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江蘇寧滬高速公路股份有限公司
JIANGSU EXPRESSWAY COMPANY LIMITED

(Established in the People's Republic of China as a joint-stock limited company)

(Stock Code: 00177)

**ANNOUNCEMENT ON INVESTMENT IN PARENT REAL ESTATE
FUND BY A WHOLLY-OWNED SUBSIDIARY**

The Company and all members of the board of directors warrant the truthfulness, accuracy and completeness of this announcement and jointly and severally accept responsibility for any false representations or misleading statements contained in or material omissions from this announcement.

IMPORTANT INFORMATION

Investment target: Jiangsu Ninghu Investment Development Co., Ltd. (“**Ninghu Investment Company**”), a wholly-owned subsidiary of Jiangsu Expressway Company Limited (the “**Company**”), participated in the establishment of the second phase of parent real estate fund (the “**Phase II Parent Real Estate Fund**”) initiated by Jiangsu Luode Equity Investment Fund Management Company Limited (“**Luode Fund Company**”).

Investment amount: Ninghu Investment Company subscribed a capital of RMB300 million only.

Special risk warning: The projects invested by the fund may have different degrees of risks, including but not limited to market risk, management risk, liquidity risk, credit risk, the risk of failure to realize expected investment income, operational or technical risk and other risks, and the investment cycle of which is relatively long.

I. SUMMARY OF EXTERNAL INVESTMENTS

- (1) On 12 April 2019, the 8th meeting of the ninth session of the board of directors (the “**Board**”) reviewed and approved the “Resolution regarding the Participation of Ninghu Investment Company (a Wholly-owned Subsidiary of the Company) in the Establishment of the Second Phase of Parent Real Estate Fund Initiated by Luode Fund Company”. Ninghu Investment Company and Luode Fund Company signed a cooperation agreement with Nanjing Public Utilities Development Co., Ltd. (“**Nanjing Public Utilities Company**”), pursuant to which, all parties intended to jointly establish the Phase II Parent Real Estate Fund upon reaching unanimity through consultation. The total size of the fund shall be no more than RMB1 billion, in which Ninghu Investment Company will invest no more than RMB300 million; other partners and teams will invest no more than RMB700 million.

The Phase II Parent Real Estate Fund will be subscribed using the internal funds of Ninghu Investment Company, and no fund-raising and bank loans will be involved.

- (2) According to the Articles of Association, the Administrative Measures for External Investments and other relevant requirements of the Company, the investment has been submitted to the 8th meeting of the ninth session of the Board for review and approval, and no approval by the shareholders’ meeting is required.
- (3) According to the relevant provisions of the Measures for the Administration of the Material Asset Reorganization of Listed Companies and the Listing Rules of Shanghai Stock Exchange, the external investment does not constitute a material asset reorganization and is not a related party transaction.

II. BASIC INFORMATION OF THE PARTIES TO THE COOPERATION AGREEMENT

1. Basic information of Ninghu Investment Company

Basic Information			
Unified social credit code:	91320192742364874M	Name:	Jiangsu Ninghu Investment Development Co., Ltd.
Registered type:	Limited liability company	Legal representative:	Yao Yongjia
Registered capital:	RMB1,200,000,000	Date of establishment:	23 September 2002
Address:	Nanjing Economic and Technological Development Zone (Room 1101, 11/F, Longsheng Building, No. 23 Hongwu Road, Baixia District)		
Operating period (from):	23 September 2002	Operating period (to):	–
Business scope:	Various types of infrastructure, industry and industrial investment; designing, producing, planning and publishing of all kinds of domestic advertisements.		

2. Basic information of Luode Fund Company

Basic Information			
Unified social credit code:	913201050670808340	Name:	Jiangsu Luode Equity Investment Fund Management Company Limited
Registered type:	Limited liability company	Legal representative:	Yao Yongjia
Registered capital:	RMB30,000,000	Date of establishment:	14 May 2013
Address:	Room 4001, No. 188 Lushan Road, Jianye District, Nanjing		
Operating period (from):	14 May 2013	Operating period (to):	–
Business scope:	Entrusted management of private equity funds, engaged in the businesses of investment and management and related information services, and entrusted asset management. (In respect of the projects subject to approval in accordance with law, no business activities may be commenced unless approval by relevant authorities is obtained.)		

3. Basic information of Nanjing Public Utilities Company

Basic Information			
Unified social credit code:	913201001349701847	Name:	Nanjing Public Utilities Development Co., Ltd.
Registered type:	Joint stock limited company (listed)	Legal representative:	Pan Ming
Registered capital:	RMB572,646,934	Date of establishment:	10 July 1992
Address:	No. 927 Yingtian Street, Jianye District, Nanjing		
Operating period (from):	July 10 1992	Operating period (to):	–
Business scope:	Taxi service; public passenger transport; vehicle insurance, concurrent-business insurance agency for insurance against accidents and injuries; (automobile maintenance; cigarette, cigar and tobacco retail; prepackaged food retail; training for motor vehicle drivers; concurrent-business agency for insurance against accidents and injuries and motor vehicle insurance); auto parts, daily necessities, daily sundries, cultural and educational supplies, electronic products and accessories, arts and crafts, metal materials, metal and electrical products, building materials, chemical products, clothing sales; engine oil, tire retail; auto repair training; production and sales of shoes and caps; property management; interior decoration; passenger car rental services; economic information consulting services; commercial agency services; second-hand car brokerage services; bus ticketing agency; provision of labor services; (sales and ancillary services for cars of Shanghai Volkswagen brand; designing, production and distribution of newspapers, printed materials, 3D animation advertisements; agency and publishing of advertisements on the vehicle body, outdoor advertisements, gift advertising; self-owned property leasing; car park service; car park management service; food additive sales; freight forwarding service). The operation of the items in brackets is limited to licensed branches. (In respect of the projects subject to approval in accordance with law, no business activities may be commenced unless approval by relevant authorities is obtained.)		

4. Relationship of interests

The Company has no connected relationship with the parent real estate fund, and the Phase II Parent Real Estate Fund does not directly or indirectly hold any of shares in the Company, nor does it have plans to increase its shareholding in the Company. The Phase II Parent Real Estate Fund and its partners have no arrangements that affect the relevant interests of the Company.

III. MANAGEMENT MODE OF THE FUND

1. Management mode

Luode Fund Company acts as a fund manager and shall proceed with the fund filing in accordance with the provisions of the Asset Management Association of China and manage the daily affairs related to the fund, and shall be responsible for recommending appropriate target projects to the fund and negotiating with the counterparties on behalf of the fund and facilitating the investment in the projects.

2. The decision-making of the investment

An investment committee which consists of five members has been set up for the Phase II Parent Real Estate Fund, in which Luode Fund Company is entitled to nominate three members and Nanjing Public Utilities Company is entitled to nominate two members. The implementation of all investment in and withdrawal from all of the target projects to be invested shall be subject to the consideration by the investment committee and approval by more than two-thirds (excluding) voting members of the investment committee, of which approval must be given by at least one member nominated by Nanjing Public Utilities Company.

3. Custody fee and management fee

The custody fee for the Phase II Parent Real Estate Fund per annum shall not exceed 0.02% of the paid-in contribution. The specific matters shall be subject to the custody agreement to be entered into between the fund and the custodian.

The Phase II Parent Real Estate Fund shall pay management fees to Luode Fund Company, which shall be recorded as the cost of the fund on an actually incurred basis. During the investment period (including its extension period), the total management fee per annum shall be 2% of the balance of the paid-in contribution of the parties (if there are any changes in the amount of the paid-in contribution during the year, the management fee shall be calculated on a pro-rata basis), and during the withdrawal period, the total management fee per annum shall be 1% of the balance of paid-in contributions by the parties; it is specifically agreed that during the investment period (including its extension period), the management fee shall be divided into the basic management fee and the threshold management fee, each of which is 1% per year. The basic management fee is charged on an annual basis. The threshold management fee is charged on a lump-sum basis when the internal return rate of the fund investment reaches the performance criterion of 10% per year, failing which shall not be charged.

If a project invested by the Phase II Parent Real Estate Fund is a real estate project developed by a limited partner or its related parties, Luode Fund Company shall waive the corresponding management fee for the investment amount of the project.

4. Distribution of the returns of the fund

It is unanimously agreed by all parties that the Phase II Parent Real Estate Fund shall distribute in cash to the partners of the fund in the amount and in the sequence as stipulated in this section.

If there is realization of any returns from the investment during the investment period, the fund is entitled to apply the initial investment cost and returns (if any) corresponding to the disinvestment of any investment project in the revolving investment. If the investment committee not to use the initial investment cost and returns (if any) corresponding to the disinvestment of project in the revolving investment, the fund manager shall distribute, at the time it thinks fit, the initial investment cost and returns (if any) to the partners in the sequence and the proportion as set out below after paying or setting aside the relevant expenses that shall be recorded as the cost of the fund as stipulated in this agreement.

If there is realization of any returns from the investment during the withdrawal period, the extension period of the withdrawal period unanimously agreed by the parties (if any) and its subsequent extension period (if any), the initial investment principal recovered and returns from external investments of the fund shall not be applied in the revolving investment. These initial investment principal and returns shall be distributed to all partners by the fund manager in the following order within a reasonable period after paying or setting aside the relevant expenses that shall be recorded as the cost of the fund as stipulated in the agreement (no distribution for those in a lower order may be made before the distribution in the preferred order is completed):

- (1) The first round of distribution: a hundred percent (100%) shall be distributed to all partners until the accumulated amount distributed to all partners reaches their accumulated paid-in contributions to the partnership;
- (2) The second round of distribution: if there is any remaining amount, a hundred percent (100%) shall be distributed to all partners until realization of returns is made in respect of the amount of the above item (1) based on ten percent (10%) of internal rate of return (IRR) from the date of receipt of the corresponding capital contribution (inclusive) to the final date of this round of distribution (exclusive);

- (3) The third round of distribution: If there is any remaining amount after the above distributions are made, twenty percent (20%) shall be distributed to the general partner and eighty percent (80%) shall be distributed to all partners in proportion to each of their accumulated paid-in contributions made to the partnership.

In the above distributions, the balance of the paid-in contributions of each partner is calculated based on the balance of the paid-in contribution after adjustment and distribution (if any), and the returns distributed to the general partner in accordance with items (2) and (3) above are collectively referred to as the “performance return”.

The parties unanimously confirmed that the foregoing agreement is the order and principle of the distribution of cash returns obtained by the partnership. By means of entering into this agreement, the parties unanimously agreed that Luode Fund Company shall be authorized to formulate the specific profit distribution and/or loss sharing plan according to the above order and principle of cash distribution and the corresponding accounting treatment shall be made.

Prior to the liquidation of the partnership, Luode Fund Company shall use its best endeavor to realize the investment of the fund instead of non-cash distribution. If Luode Fund Company determines that non-cash distribution is in the better interests of all parties, it may propose to do so and non-cash distribution can only be made upon the approval by the partners by voting at its meeting. If the partners vote against non-cash distribution at its meeting, Luode Fund Company shall continue to realize the assets of the partnership, and the expenses incurred thereby shall be borne and paid by the partnership.

IV. INVESTMENT MODE OF THE FUND

1. Main areas of the investment

The main target projects of the Phase II Parent Real Estate Fund: subscription of units of real estate fund or equity investment in real estate projects in direct or indirect way, investment in business opportunities of quality residential, commercial projects and other projects with growth potential which are mainly located in first-tier and second-tier cities.

2. Term

The term of the Phase II Parent Real Estate Fund is tentatively set at 2+1+1 years. The parties agreed that the investment period of the fund is 2 years, which can be extended by one year upon the approval of the investment decision-making committee of the fund, and the withdrawal period is 1 year. The parties confirmed that the actual term and the investment period of the fund are subject to the agreements made in the fund contract.

V. MAIN CONTENTS OF THE AGREEMENT

Since other partners have yet to be confirmed, the limited partnership has yet to be established and the related agreement has yet to be signed. The Company shall make further announcements after the signing.

VI. EFFECT ON THE COMPANY

The establishment of the Phase II Parent Real Estate Fund is beneficial to the expansion of the scale of fund management, enhancement of the ability to engage in in-depth cooperation with renowned developers and more opportunities to access to quality projects by Luode Fund Company within a short period of time, so as to promote the market position of Luode Fund Company and realize its significant development. With its liquidity requirement for the ordinary course of operation being securely met, Ninghu Investment Company's application of its internal resources to participate in the investment and establishment of the phase II parent fund is beneficial to the promotion of the effective use of its internal resources, the increase of cash management return and the full utilization of the Company's equity investment platform, so as to lay the foundation of the Company's sustainable development. The Board is of the view that the project investment will not affect the normal development of the Company's principal business without prejudice to the interests of the shareholders of the Company.

VII. ANALYSIS OF INVESTMENT RISK

The projects invested by the Fund may be subject to various degrees of risks, including but not limited to market risk, management risk, liquidity risk, credit risk, risk of failure to realize expected investment income, operational or technical risk and other risks, and the investment cycle of which is relatively long. In connection with the major investment risks, Ninghu Investment Company shall maintain a timely understanding of the operation of the fund manager, pay attention to the implementation process of the investment projects, urge the fund manager to maintain precautions against investment risks in all aspects and make an effort to safeguard the security of the investment fund of the Company.

VIII. DOCUMENTS FOR INSPECTION

1. The resolutions of the 8th meeting of the ninth session of the Board of the Company.

By order of the Board
Yao Yongjia
Company Secretary

Nanjing, the PRC, 13 April 2019

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

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

* *Independent non-executive directors*