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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 PROGRESS OF 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 the contents of this announcement and jointly and severally accept responsibility for any false representations or misleading statements contained in or material omissions from this announcement.

Reference are made to the announcement of the Company dated 12 April 2019 in relation to the investment in the Parent Real Estate Fund by a wholly-owned subsidiary and the announcement on the resolution of the eighth meeting of the ninth session of the Board. On 11 July 2019, Ninghu Investment Company, Luode Fund Company and its wholly-owned subsidiary Nanjing Luode, Nanjing Public Utilities and Hongyuan Huizhi and its wholly-owned subsidiary Shenwan Innovation signed a limited partnership agreement, pursuant to which, all parties jointly established 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 and other partners will invest no more than RMB700 million.

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.

Since the percentage ratios of the maximum amount of the above transaction calculated under Rule 14.07 of the Hong Kong Listing Rules are less than 5%, thus under Rule 14.08 of the Hong Kong Listing Rules, the above transaction does not constitute a discloseable transaction nor requires approval from independent shareholders at a general meeting of the Company.

To the best of the directors' knowledge, information and belief having made all reasonable enquiries, the Counterparties and their ultimate beneficial owners are third parties independent of the Company and its connected persons (as defined under the Hong Kong Listing Rules). Therefore, the above transaction does not constitute a connected transaction as defined under the Hong Kong Listing Rules.

## IMPORTANT INFORMATION

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

- (1) On 12 April 2019, the eighth meeting of the ninth session of the board of directors (the “**Board**”) reviewed and approved the “Resolution regarding the Participation of Jiangsu Ninghu Investment Development Co., Ltd. (a Wholly-owned Subsidiary of the Company) in the Establishment of the Second Phase of Parent Real Estate Fund Initiated by Jiangsu Luode Equity Investment Fund Management Company Limited”. For details, please refer to the announcements of Lin 2019–008 and Lin 2019–010.

On 11 July 2019, Ninghu Investment Company, Luode Fund Company and its wholly-owned subsidiary Nanjing Luode Investment Management Co., Ltd. (南京洛德投資管理有限公司) (hereinafter referred to as “**Nanjing Luode**”), Nanjing Public Utilities Development Co., Ltd. (hereinafter referred to as “**Nanjing Public Utilities**”) and Hongyuan Huizhi Investment Co., Ltd. (宏源匯智投資有限公司) (hereinafter referred to as “**Hongyuan Huizhi**”) and its wholly-owned subsidiary Shenyan & Wanguo Innovation Capital Management Co., Ltd. (申銀萬國創新資本管理有限公司) (hereinafter referred to as “**Shenwan Innovation**”) signed a limited partnership agreement, pursuant to which, all parties jointly established 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 and other partners 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 eighth 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.
- (4) Since the percentage ratios of the maximum amount of the above transaction calculated under Rule 14.07 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (hereinafter referred to as the “**Hong Kong Listing Rules**”) are less than 5%, thus under Rule 14.08 of the Hong Kong Listing Rules, the above transaction does not constitute a discloseable transaction nor requires approval from independent shareholders at a general meeting of the Company.
- (5) To the best of the directors’ knowledge, information and belief having made all reasonable enquiries, Nanjing Luode, Nanjing Public Utilities, Hongyuan Huizhi and Shenwan Innovation (collectively referred to as the “**Counterparties**”) and their ultimate beneficial owners are third parties independent of the Company and its connected persons (as defined under the Hong Kong Listing Rules). Therefore, the above transaction does not constitute a connected transaction as defined under the Hong Kong Listing Rules.

## II. BASIC INFORMATION OF THE PARTIES TO THE COOPERATION AGREEMENT

### (I) Basic information of Ninghu Investment Company

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

### (II) Basic information of Luode Fund Company

<b>Basic Information</b>			
<b>Unified social credit code:</b>	913201050670808340	<b>Name:</b>	Jiangsu Luode Equity Investment Fund Management Company Limited
<b>Registered type:</b>	Limited liability company	<b>Legal representative:</b>	Yao Yongjia
<b>Registered capital:</b>	RMB30,000,000	<b>Date of establishment:</b>	14 May 2013
<b>Address:</b>	Room 4001, No. 188 Lushan Road, Jianye District, Nanjing		
<b>Operating period (from):</b>	14 May 2013	<b>Operating period (to):</b>	–
<b>Business scope:</b>	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.)		

### (III) Basic information of Nanjing Luode Company

#### Basic Information

<b>Unified social credit code:</b>	91320111MA1XUF4D58	<b>Name:</b>	Nanjing Luode Investment Management Co., Ltd.
<b>Registered type:</b>	Limited liability company (sole proprietorship of legal person)	<b>Legal representative:</b>	Su Yongping
<b>Registered capital:</b>	RMB10,000,000	<b>Date of establishment:</b>	24 January 2019
<b>Address:</b>	No. 683, Building A, East Area, Culture and Creativity Park, No. 48 Yushan Road, Jiangpu Sub-district, Pukou District, Nanjing		
<b>Operating period (from):</b>	24 January 2019	<b>Operating period (to):</b>	–
<b>Business scope:</b>	Investment management (No financial business may be commenced unless approval is obtained); equity investment; enterprise management and consultancy; financial consultancy. (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.)		

### (IV) Basic information of Nanjing Public Utilities Company

#### Basic Information

<b>Unified social credit code:</b>	913201001349701847	<b>Name:</b>	Nanjing Public Utilities Development Co., Ltd.
<b>Registered type:</b>	Joint stock limited company (listed)	<b>Legal representative:</b>	Li Xiang
<b>Registered capital:</b>	RMB572,646,934	<b>Date of establishment:</b>	10 July 1992
<b>Address:</b>	No. 927 Yingtian Street, Jianye District, Nanjing		
<b>Operating period (from):</b>	10 July 1992	<b>Operating period (to):</b>	–

**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.)

**(V) Basic information of Hongyuan Huizhi**

<b>Basic Information</b>			
<b>Unified social credit code:</b>	91110000593896534X	<b>Name:</b>	Hongyuan Huizhi Investment Co., Ltd.
<b>Registered type:</b>	Limited liability company	<b>Legal representative:</b>	Yang Changyun
<b>Registered capital:</b>	RMB2,000,000,000	<b>Date of establishment:</b>	27 March 2012
<b>Address:</b>	No. 19, Taipingqiao Street, Xicheng District, Beijing		
<b>Operating period (from):</b>	27 March 2012	<b>Operating period (to):</b>	-

**Business scope:** Investment; asset management; investment management; enterprise management and consultancy; investment consultancy. (“1. No fund shall be raised publicly without approvals from relevant authorities; 2. No trading activities for securities products and financial derivatives shall be carried out publicly; 3. No loan shall be granted; 4. No guarantee shall be provided to other enterprises except the invested enterprises; 5. No guarantee shall be made to investors that the principal of the investment is shielded from losses or the minimum return;” the enterprise shall choose its own business projects to be engaged in and carry out such business activities pursuant to laws; 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; business activity which is prohibited and restricted by the municipal industrial policies shall not be carried out.)

## (VI) Basic information of Shenwan Innovation Company

<b>Basic Information</b>			
<b>Unified social credit code:</b>	9131000039863861XF	<b>Name:</b>	Shenyin & Wanguo Innovation Capital Management Co., Ltd.
<b>Registered type:</b>	Limited liability company (sole proprietorship of a legal person invested or controlled by a non-natural person)	<b>Legal representative:</b>	Lin Yanxu
<b>Registered capital:</b>	RMB10,000,000	<b>Date of establishment:</b>	18 July 2014
<b>Address:</b>	26/F, Standard Chartered Tower, 201 Century Avenue, Pudong New Area, Shanghai		
<b>Operating period (from):</b>	18 July 2014	<b>Operating period (to):</b>	–
<b>Business scope:</b>	Investment management, industrial investment, asset management, and investment consultancy. [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.]		

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 connected relationship with the Company and have no arrangements that affect the relevant interests of the Company.

### III. BASIC INFORMATION OF THE PHASE II PARENT REAL ESTATE FUND

Company name:	Nanjing Luode Zhongbei Zhiyuan Equity Investment Partnership (Limited Partnership)
Organizational form:	limited partnership fund. Luode Fund Company and Shenwan Innovation act as fund managers and shall proceed with the fund filing in accordance with the provisions of the Asset Management Association of China (hereinafter referred to as the “AMAC”) and manage the daily affairs related to the fund.
Registered capital:	RMB1,000,000,000
Capital contribution:	Currency
Business scope:	Equity investment; investment in equities of non-listed companies, equities of listed companies issued non-publicly and other equities traded non-publicly and relevant services; corporate management consultancy and financial advisory. (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.)
Source of capitals:	Self-owned capital
Fund size:	No more than RMB1 billion will be raised in total. As the fund manager and general partner I, Luode Fund Company subscribed a total contribution of RMB9 million to the partnership. Shenwan Innovation, a wholly-owned subsidiary of Hongyuan Huizhi Company and as general partner II, subscribed a total contribution of RMB1 million. The total contribution to the limited partnership subscribed by all limited partners shall not exceed RMB990 million, of which, Ninghu Investment Company and Nanjing Public Utilities Company propose to subscribe shares of RMB300 million in the limited partnership respectively, Hongyuan Huizhi Company proposes to subscribe shares of RMB149 million in the partnership and Nanjing Luode Investment Management Co., Ltd., a wholly-owned subsidiary of Luode Fund Company, proposes to subscribe shares of RMB241 million in the partnership.



Term of contribution: The contributions subscribed by all partners are paid in installments. The fund manager shall issue the written notice on the payment of contribution to all parties 20 working days in advance, specifying the amount of contribution to be paid by each party and the deadline for the payment of the contribution (the “**Deadline for Contribution Payment**”). All parties shall pay the amount of the contribution to the designated account for the fundraising and settlement of the fund on or before the Deadline for Contribution Payment.

Term of the fund: No less than five years, including the investment period, the extension period (if any) and the withdrawal period. The investment period is estimated to be no more than thirty-six months from the establishment date of the fund and the withdrawal period is estimated to be no more than sixty months from the establishment date of the fund. The investment period may be extended by one year to fall within the extension period, upon the consideration and the unanimous approval by all partners.

#### **IV. MAIN CONTENTS OF THE AGREEMENT**

##### **(I) Basic information of the fund**

Please refer to the above “Basic Information of the Phase II Parent Real Estate Fund”.

##### **(II) Investment method and target areas of the fund**

1. Investment method of the fund: The limited partnership adopts such methods as permitted by laws and regulations and in compliance with this agreement to conduct external equity investment.
2. Main target areas of the fund: It invests in the real estate industry in line with the upgrading and transformation of industries in urban areas and the promotion of construction and development of new urban economic area and identifies potential targets under expansion with higher appreciation potentials for investment.

### **(III) Management mode of the fund**

#### **1. Management and decision-making mechanisms**

The fund manager shall proceed with the fund filing in accordance with the provisions of the Asset Management Association of China (hereinafter referred to as the “AMAC”) and manage the daily affairs related to the fund, and shall also 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.

An investment committee which consists of five members has been set up for the fund, in which the fund manager is entitled to nominate three members and Nanjing Public Utilities Company is entitled to nominate two members. The investment committee makes resolutions on matters about the partnership with each member having one vote. Unless it is otherwise agreed in other terms of the Limited Partnership Agreement, the resolutions made by the investment committee shall be subject to the consideration by the investment committee and approval by more than two-thirds of the members (exclusive of the figure of two-thirds) of the investment committee. Relevant agreement on investment shall be concluded and delivered to the fund manager for implementation.

#### **2. Custody fee and management fee**

- (1) The custody fee for the 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.
- (2) The fund shall pay the management fee to the fund manager, which shall be recorded as the cost of the fund on an actually incurred basis. During the investment period, the extension period (if any) and the withdrawal 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 a yearly basis. The threshold management fee is charged on a lump-sum basis on the maturity date of the term of the fund if the return of the fund exceeds the performance criterion of 10% per year (inclusive of 10%). If the return of the fund is lower than the performance criterion of 10% per year (exclusive of 10%), the threshold management fee shall not be charged.

### *(3) Taxes and fees*

All parties shall pay their respective taxes in accordance with the PRC laws. All parties shall make their best endeavors to guarantee that the cooperation can obtain all preferential taxation treatment to which they are entitled under the PRC laws.

Unless it is otherwise agreed in the agreement, the fees incurred in the implementation of transactions under this agreement shall be borne by all parties on their own.

### **(IV) Distribution of the returns of the fund**

As considered and approved by the investment committee, the fund manager shall, within ten working days after the resolution has been made by the investment committee, distribute the corresponding capitals of the initial investment cost and returns (if any) after paying or setting aside the relevant expenses that shall be recorded as the cost of the fund as stipulated in this agreement based on the following sequence: firstly the principal to all partners, then the benchmark internal rate of return (IRR of 10%) to all partners and then excess returns (80% of the part exceeding the benchmark returns shall be distributed to all partners and 20% shall be distributed to the fund manager).

### **V. 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 function 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.

## VI. ANALYSIS OF INVESTMENT RISKS

The Fund has made relatively huge investments with a relatively long cycle. The projects invested by the Fund may be subject to various degrees of risks. Real estate projects are greatly influenced by macro-economic policies of the state and market demands, which poses higher requirements on the management competence and the level of risk control of the fund manager. In connection with the above major investment risks, Ninghu Investment Company shall maintain a timely follow-up and 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.

## VII. DOCUMENTS FOR INSPECTION

1. The resolutions of the eighth meeting of the ninth session of the Board of the Company.
2. Limited Partnership Agreement.

By Order of the Board  
**Yao Yongjia**  
*Secretary to the Board*

Nanjing, the PRC, 12 July 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*