (Shenzhen) Ltd., Beijing Branch	Independent professional business valuer
KPMG Huazhen LLP	Public Interest Entity Auditor recognised in accordance with the Accounting and Financial Reporting Council Ordinance
Jiangsu Weixin Engineering Consulting Company Limited	Independent professional PRC traffic consultant

Each of the above experts has given and has not withdrawn its written consent to the issue of this circular with the inclusion herein of its letter and/or references to its name, in the form and context in which they appear. The letter from the Independent Financial Adviser, the Valuation report, the report of the Company's Reporting Accountants, the letter from the financial adviser regarding the Target Company's profit forecasts and the Traffic Consultant's report, all set out in this circular, were issued on 30 September 2026, and were prepared by the respective experts for inclusion in this circular.

As at the Latest Practicable Date, each of the experts was not beneficially interested in the share capital of any member of the Group nor had any right, whether legally enforceable or not, to subscribe for or to nominate persons to subscribe for securities in any member of the Group, nor did it have any interest, directly or indirectly, in any asset which had been, since 31 December, 2025, being the date to which the latest published audited financial statements of the Group were made up, acquired or disposed of by or leased to any member of the Group, or were proposed to be acquired or disposed of by or leased to any member of the Group.

10. MATERIAL ADVERSE CHANGE

As at the Latest Practicable Date, there was no material adverse change in the financial or trading position of the Group since 31 December 2025, being the date to which the latest published audited financial statements of the Group were made up.

11. MISCELLANEOUS

- (a) The PRC registered office of the Company is at 6 Xianlin Avenue, Nanjing, Jiangsu Province, the PRC. The Hong Kong registered office of the Company is at 17th Floor, One Island East, Taikoo Place, 18 Westlands Road, Quarry Bay, Hong Kong.
- (b) The registrar and transfer office of H Shares of the company is Computershare Hong Kong Investor Services Limited, Shop 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong.

- (c) The joint company secretaries are Ms. Chen Jinjia, an affiliated person of The Hong Kong Institute of Chartered Secretaries, and Ms. Cheung Bo Chun Janet, a qualified lawyer in Hong Kong.

12. DOCUMENT ON DISPLAY

Copies of the following documents are available on display on the websites of the Stock Exchange (<http://www.hkexnews.hk>) and the Company (<http://www.jsexpressway.com>) from the date of this Circular up to and including the date of the EGM:

- (a) the Equity Transfer Agreement;
- (b) this Circular;
- (c) the Letter from the Independent Board Committee, the full text of which as set out on pages 71 to 72 of this Circular;
- (d) the Letter from the Independent Financial Advisor, the full text of which as set out on pages 73 to 111 of this Circular;
- (e) the Valuation Report, the full text of which as set out in Appendix I to this Circular;
- (f) the Report from KPMG Huazhen LLP, the full text of which as set out in Appendix II to this Circular;
- (g) the Letter on Profit Forecast of the Target Company from the Financial Advisor, the full text of which as set out in Appendix III to this Circular; and
- (h) the Report from the Traffic Consultant, the full text of which as set out in Appendix IV to this Circular.

NOTICE OF 2026 FIRST EXTRAORDINARY GENERAL MEETING



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)

NOTICE OF 2026 FIRST EXTRAORDINARY GENERAL MEETING

Important Notice:

- Date of the EGM: 27 October 2026
- Online voting for the EGM: Shanghai Stock Exchange Online Voting System for General Meetings.

NOTICE IS HEREBY GIVEN that the 2026 first extraordinary general meeting (the “**EGM**”) of Jiangsu Expressway Company Limited (the “**Company**”) convened by the board (the “**Board**”) of directors (the “**Directors**”) of the Company will be held on Tuesday, 27 October 2026 at 3:00 p.m. at 6 Xianlin Avenue, Nanjing, Jiangsu Province, the People's Republic of China. Please note the following:

I. INFORMATION OF THE GENERAL MEETING

- (1) Type and Session of General Meeting: 2026 First EGM
- (2) Convener: the Board
- (3) Voting method: voting on site and online voting (for holders of A shares of the Company)
- (4) Date, time and venue for on-site voting
 - Date and time: 27 October 2026 at 3:00 p.m.
 - Venue: 6 Xianlin Avenue, Nanjing, Jiangsu Province, the People's Republic of China

NOTICE OF 2026 FIRST EXTRAORDINARY GENERAL MEETING

- (5) System, commencement and ending time and date of online voting

Online voting system: Shanghai Stock Exchange Online Voting System for General Meetings

Commencement and ending time of online voting: From 27 October 2026 to 27 October 2026

Voting period for online voting: via the voting platform of the trading system of Shanghai Stock Exchange Online Voting System: the trading hours on the date of the EGM, i.e. 9:15 a.m.–9:25 a.m., 9:30 a.m.–11:30 a.m. and 1:00 p.m.–3:00 p.m.

via internet platform: 9:15 a.m.–3:00 p.m. on the date of the EGM

- (6) Margin trading, short selling and refinancing[#], agreed repurchase accounts and Shanghai-Hong Kong Stock Connect Investors voting procedure: voting involving margin trading, short selling and refinancing, agreed repurchase accounts as well as by Shanghai-Hong Kong Stock Connect Investors should be conducted in accordance with regulations including “Self-Regulating Meeting Guidelines No. 1 for Companies Listed on the Shanghai Stock Exchange – Operating Standards”.

- (7) Regarding solicitation of voting rights from shareholders

Not applicable

[#] *refer to the margin trading, short selling and refinancing activities under the “Pilot Measures for Supervision and Administration of Refinancing Business”*

II. RESOLUTIONS TO BE CONSIDERED AT THE EGM

Resolutions by non-cumulative poll

The following resolutions shall be considered by way of an ordinary resolution:

1. To approve the Resolution on the Acquisition of 100% Equity Interests in Jiangsu Suxichang South Expressway Co., Ltd. by the Company.

NOTICE OF 2026 FIRST EXTRAORDINARY GENERAL MEETING

- 1.01 To approve the acquisition of 65%, 22.82% and 12.18% equity interests of Jiangsu Suxichang South Expressway Company Limited (the “**Target Company**”) from Jiangsu Communications Holding Co., Ltd. (“**Jiangsu Communications Holding**”), Wuxi Transportation Industry Group Co., Ltd. (“**Wuxi Transportation**”), and Changzhou Communications Holding Group Co., Ltd. (“**Changzhou Communications Holding**”) respectively (the “Acquisition”*) and to authorise the Board or such person(s) as authorised by the Board to take such action and to do such acts as necessary and appropriate (including the execution of such necessary and appropriate document(s)) for the implementation of the Acquisition.
- 1.02 To approve the arrangement for assuming guarantee obligations: Jiangsu Communications Holding continues to bear the guarantee obligations it has assumed regarding the debts of Suxichang South Expressway Company. If such debts remain outstanding after 31 December 2026, then, subject to the creditors’ consent, the Company shall assume the guarantee obligations of Jiangsu Communications Holding from 1 January 2027.
2. To approve the Resolution in Relation to the Interim Profit Distribution Scheme for the Year 2026: the Company shall distribute an interim dividend of RMB0.25 per share (tax-inclusive) to the shareholders registered on the record date.

* For A Shareholders, please refer to the announcements of the Company dated 21 August 2026 and 28 August 2026 for details of the Equity Transfer Agreement and the Acquisition.

For H Shareholders, please refer to the circular of the Company dated 30 September 2026 for details of the Equity Transfer Agreement and the Acquisition.

For A Shareholders, please refer to the section “IX. Arrangements for assumption of guarantee obligations” set out in the Company’s announcement dated 21 August 2026.

For H Shareholders, please refer to the section “B. The Acquisition – (IX) Arrangements for assumption of guarantee obligations” in the ‘Letter from the Board’ set out in the Company’s circular dated 30 September 2026.

Note:

- (1) Dates and mediums of disclosure of the resolutions

For details of the resolutions, please refer to the announcements of resolutions passed by the Board of the Company and the related announcements on 21 August 2026 and 28 August 2026. These announcements and information have been disclosed in China Securities Journal, Securities Times, Shanghai Securities News and the websites of the Company (www.jsexpressway.com), the HKEX (www.hkexnews.hk) and the SSE (www.sse.com.cn).

H Shareholders, please also refer to the Company’s circular dated 30 September 2026.

NOTICE OF 2026 FIRST EXTRAORDINARY GENERAL MEETING

- (2) Special resolution: nil.
- (3) Resolution(s) with separate counting of votes from small and medium investors: 1.01, 1.02, 2
- (4) Resolution(s) which interested shareholder(s) will abstain from voting: 1.01, 1.02

Name(s) of the interested shareholder(s) to abstain from voting: Jiangsu Communications Holding and its associates

- (5) Resolution which holders of preference shares will vote on: nil.

III. MATTERS OF CONCERN FOR VOTING AT THE EGM

- 1. Shareholders of the Company who would like to cast his or her vote through the Shanghai Stock Exchange Online Voting System for Shareholders' General Meetings may either log in the voting platform of the trading system (through the terminus of any specified securities trading company) or the internet voting platform (website: vote.sseinfo.com) to vote. Any investor who logs in the internet voting platform to vote for the first time is required to have his or her identity as a shareholder verified. For details, please refer to the instructions for the internet voting platform on the website.
- 2. Any shareholder of the Company holding more than one shareholder's account may vote using any of the said accounts through the Shanghai Stock Exchange Online Voting System for Shareholders' General Meetings. After voting, such a shareholder is deemed to have cast his or her votes in the same way in respect of all the ordinary or preference shares of the same class held under his or her said accounts.
- 3. If the same vote is cast more than once by way of voting in the physical meeting, via Shanghai Stock Exchange Online Voting System or otherwise, the vote first in time prevails.
- 4. Submission can only be made after the shareholder has voted on all the resolutions.

NOTICE OF 2026 FIRST EXTRAORDINARY GENERAL MEETING

IV. ENTITLEMENT TO ATTENDANCE AND VOTING

1. Holders of A shares of the Company who are registered with the Shanghai Branch of China Securities Depository & Clearing Corporation Limited or Caochangmen Outlet of Huatai Securities Co., Ltd. (the former Jiangsu Securities Depository Company (江蘇證券登記公司)) as at the close of trading of the afternoon session on 19 October 2026 (details as set out in the following table) and holders of H shares of the Company who are registered with Computershare Hong Kong Investor Services Limited as at 4:30 p.m. on 19 October 2026 are entitled to attend the EGM after complying with the necessary registration procedures; and may appoint prox(ies) in writing to attend and vote at the EGM. Such prox(ies) need not be shareholder(s) of the Company.

Class of shares	Stock Code	Stock Short Name	Record Date
A Shares	600377	宁沪高速	19 October 2026

2. Directors and senior management of the Company;
3. lawyers engaged by the Company; and
4. other persons: auditors of the Company and other persons invited by the Board.

V. REGISTRATION FOR ATTENDING THE EGM

1. Shareholders of the Company who are registered with the Shanghai Branch of China Securities Depository & Clearing Corporation Limited or Caochangmen Outlet of Huatai Securities Co., Ltd. (the former Jiangsu Securities Depository Company (江蘇證券登記公司)) as at the close of trading of the afternoon session on Monday, 19 October 2026, and shareholders of H shares of the Company who are registered with Computershare Hong Kong Investor Services Limited as at 4:30 p.m. on Monday, 19 October 2026 are entitled to attend and vote at the EGM, provided that such shareholders shall complete and **delivered the confirmation slip to the Company no later than Thursday, 22 October 2026**. Further details are set out in the confirmation slip.
2. Registration of transfers of H shares will be suspended by the Company from 7 October 2026 to 27 October 2026 (both days inclusive). Shareholders of H shares who wish to be eligible to attend and vote at the EGM must deliver their instruments of transfer together with the relevant share certificates to Computershare Hong Kong Investor Services Limited, the Registrar of H shares of the Company, at Rooms 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong, **no later than 4:30 p.m. on Tuesday, 6 October 2026**.

NOTICE OF 2026 FIRST EXTRAORDINARY GENERAL MEETING

3. A shareholder who has the right to attend and vote at the EGM is entitled to appoint a proxy (whether or not a shareholder) to attend and vote on his/her behalf. A shareholder (or his/her proxy) is entitled to cast one vote for each share he/she holds or represents. Upon completion and delivery of the form of proxy, a shareholder (or his/her proxy) may attend and vote at the EGM. Nevertheless, the appointment of the proxy will be deemed to have been revoked by the shareholder. A domestic shareholder (or his/her proxy) shall present his/her shareholder account number to attend the meeting. A domestic corporate shareholder shall present its shareholding confirmation if its shareholder account had not yet been changed.
4. The instrument appointing a proxy must be in writing under the hand of the shareholder or his/her attorney duly authorised in writing. In the event that such instrument is signed by an attorney of the shareholder, an authorisation that authorised such signatory shall be notarised. To be valid, such notarised authorisation together with the form of proxy must be delivered to the Secretariat Office of the Board of the Company, or in case of holders of H shares of the Company, must be deposited at Computershare Hong Kong Investor Services Limited, the Registrar of H shares of the Company, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong, not less than 24 hours before the time appointed for the holding of the EGM (being **no later than 3:00 p.m. on Monday, 26 October 2026 (Hong Kong/Beijing time)**).

NOTICE OF 2026 FIRST EXTRAORDINARY GENERAL MEETING

VI. MISCELLANEOUS

1. The EGM will last for half a day. Shareholders and their proxies attending the EGM will be responsible for their own accommodation, travelling and other expenses.
2. Contact address: Secretariat Office of the Board, 6 Xianlin Avenue,
Nanjing, Jiangsu Province, the People's Republic of China

Postal code: 210049

Telephone: (86) 25-8436 2700 ext. 301815 or (86) 25-8446 4303 (direct
line)

Fax: (86) 25-8420 7788
3. The resolutions will be passed by way of poll.
4. In case during the electronic voting period for holders of A shares, there occurs any material event which affects the voting system, the proceedings of the First EGM shall be conducted in accordance with notice published on such date.
5. The form of proxy and confirmation slip for the EGM will be despatched to holders of H Shares with the circular of the Company dated 30 September 2026.

By Order of the Board
Wang Feng
Executive Director

Nanjing, the PRC, 30 September 2026