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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 SUBSCRIPTION OF  
PRIVATE FUND BY A WHOLLY-OWNED SUBSIDIARY**

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

**IMPORTANT CONTENT:**

**Subject Matter of Investment: CDB Kai Yuan Phase II Fund (國創開元二期基金)**

**Investment Amount: Up to RMB5,000,000,000**

**Note on Particular Risks: The projects directly invested by the Fund and the projects invested through sub-funds 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.**

**Notice is hereby given that:**

## **I EXTERNAL INVESTMENT OVERVIEW**

- (1) Jiangsu Expressway Company Limited (the “**Company**”) convened the ninth meeting of the eighth session of Board of Directors at the Company’s conference room on 26 August 2016 for the purpose of approving the Resolution on the subscription of CDB Kai Yuan Phase II Fund by the Company’s wholly-owned subsidiary, Jiangsu Ninghu Investment Development Co., Ltd. (“**Ninghu Investment**”), to authorise Ninghu Investment Company and CDB Kai Yuan Private Equity Fund Management Co., Ltd.# (國開開元股權投資基金管理有限公司) (“**CDB Kai Yuan**”) to enter into the Suzhou Industrial Park CDB Kai Yuan Investment Center Phase II (Limited Partnership) Partnership Agreement (蘇州工業園區國創開元二期投資中心(有限合夥)合夥協議). Ninghu Investment shall contribute up to RMB5,000,000,000 in the subscription of CDB Kai Yuan Phase II Fund and shall pay a compensation of up to RMB4,000,000 to the existing partners of CDB Kai Yuan Phase II Fund.

This subscription of fund will be financed by the internal resources of Ninghu Investment, and will not involve any fund raising or bank loan facility.

- (2) This investment has been submitted and approved by the Board pursuant to the Company’s Articles of Association, the Management Regulation governing External Investment and other relevant requirements and is not subject to the approval of the general meeting nor the approval of or filing with the supervisory authorities.
- (3) Pursuant to the relevant provisions of the Administrative Measures for the Material Asset Reorganizations of Listed Companies and the listing rules, this external investment does not constitute material asset reorganization nor related or connected transaction.

## II. BASIC INFORMATION ON THE SUBJECT OF THE INVESTMENT AGREEMENT

Basic information of CDB Kai Yuan is as follows:

Basic Information			
Uniform Social Credit Code	913205945617850553	Name	CDB Kai Yuan Private Equity Fund Management Co., Ltd. (國開開元股權投資基金管理有限公司)
Type	Limited Liability Company	Legal Representative	Wei Wei
Registered Capital	RMB50,000,000	Date of Establishment	3 September 2010
Registered Address	1st to 3rd Floor, Block 15, Shahu Innovation Investment Center, 183 Suhong East Road, Suzhou Industrial Park		
Term of Operation From	3 September 2010	Term of Operation To	1 September 2030
Scope of Business	Investment management, investment consulting, financial consulting; participation in the establishment and investment of funds related to equity investment and the related management consultancy institutions (projects which require legal approval shall only commence operation upon the approval of competent authorities).		

As of 31 December 2015, the audited total assets and the audited net assets of CDB Kai Yuan were RMB568,016,700 and RMB426,474,800 respectively; and the audited revenue from principal operations and the audited net profit for 2015 were RMB127,489,700 and RMB106,254,600 respectively.

Basic Information of Ninghu Investment is as follows:

Basic Information			
Uniform Social Credit Code	91320192742364874M	Name	Jiangsu Ninghu Investment Development Co., Ltd.
Type	Limited Liability Company	Legal Representative	Qian Yongxiang
Registered Capital	RMB100,000,000	Date of Establishment	23 September 2002
Registered Address	Room 1101, 11/F Long Sheng Mansion, No. 23 of Hongwu Road, Bai Xia District		
Term of Operation from	23 September 2002	Term of Operation to	18 September 2052
Scope of Business	Investment on all kinds of infrastructure, industrial and business. Design, manufacture, plan, publish all kinds of domestic advertisements.		

As of 31 December 2015, the audited total assets and the audited net assets of Ninghu Investment were RMB311,830,000 and RMB294,770,000, respectively; and the audited revenue from principal operations and the audited net profit for 2015 were RMB38,870,000 and RMB42,790,000, respectively.

The fund manager of CDB Kai Yuan Phase II Fund is CDB Kai Yuan. There is no connection between the Company and Ninghu Investment and the fund manager and the fund custodian.

### **III. MAIN CONTENTS OF THE CONTRACT**

#### **(1) Basic Information on the Fund**

1. Name of the Fund: CDB Kai Yuan Phase II Fund.
2. Duration of the Fund: 12 years.
3. Par Value of the Initial Unit of the Fund: RMB1.00.
4. Size of the Fund: Up to RMB15 billion.

#### **(2) Scope of Investment of the Fund**

CDB Kai Yuan Phase II Fund shall, in principal, invest in privately-offered investment funds and all kinds of enterprises with good development potentials, and shall not directly invest in land and real estates.

#### **(3) Forms of Investment**

The forms of investment of CDB Kai Yuan Phase II Fund consist primarily of fund investment, equity investment, investment related to equity and other investments in compliance with the provisions of laws and regulations.

#### **(4) Investment Decisions**

The general partner, shall establish an investment decision committee in accordance with the industrial standards, and the investment decision committee shall consist of persons appointed by the general partner. The investment decision committee shall conduct professional assessment on the investment project, investment and divestment of projects, and make final decisions.

#### **(5) Management Fees**

During the investment period of the fund, the total annual management fee shall be 1% of the contribution payable; after the expiration of the investment period, the total annual management fee shall be such amount calculated as 1% of the apportionment in the investment costs of the investment projects that the partnership has not withdrawn as at the end of the prior year.

#### **(6) Distribution of returns of the Fund**

The hurdle rate of return shall be 8%, after the receipt of the investment costs and hurdle return in proportion to their respective contribution by all investors, the general partners shall draw 10% as share of proceeds, 15% shall be drawn as share of proceeds for portions with IRR exceeding 20%.

### **IV. EFFECT OF THE INVESTMENT ON THE COMPANY**

For the purpose of sustainable development of the Company, while giving focused attention to the investment opportunities of the principal business of expressway, equity investment business shall also become a direction of the Company's development. As the equity investment platform of the Company, Ninghu Investment's participation in the CDB Kai Yuan Phase II Fund allows Ninghu Investment to have the opportunity to exchange or even cooperate with well-known domestic investment institutions, and will benefit from obtaining rare investment opportunities, developing the depth and width of equity investment, broadening the investment horizon and investment level, complies with the Company's strategic development requirements, and will lay the foundation of the Company's sustainable development.

In light of CDB Kai Yuan's apparent advantages of resources as fund manager, experienced team, strong brand influence and the good track record and development of the CDB Kai Yuan Phase I Fund, the Board is of the view that the overall risk of participating in the CDB Kai Yuan Phase II Fund is controllable and the expected return is preferable. On the basis of assurance of all its liquidity requirements in its ordinary course of operation, Ninghu Investment's application of its internal resources to subscribe for the CDB Kai Yuan Phase II Fund is beneficial to the promotion of the efficiency of using its internal resources, the increase of cash return and the full utilisation 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 fund investment will not affect the normal development of the Company's principal business and will not compromise the interests of the shareholders of the Company.

## V. INVESTMENT RISK ANALYSIS

The projects directly invested by the Fund and its sub-funds 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 shall have a good understanding of the operation of the fund manager, paying attention to the implementation process of the investment projects, urge the fund manager to maintain precautions against investment risks in all aspects and endeavour to safeguard the investment fund of the Company, in a timely manner.

## VI. DOCUMENTS AVAILABLE FOR INSPECTION

1. The Resolution of the Ninth Meeting of the Eighth Session of the Board of Directors of the Company;
2. The Suzhou Industrial Park CDB Kai Yuan Investment Center Phase II (Limited Partnership) Partnership Agreement entered into between Ninghu Investment and CDB Kai Yuan.

**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*

# *English translation of Chinese name for identification purpose only*