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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 warrant the truthfulness, accuracy and completeness of this announcement and jointly accept responsibility for any false representations or misleading statements contained in or material omissions from this announcement.

References are made to the announcement of the Company dated 24 April 2020 in relation to the investment in the Parent Real Estate Fund by a wholly-owned subsidiary and the announcement on the resolution of the 20th meeting of the ninth session of the Board.

On 24 July 2020, Ninghu Investment Company, Luode Fund Company and its wholly-owned subsidiary Nanjing Luode, Nanjing Highway and Hongyuan Huizhi and its wholly-owned subsidiary Shenwan Innovation signed the Agreement, pursuant to which, all parties jointly established the Phase III Parent Real Estate Fund upon reaching unanimity through consultation. The total size of the fund shall be approximately RMB1.5 billion, in which Ninghu Investment Company will invest not more than RMB500 million and other partners will invest approximately RMB1,000 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.

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), and are not related parties as defined under the Shanghai Listing Rules. Therefore, the above transaction does not constitute a connected transaction as defined under the Hong Kong Listing Rules nor a related party transaction as defined under the Shanghai 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 third phase of parent real estate fund (hereinafter referred to as the “**Phase III 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 RMB500 million.

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

- (I) On 24 April 2020, the 20th meeting of the ninth session of the board of directors (the “**Board**”) of the Company reviewed and approved the “Resolution regarding the Participation of Ninghu Investment Company (a Wholly-owned Subsidiary of the Company) in the Establishment of the Third Phase of Parent Real Estate Fund Initiated by Luode Fund Company”. For details, please refer to the announcements of Lin 2020–028 and Lin 2020–032.

On 24 July 2020, 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 Highway Development (Group) Co., Ltd. (南京公路發展(集團)有限公司)(hereinafter referred to as “**Nanjing Highway**”) 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 the Limited Partnership Agreement (hereinafter referred to as the “**Agreement**”), pursuant to which, all parties jointly established the Phase III Parent Real Estate Fund upon reaching unanimity through consultation. The total size of the fund shall be approximately RMB1.5 billion, in which Ninghu Investment Company will invest not more than RMB500 million and other partners will invest approximately RMB1,000 million. The Phase III 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.

- (II) 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 20th meeting of the ninth session of the Board for review and approval, and no approval by the shareholders’ meeting is required.
- (III) 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.
- (IV) 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.
- (V) To the best of the directors’ knowledge, information and belief having made all reasonable enquiries, Nanjing Luode, Nanjing Highway, 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), and are not related parties as defined under the Shanghai Listing Rules. Therefore, the above transaction does not constitute a connected transaction as defined under the Hong Kong Listing Rules nor a related party transaction as defined under the Shanghai Listing Rules.

II. BASIC INFORMATION OF THE PARTIES TO THE COOPERATION AGREEMENT

(I) 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	RMB1,490,000,000	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.		
Total assets at the end of the latest accounting period (2019):	RMB1,824,446,000 (in accordance with the Accounting Standards for Business Enterprises of the People's Republic of China)		
Net assets at the end of the latest accounting period (2019):	RMB1,750,805,000 (in accordance with the Accounting Standards for Business Enterprises of the People's Republic of China)		
Operating income at the end of the latest accounting period (2019):	RMB43,160,000 (in accordance with the Accounting Standards for Business Enterprises of the People's Republic of China)		
Net profit at the end of the latest accounting period (2019):	RMB82,403,000 (in accordance with the Accounting Standards for Business Enterprises of the People's Republic of China)		

(II) 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 investment funds, engaged in the businesses of investment management and related advisory 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.)		
Total assets at the end of the latest accounting period (2019):	RMB72,524,000 (in accordance with the Accounting Standards for Business Enterprises of the People's Republic of China)		
Net assets at the end of the latest accounting period (2019):	RMB55,486,000 (in accordance with the Accounting Standards for Business Enterprises of the People's Republic of China)		
Operating income at the end of the latest accounting period (2019):	RMB50,821,000 (in accordance with the Accounting Standards for Business Enterprises of the People's Republic of China)		
Net profit at the end of the latest accounting period (2019):	RMB11,098,000 (in accordance with the Accounting Standards for Business Enterprises of the People's Republic of China)		

(III) Basic information of Nanjing Luode

Basic information			
Unified social credit code	91320111MA1XUF4D58	Name	Nanjing Luode Investment Management Co., Ltd.
Registered type	Limited liability company (sole proprietorship of legal person)	Legal representative	Su Yongping
Registered capital	RMB10,000,000	Date of establishment	24 January 2019
Address	No. 683, Building A, East Area, Culture and Creativity Park, No. 48 Yushan Road, Jiangpu Sub-district, Pukou District, Nanjing		
Operating period (from)	24 January 2019	Operating period (to)	–
Business scope	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.)		
Total assets at the end of the latest accounting period (2019):	RMB7,336,000 (in accordance with the Accounting Standards for Business Enterprises of the People's Republic of China)		
Net assets at the end of the latest accounting period (2019):	RMB12,747,000 (in accordance with the Accounting Standards for Business Enterprises of the People's Republic of China)		
Operating income at the end of the latest accounting period (2019):	RMB2,311,000 (in accordance with the Accounting Standards for Business Enterprises of the People's Republic of China)		
Net profit at the end of the latest accounting period (2019):	RMB1,302,000 (in accordance with the Accounting Standards for Business Enterprises of the People's Republic of China)		

(IV) Basic information of Nanjing Highway

Basic information			
Unified social credit code	913201007305431116	Name	Nanjing Highway Development (Group) Co., Ltd.
Registered type	Limited liability company	Legal representative	Shen Xiaodong
Registered capital	RMB5,696,500,000	Date of establishment	20 July 2001
Address	Room 2401-2412, Building 1, No.268 Zhongshan Road, Xuanwu District, Nanjing		
Operating period (from)	20 July 2001	Operating period (to)	19 July 2051
Business scope	Responsible for investment (as controlling shareholder or as an investor) in infrastructure (such as expressways) and related industries and unified operation and management thereof; construction, maintenance, operation and management of expressways and supporting facilities; lease of self-owned properties; lease of self-own sites; lease of mechanical equipment; sale of various merchandises; design, production and publication of various kinds of domestic advertisements and serving as advertisement agent. (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.)		
Total assets at the end of the latest accounting period (2019):	RMB23,122,543,000 (in accordance with the Accounting Standards for Business Enterprises of the People's Republic of China)		
Net assets at the end of the latest accounting period (2019):	RMB8,691,871,000 (in accordance with the Accounting Standards for Business Enterprises of the People's Republic of China)		
Operating income at the end of the latest accounting period (2019):	RMB1,325,027,000 (in accordance with the Accounting Standards for Business Enterprises of the People's Republic of China)		
Net profit at the end of the latest accounting period (2019):	RMB340,730,000 (in accordance with the Accounting Standards for Business Enterprises of the People's Republic of China)		

(V) Basic information of Hongyuan Huizhi

Basic information			
Unified social credit code	91110000593896534X	Name	Hongyuan Huizhi Investment Co., Ltd.
Registered type	Limited liability company	Legal representative	Yang Changyun
Registered capital	RMB2,000,000,000	Date of establishment	27 March 2012
Address	Room 3-4, Balongqiao Yayuan, Qiaozhi Town, Huairou District, Beijing		
Operating period (from)	27 March 2012	Operating period (to)	-
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.)		
Total assets at the end of the latest accounting period (2019):	RMB4,694,124,000 (in accordance with the Accounting Standards for Business Enterprises of the People's Republic of China)		
Net assets at the end of the latest accounting period (2019):	RMB2,259,208,000 (in accordance with the Accounting Standards for Business Enterprises of the People's Republic of China)		
Operating income at the end of the latest accounting period (2019):	RMB316,634,000 (in accordance with the Accounting Standards for Business Enterprises of the People's Republic of China)		
Net profit at the end of the latest accounting period (2019):	RMB165,365,000 (in accordance with the Accounting Standards for Business Enterprises of the People's Republic of China)		

(VI) Basic information of Shenwan Innovation

Basic information			
Unified social credit code	9131000039863861XF	Name	Shenyin & Wanguo Innovation Capital Management Co., Ltd.
Registered type	Limited liability company (sole proprietorship of a legal person invested or controlled by a non-natural person)	Legal representative	Lin Yanxu
Registered capital	RMB10,000,000	Date of establishment	18 July 2014
Address	Room 503, 5/F, No.277 Fute North Road, China (Shanghai) Pilot Free Trade Zone		
Operating period (from)	18 July 2014	Operating period (to)	–
Business scope	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.)		
Total assets at the end of the latest accounting period (2019):	RMB8,871,000 (in accordance with the Accounting Standards for Business Enterprises of the People's Republic of China)		
Net assets at the end of the latest accounting period (2019):	RMB8,766,000 (in accordance with the Accounting Standards for Business Enterprises of the People's Republic of China)		
Operating income at the end of the latest accounting period (2019):	RMB2,074,000 (in accordance with the Accounting Standards for Business Enterprises of the People's Republic of China)		
Net profit at the end of the latest accounting period (2019):	RMB-1,307,000 (in accordance with the Accounting Standards for Business Enterprises of the People's Republic of China)		

The Phase III 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 III Parent Real Estate Fund and its partners have no related party/connected relationship with the Company and have no arrangements that affect the relevant interests of the Company.

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

Company name: Nanjing Luode Huizhi 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: RMB1,500 million

Capital contribution: Currency (RMB)

Business scope: Equity investment (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: Approximately RMB1,500 million will be raised in total. As the fund manager and general partner I, Luode Fund Company subscribed a total contribution of RMB1 million to the partnership. Shenwan Innovation, a wholly-owned subsidiary of Hongyuan Huizhi 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 be approximately RMB1,498 million, of which, Ninghu Investment Company and Nanjing Highway propose to subscribe shares of RMB500 million and RMB400 million in the limited partnership respectively, Hongyuan Huizhi proposes to subscribe shares of RMB299 million in the partnership and Nanjing Luode, a wholly-owned subsidiary of Luode Fund Company, proposes to subscribe shares of RMB299 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 partners of the limited partnership five working days in advance, specifying the amount of contribution to be paid by each partner and the deadline for the payment of the initial contribution (the “**Deadline for Initial Contribution Payment**”). All partners shall pay the amount of their respective initial contribution to the designated account for the fundraising and settlement of the fund on or before the Deadline for Initial Contribution Payment.

Term of the fund: The term of the fund shall be not less than five (5) years, including the investment period, the investment extension period (if any) and the withdrawal period. The investment period is estimated to be no more than thirty-six (36) months from the establishment date of the fund and upon the consideration and the unanimous approval by all partners, may be extended by twelve (12) months to fall within the investment extension period. The withdrawal period is estimated to be no more than sixty (60) months from the establishment date of the fund.

IV. MAIN CONTENTS OF THE AGREEMENT

(I) Basic information of the fund

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

(II) Investment method and target areas of the fund

1. Investment method of the fund: The fund adopts such methods as permitted by laws and regulations and in compliance with the Agreement to conduct external equity investment. The fund can invest in multiple projects. If there is any idle capital arising from distributions or early exit from any investment project during the investment period, such capital can be reinvested to increase the fund’s return.
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 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 two (2) members shall be nominated and appointed by the managing partner, two (2) members shall be nominated by Ninghu Investment Company, a limited partner, and appointed by the managing partner accordingly, and one (1) member shall be nominated by Nanjing Highway, a limited partner, and appointed by the managing partner accordingly. 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 Agreement, any resolution on investment matter made by the investment committee shall be subject to approval by more than two-thirds (2/3) of the members (exclusive of the figure of two-thirds) of the investment committee, and the managing partner shall be responsible for the implementation of such resolution.

2. Custody fee and management fee

- (1) The custody fee for the fund per annum shall not exceed 0.02% of the balance of paid-in capital contributions from all partners. The specific matters shall be subject to the custody agreement to be entered into between the limited partnership and the custodian.
- (2) The limited partnership shall pay the management fee to the fund manager in accordance with the Agreement, which shall be recorded as the costs of the limited partnership on an actually incurred basis. In particular, as agreed by the partners, during the investment period and the investment extension period (if any), the management fee shall be divided into the basic management fee and the performance-based management fee, each of which is 1% per year; and during the withdrawal period, only the basic management fee (1% per year) will be payable. The basic management fee is charged on a yearly basis. The performance-based 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 8% per year (inclusive of 8%). If the return of the fund is lower than the performance criterion of 8% per year (exclusive of 8%), the performance-based management fee shall not be charged.
- (3) Taxes and fees

Government taxes and fees refer to any taxes, fees and other charges levied by competent government authorities on the limited partnership, or on the income or assets, transactions or operations of the limited partnership, and these expenses shall be recorded as the costs of the limited partnership on an actually incurred basis.

(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 costs of the fund as stipulated in the Agreement based on the following sequence: firstly the principal to all partners, then the benchmark internal rate of return (IRR of 8%) 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

With its liquidity requirement for the ordinary course of operation being securely met, Ninghu Investment Company, a wholly-owned subsidiary of the Company, uses its internal resources to participate in the investment and establishment of the phase III parent fund, which 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 or prejudice the interests of the shareholders of the Company.

VI. ANALYSIS OF INVESTMENT RISKS

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 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.

VII. DOCUMENTS FOR INSPECTION

1. The resolutions of the 20th 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, 25 July 2020

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

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

* *Independent Non-executive Directors*