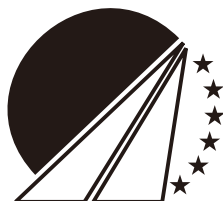


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**江蘇寧滬高速公路股份有限公司**  
**JIANGSU EXPRESSWAY COMPANY LIMITED**

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

**(Stock Code: 00177)**

**ANNOUNCEMENT IN RESPECT OF THE CAPITAL REDUCTION  
OF A WHOLLY-OWNED SUBSIDIARY**

**The Company and all members of the board of directors warrant that the information contained in this announcement is true, accurate and complete, and accept joint responsibility for any false information or misleading statements contained in, or material omissions from, this announcement.**

**IMPORTANT CONTENTS:**

**Target for Capital Reduction: Ningchang Zhenli Expressway Company Limited**

**Amount of the Capital Reduction: RMB988,850,000**

**NOTICE is hereby given that:**

**1. SUMMARY OF THE CAPITAL REDUCTION**

Jiangsu Expressway Company Limited (the “**Company**”) held the ninth meeting of the eighth session of the Board of the Company on 26th August 2016, during which the Resolution in Respect of Capital Reduction of wholly-owned subsidiary Jiangsu Ningchang Zhenli Expressway Company Limited (“**Ningchang Zhenli Company**”) was considered and approved with the results of For: 9 votes; Against: nil; and Abstain: nil.

The Company has completed the acquisition of the entire equity interest together with the transfer of all its debts and the capitalization of such debts into equity in Ningchang Zhenli Company. After the completion of acquisition, Ningchang Zhenli Company has made profits instead of suffering from losses. However, given the accumulated undistributed profit remains negative due to its losses in prior years, the Company is unable to receive profit distribution. Therefore, on the basis of assurance of all liquidity requirements in Ningchang Zhenli Company's ordinary course of operation and investment, it is proposed to transfer the idle cash of Ningchang Zhenli Company to the Company through gradual reduction of capital in the following few years, so as to centralise coordination of funding usage and to increase the utilization efficiency of capital. The current registered capital of Ningchang Zhenli Company is RMB10,688,850,000, this proposed reduction capital is RMB988,850,000. The registered capital will be changed to RMB9,700,000,000 after this reduction.

Pursuant to the relevant provisions of the Articles of Association of the Company and the listing rules, such capital reduction neither constitutes related or connected transaction, nor constitute material assets reorganization, accordingly, it is not required to be submitted to the shareholders meeting for consideration.

## 2. BASIC INFORMATION OF THE TARGET OF CAPITAL REDUCTION

Basic Information of Ningchang Zhenli Company is as follows:

Basic Information			
<b>Uniform Social Credit Code</b>	91320000762408248L	<b>Name</b>	Jiangsu Ningchang Zhenli Expressway Company Limited
<b>Type</b>	Limited Liability Company	<b>Legal Representative</b>	Chen Xianghui
<b>Registered Capital</b>	RMB10,688,850,000	<b>Date of Establishment</b>	10 June 2004
<b>Registered Address</b>	No. 291 of Zhongshan East Road, Nanjing City		
<b>Term of Operation from</b>	10 June 2004	<b>Term of Operation to</b>	
<b>Scope of Business</b>	Automobile repair and maintenance, catering service, food sales, cigarettes (cigars), petroleum products retail, accommodation, sales of newspaper publication (the aforesaid business scope is subject to the branches' license requirements); highway construction management maintenance and the related technical consultation, collection of tolls from vehicles according to the relevant rules, groceries, textiles, daily necessities, metals, electronics, chemicals, automotive components, sales of aquatic product, design, manufacture, agency, publishing the outdoor prints, advertising gifts.		

As of 31 December 2015, the audited total assets and the audited net assets of Ningchang Zhenli Company were RMB7,953,330,000 and RMB7,852,830,000, respectively; the audited revenue from principal operations and the audited net profit for 2015 were RMB817,010,000 and RMB365,180,000, respectively.

### **3. EFFECT OF CAPITAL REDUCTION TO THE LISTED COMPANY**

The capital reduction of Ningchang Zhenli Company will avoid idle capital and efficiently enhance the utilization of capital. Such capital reduction will not change the equity structure of Ningchang Zhenli Company. Ningchang Zhenli Company will remain as a wholly-owned subsidiary of the Company after such capital reduction. There will be no changes in the scope of the combined financial statements of the Company and the profit or loss of the Company during the period of occurrence of capital reduction will not be affected.

### **4. DOCUMENTS AVAILABLE FOR INSPECTION**

- (1) The Resolution of the 9th meeting of the eighth session of the Board of the Company.

**The Board of Directors of Jiangsu Expressway Company Limited**

Nanjing, the PRC, 27 August 2016

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

*Chang Qing, Du Wen Yi, Shang Hong, Hu Yu, Ma Chung Lai, Lawrence, Zhang Er Zhen\*, Zhang Zhu Ting\*, Chen Liang\*, Lin Hui\**

\* *Independent Non-executive Directors*