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**THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION**

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**If you are in any doubt** as to any aspect of this circular or as to the action to be taken, you should consult your stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional advisers.

**If you have sold** all your shares in Jiangsu Expressway Company Limited, you should at once hand this circular and the accompanying form of proxy and confirmation slip to the purchaser or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser.

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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)**

**PROPOSED CORPORATE BONDS ISSUANCE MANDATE**  
**AND**  
**NOTICE OF 2020 FIRST EXTRAORDINARY GENERAL MEETING**

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A notice convening the 2020 first extraordinary general meeting to be held at 6 Xianlin Avenue, Nanjing, the P.R.C. on Tuesday, 25 February 2020 at 3:00 p.m. is set out on pages N-1 to N-7 of this circular. Whether or not you are able to attend the meeting, you are requested to complete and return the accompanying form of proxy in accordance with the instructions printed thereon to the Company or in case of holders of H shares of the Company, to Hong Kong Registrars Limited, the registrar of H shares of the Company, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong as soon as possible and, in any event, not less than 24 hours before the time appointed for the holding of the 2020 first extraordinary general meeting (being no later than 3:00 p.m. on 24 February 2020 (Hong Kong/Beijing time)). Completion and return of the form of proxy will not preclude you from attending and voting at the meeting should you so wish, in which case you will be deemed to have withdrawn the proxy you have appointed.

6 January 2020

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LETTER FROM THE BOARD

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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)**

*Directors:*

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 \*

*Registered Office:*

6 Xianlin Avenue  
Qixia District  
Nanjing  
Jiangsu Province  
PRC

\* *Independent non-executive Directors*

6 January 2020

*To shareholders of the Company*

Dear Sir or Madam,

**(1) PROPOSED CORPORATE BONDS ISSUANCE MANDATE,  
AND  
(2) NOTICE OF 2020 FIRST EXTRAORDINARY GENERAL MEETING**

**A. INTRODUCTION**

The board (the “**Board**”) of directors (the “**Directors**”) of Jiangsu Expressway Company Limited (the “**Company**”) announced on 23 December 2019 that it has resolved to approve the Company’s following proposals:

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## LETTER FROM THE BOARD

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- (i) to grant the Board to issue corporate bonds with an issue size not more than RMB8 billion within 24 months from the date of approval at the 2020 first extraordinary general meeting (the “EGM”); and
- (ii) to submit the above proposal to the EGM for consideration and approval.

The purpose of this circular is to provide, among other things, (i) details of the proposed Corporate Bonds Issuance Mandate; and (ii) notice of the EGM.

### **B. PROPOSED CORPORATE BONDS ISSUANCE MANDATE**

On 23 December 2019, the Board announced that it has resolved to submit to the EGM of the Company to consider and approve by way of special resolutions the grant of a general mandate to the Board to issue corporate bonds in one or more tranches with an issue size equivalent to and not exceeding RMB8 billion during the 24 months period commencing from the date of approval at the EGM.

#### **I. Statement on the Company’s Compliance with the Conditions on the Public Issue of Corporate Bonds**

The Company complies with relevant policies on public issue of corporate bonds and the conditions and requirements stipulated by laws and regulations and is qualified for the public issue of corporate bonds in accordance with the provisions of the Company Law of the People’s Republic of China, the Securities Law of the People’s Republic of China, the Administrative Measures for Issuance and Trading of Corporate Bonds and other relevant laws, regulations and normative documents.

#### **II. Overview of the Issue**

In order to satisfy the operation and business development needs of the Company, optimize the debt structure of the Company, further broaden financing channels of the Company and reduce financing costs of the Company, the Company proposes to issue corporate bonds publicly to qualified investors. Details of the issue proposal are as follows:

##### ***(I) Issue size***

The size of corporate bonds to be issued publicly shall not be more than RMB8 billion (inclusive of RMB8 billion). The Board will be authorized at the EGM to determine the specific issue size within the abovementioned scope in accordance with the Company’s capital needs and the market conditions at the time of issue.

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## LETTER FROM THE BOARD

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***(II) Par value and issue price***

The par value of each corporate bond to be issued publicly is RMB100, and the bonds are to be issued at par value.

***(III) Issue method***

The corporate bonds will be issued publicly in tranches to qualified investors.

The Board will be authorized at the EGM to determine the detailed proposal within the abovementioned scope in accordance with the Company's capital needs and the market conditions at the time of issue.

***(IV) Maturity and type of bonds***

Term of maturity of the corporate bonds to be issued publicly shall not exceed five years (inclusive of five years), which may be issued in mixed categories with one maturity term or different maturity terms. The Board will be authorized at the EGM to determine the specific term of maturity of the corporate bonds to be issued publicly and issue size of the category of each maturity term in accordance with the Company's capital needs and the market conditions at the time of issue.

***(V) Coupon rate of bonds***

The coupon rate of the corporate bonds to be issued publicly shall not exceed the interest rate prescribed by the State Council and other government authorities, and will be determined by the Board as authorized at the EGM in accordance with the market conditions and the Company's needs.

***(VI) Repayment of principal and interest of the bonds***

The interest of the corporate bonds shall be accrued as simple interest annually instead of compound interest. No other interest will be accrued for overdue. Interest shall be paid once a year, and the principal will be repaid upon maturity together with the last installment of interest. The Board will be authorized at the EGM to determine the specific method of repayment of principal and interest in accordance with the Company's capital needs and the market conditions at the time of issue.

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## LETTER FROM THE BOARD

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***(VII) Arrangements on placement to shareholders of the Company***

The public issue of corporate bonds may be placed to shareholders of the Company. The Board will be authorized at the EGM to determine whether to make the placement and the specific placement arrangements (including the placement proportion) in accordance with the market conditions and specific matters of issue.

***(VIII) Redemption or repurchase terms***

The Board will be authorized at the EGM to determine whether the issue of corporate bonds involves redemption terms or repurchase terms and the relevant terms in accordance with relevant provisions and the market conditions.

***(IX) Guarantee terms***

The corporate bonds shall be issued without guarantee.

***(X) Use of proceeds***

The proceeds from the public issue of corporate bonds are proposed to be used to repay the interest-bearing debt, replenish liquidity and for project construction and other purposes permitted by laws and regulations. The Board and the management of the Company as authorized by the Board will be authorized at the EGM to determine the specific use of proceeds in accordance with the Company's capital needs and the financial structure.

***(XI) Way of underwriting***

In respect of the issue of corporate bonds, the lead underwriter shall be responsible for the establishment of an underwriting syndicate to conduct underwriting by way of standby commitment underwriting.

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## LETTER FROM THE BOARD

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### *(XII) Trading and exchange markets*

Upon completion of the public issue of corporate bonds, the Company will apply to the Shanghai Stock Exchange for the listing and trading of corporate bonds. The Board will be authorized at the EGM to deal with the listing and trading matters in accordance with relevant requirements of the Shanghai Stock Exchange.

### *(XIII) Protective measures for repayment*

The Company will be authorised to take at least the following measures in the circumstances of any anticipated failure to pay any amount of the principal or interest of the corporate bonds as scheduled or any failure to pay any amount of the principal or interest of the corporate bonds as scheduled when they fall due during the term of the corporate bonds, and the Board will be authorized at the EGM to deal with all the matters in relation to the following measures:

- (1) not to distribute any profit to the shareholders;
- (2) to postpone the implementation of capital expenditure projects such as material external investment, merger or acquisition;
- (3) to reduce or discontinue the payment of salaries and bonuses of Directors and members of senior management;
- (4) not to approve any transfer or secondment of the key persons in charge.

### *(XIV) Validity period of the resolutions*

The resolutions in relation to the public issue of corporate bonds shall be effective within the 24 months from the date of approval at the EGM of the Company.

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## LETTER FROM THE BOARD

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*(XV) Authorization in relation to the issue of corporate bonds*

In order to ensure that the public issue of corporate bonds will be conducted in an orderly and efficient manner, the Board and persons authorized by the Board will be authorized at the EGM to proceed with the management of relevant matters in relation to the public issue of corporate bonds at their full discretion to the extent allowed by relevant laws and regulations, after taking into account the prevailing market conditions and on the basis of maximizing the interests of shareholders of the Company, including but not limited to:

- (1) to formulate the detailed issue proposal relating to the public issue of corporate bonds and amend and adjust the terms thereof, including but not limited to all matters relating to issue terms such as the specific issue size, the maturity and type of bonds, issue price, coupon rate of bonds or the determination method thereof, timing of issue, the number and size of issue tranches, any repurchase and redemption terms, any placement to shareholders of the Company and the specific arrangement thereof, rating arrangement, guarantee, repayment of principal and interest, protection measures for repayment, trading and exchange arrangements, determination of underwriting arrangements as permitted by the laws and regulations in accordance with the specific circumstances of the Company and the market condition, and to determine matters relating to the specific use of proceeds within the scope of use as approved at the EGM;
- (2) to implement all the necessary procedures in relation to the issue of corporate bonds and the application for listing and trading (including but not limited to signing all the necessary legal documents; preparing relevant application documents and submitting the same to regulatory authorities; obtaining approval from relevant regulatory authorities and selecting trustee for the bonds to be issued; executing the bond trustee management agreement and formulating the rules for bondholders' meeting; dealing with other matters relating to the issue of corporate bonds; determining and dealing with relevant matters relating to the listing of the corporate bonds to be issued upon the completion of the issue pursuant to the relevant rules of the relevant stock exchange; and making any necessary information disclosure in accordance with applicable regulatory rules) and to approve, confirm and ratify the aforementioned procedures in relation to the issue and listing of corporate bonds on the basis that the Board has proceeded with any of such procedures;



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## LETTER FROM THE BOARD

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- (3) to determine the engagement of intermediaries to participate in the issue, select the bond trustee, deal with the reporting matters relating to the bonds to be issued, and proceed with matters relating to the listing of the bonds to be issued and the repayment of principal and interest upon the completion of the issue, including but not limited to authorizing, executing, implementing and amending all the necessary documents, contracts, agreements and covenants relating to the issue and listing of the bonds (including but not limited to underwriting agreement, bond trustee management agreement, listing agreement and other legal documents); to select trustee for the bonds to be issued, execute the bond trustee management agreement and formulate the rules of the bondholders' meeting;
- (4) to authorize the Board to make corresponding adjustments on relevant matters, including the detailed proposal of the issue but excluding matters which are subject to the shareholders' approval in accordance with the relevant laws, regulations and the Articles of Association of the Company, according to the regulatory authorities' opinions in case of any change in the policies regarding the issue by regulatory authorities or any change in market conditions;
- (5) to determine whether to proceed with the public issue of corporate bonds in accordance with the prevailing circumstances in case there is any material change in the market environment, policies or regulations;
- (6) to deal with matters relating to the issue and listing of corporate bonds in accordance with relevant requirements of the stock exchange upon the completion of the public issue; and matters relating to the repayment of principal and interest of the public issue of corporate bonds;
- (7) to negotiate with the relevant commercial banks over the opening of specific bank accounts for the proceeds, and enter into tripartite supervision agreement for deposit of proceeds with the trustee and commercial bank at which the proceeds will be deposited timely according to the progress of the project;
- (8) to deal with other matters relating to the reporting, issue, trading and circulation of the public issue of corporate bonds;
- (9) the above authorization shall be valid from the date of consideration and approval at the EGM to the date of completion of the abovementioned authorized matters.

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## LETTER FROM THE BOARD

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### III. Financial Information

#### 1. *Financial and Accounting Information*

The Group's audited consolidated financial statements for the three years ended 31 December 2016, 2017 and 2018, and the unaudited consolidated financial statements for the six months ended 30 June 2019 and for the nine months ended 30 September 2019 have been published on the website of the Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)) and the Company's website ([www.jsexpressway.com](http://www.jsexpressway.com)), respectively:

- (i) The Company's annual report for the year ended 31 December 2016 was published on 24 March 2017 (pages 178 to 328)

<https://www1.hkexnews.hk/listedco/listconews/sehk/2017/0427/ltn20170427723.pdf>

- (ii) The Company's annual report for the year ended 31 December 2017 was published on 23 March 2018 (pages 149 to 298)

<https://www1.hkexnews.hk/listedco/listconews/sehk/2018/0427/ltn201804272906.pdf>

- (iii) The Company's annual report for the year ended 31 December 2018 was published on 22 March 2019 (pages 134 to 295)

<https://www1.hkexnews.hk/listedco/listconews/sehk/2019/0426/ltn201904262669.pdf>

- (iv) The Company's interim report for the six months ended 30 June 2019 was published on 23 August 2019 (pages 90 to 246)

<https://www1.hkexnews.hk/listedco/listconews/sehk/2019/0923/ltn20190923423.pdf>

- (v) The third quarterly report of the Company for the nine months ended 30 September 2019 was published on 25 October 2019 (pages 24 to 58)

<https://www1.hkexnews.hk/listedco/listconews/sehk/2019/1119/2019111900495.pdf>

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## LETTER FROM THE BOARD

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**2. *Principal Financial Indicators of the Company for the last three years and the last period (on consolidated basis)***

<b>Financial Indicators</b>	<b>End of September 2019</b>	<b>End of year 2018</b>	<b>End of year 2017</b>	<b>End of year 2016</b>
Gearing ratio	39.89%	39.05%	39.12%	36.77%
Current ratio (times)	0.79	0.86	0.53	0.61
Quick ratio (times)	0.33	0.27	0.18	0.18
Receivables turnover ratio (times)	18.40	31.77	41.61	67.78
Inventory turnover ratio (times)	0.77	1.30	1.41	1.36

(1) Current ratio = Current assets/Current liabilities

(2) Quick ratio = (Current assets – Net inventories)/Current liabilities

(3) Gearing ratio = (Total liabilities/Total assets) × 100%

(4) Receivables turnover ratio = Operating revenue/[ (Net accounts receivable at the beginning of the period+ Net accounts receivable at the end of the period)/2]

(5) Inventory turnover ratio = Operating cost/[ (net inventories at the beginning of the period+ net inventories at the end of the period)/2]

**3. *Condensed financial analysis by the Company's management***

In order to fully reflect the Company's overall financial strength and credit standing, the management of Company conducted an analysis on the asset and liability structure, cash solvency, profitability, future business goals and profitability sustainability based on the consolidated financial statements for the last three years and the last period as follows:

## LETTER FROM THE BOARD

### 1. Analysis on asset structure:

The composition of assets of the Company as at the end of the last three years and the last period is set out below:

*Unit: RMB0'000*

Item	As at 30 September 2019		As at 30 December 2018		As at 30 December 2017		As at 30 December 2016	
	Amount	Percentage	Amount	Percentage	Amount	Percentage	Amount	Percentage
Cash and bank balances	53,912.51	1.02%	64,976.16	1.35%	26,935.78	0.63%	26,542.22	0.73%
Held-for-trading financial assets	129,818.35	2.46%	68,332.69	1.42%	3,887.18	0.09%	3,321.27	0.09%
Notes receivable	–	0.00%	168.13	0.00%	288.00	0.01%	611.65	0.02%
Accounts receivable	49,356.33	0.94%	32,115.87	0.67%	30,636.76	0.72%	14,815.33	0.41%
Prepayments	11,400.88	0.22%	2,906.00	0.06%	1,020.07	0.02%	1,685.17	0.05%
Other receivables	13,437.40	0.25%	3,783.40	0.08%	10,625.67	0.25%	47,276.78	1.30%
Dividends receivable	8,792.82	0.17%	499.00	0.01%	499.00	0.01%	499.00	0.01%
Interest receivable	–	0.00%	–	0.00%	8,023.15	0.19%	4,569.40	0.13%
Inventories	393,838.25	7.46%	404,555.58	8.40%	301,080.57	7.08%	314,232.63	8.66%
Non-current assets due within one year	–	0.00%	–	0.00%	30,000.00	0.71%	–	0.00%
Other current assets	27,021.32	0.51%	13,065.62	0.27%	55,774.27	1.31%	32,616.16	0.90%
<b>Total Current Assets</b>	<b>678,785.03</b>	<b>12.86%</b>	<b>589,903.44</b>	<b>12.25%</b>	<b>460,248.29</b>	<b>10.82%</b>	<b>441,101.20</b>	<b>12.16%</b>
Available-for-sale financial assets	–	0.00%	–	0.00%	232,987.72	5.48%	208,612.80	5.75%
Investments in other equity instruments	440,954.25	8.35%	303,529.37	6.30%	–	0.00%	–	0.00%
Other non-current financial assets	131,463.02	2.49%	111,141.54	2.31%	–	0.00%	–	0.00%
Long-term equity investments	626,167.99	11.86%	570,245.40	11.84%	512,332.61	12.05%	477,119.60	13.15%
Investment properties	1,852.99	0.04%	1,920.70	0.04%	2,001.96	0.05%	3,211.34	0.09%
Fixed assets	172,527.68	3.27%	181,413.33	3.77%	174,019.71	4.09%	173,408.47	4.78%
Construction in progress	1,283,922.52	24.33%	1,008,782.63	20.95%	829,463.93	19.50%	119,780.92	3.30%
Right-of-use assets	439.76	0.01%	–	0.00%	–	0.00%	–	0.00%
Intangible assets	1,925,740.10	36.49%	2,028,005.56	42.11%	1,996,264.22	46.94%	2,132,477.92	58.77%
Long-term prepaid expenses	1,143.82	0.02%	165.41	0.00%	106.97	0.00%	362.82	0.01%
Deferred tax assets	13,476.23	0.26%	19,744.71	0.41%	25,802.04	0.61%	34,534.51	0.95%
Other non-current assets	1,495.56	0.03%	1,420.78	0.03%	20,021.67	0.47%	37,647.78	1.04%
<b>Total Non-current Assets</b>	<b>4,599,183.91</b>	<b>87.14%</b>	<b>4,226,369.45</b>	<b>87.75%</b>	<b>3,793,000.83</b>	<b>89.18%</b>	<b>3,187,156.15</b>	<b>87.84%</b>
<b>TOTAL ASSETS</b>	<b>5,277,968.94</b>	<b>100.00%</b>	<b>4,816,272.88</b>	<b>100.00%</b>	<b>4,253,249.12</b>	<b>100.00%</b>	<b>3,628,257.35</b>	<b>100.00%</b>

## LETTER FROM THE BOARD

The Company's total assets as at the end of the last three years and the last period have shown an upward trend. In 2017, the total assets of the Company increased by 17.23% over the last year, mainly due to a larger increase in accounts receivable, non-current assets due within one year, other current assets, long-term equity investments, and construction in progress as compared with the last year. In particular, the construction investment in the road and bridge projects in progress including Wufengshan Toll Bridge Project, Changyi Expressway Phase I Project, Yichang Expressway Project and Zhendan Expressway Project has increased significantly as compared with the previous investment, which contributes to the increase in construction in progress. In 2018, the total assets of the Company increased by 13.24%, mainly due to the inclusion of the real estate development book cost in the Group's consolidation scope after acquisition of the remaining equity interests of Hanwei Company in 2018. At the end of the third quarter of 2019, the size of assets of the Company increased by 9.59% as compared with the beginning of the year, mainly due to the larger increase in held-for-trading financial assets (primarily short-term wealth management products) and construction in progress.

### 2. Analysis on liability structure

The liability structure of the Company as at the end of the last three years and the last period is set out below:

*Unit: RMB0'000*

Item	As at 30 September 2019		As at 30 December 2018		As at 30 December 2017		As at 30 December 2016	
	Amount	Percentage	Amount	Percentage	Amount	Percentage	Amount	Percentage
Short-term borrowings	151,000.00	7.17%	158,000.00	8.40%	359,900.00	21.63%	81,000.00	6.07%
Notes payable	35,000.00	1.66%	-	0.00%	-	0.00%	-	0.00%
Accounts payable	76,483.62	3.63%	109,060.73	5.80%	92,134.92	5.54%	98,794.64	7.41%
Receipts in advance	11,368.51	0.54%	7,345.49	0.39%	84,000.74	5.05%	94,087.34	7.05%
Contract liabilities	126,724.03	6.02%	96,220.10	5.12%	-	0.00%	-	0.00%
Employee benefits payable	304.35	0.01%	291.80	0.02%	363.67	0.02%	481.63	0.04%
Taxes payable	29,923.30	1.42%	27,170.49	1.44%	27,521.02	1.65%	23,170.28	1.74%
Other payables	34,996.91	1.66%	27,045.94	1.44%	21,736.38	1.31%	20,581.90	1.54%
Including: Interest payable	6,706.34	0.32%	9,308.99	0.49%	9,932.61	0.60%	9,222.02	0.69%
Dividends payable	9,719.75	0.46%	8,897.91	0.47%	8,111.80	0.49%	7,361.42	0.55%

## LETTER FROM THE BOARD

Item	As at 30 September 2019		As at 30 December 2018		As at 30 December 2017		As at 30 December 2016	
	Amount	Percentage	Amount	Percentage	Amount	Percentage	Amount	Percentage
Non-current liabilities due within one year	12,494.38	0.59%	38,170.04	2.03%	62,384.14	3.75%	12,171.87	0.91%
Other current liabilities	383,605.62	18.22%	221,219.17	11.76%	224,320.00	13.48%	393,645.27	29.51%
Total current liabilities	861,900.71	40.94%	684,523.75	36.39%	872,360.86	52.43%	723,932.92	54.26%
Long-term borrowings	812,347.20	38.59%	768,885.39	40.88%	387,408.92	23.29%	147,190.59	11.03%
Bonds payable	398,852.71	18.95%	398,054.81	21.16%	397,015.78	23.86%	445,780.12	33.42%
Provisions	-	0.00%	46.17	0.00%	801.00	0.05%	-	0.00%
Deferred tax liabilities	27,866.84	1.32%	25,066.07	1.33%	2,805.68	0.17%	13,836.25	1.04%
Deferred income – Non-current liabilities	4,161.66	0.20%	4,310.99	0.23%	3,363.81	0.20%	3,331.77	0.25%
<b>Total Non-current Liabilities</b>	<b>1,243,228.42</b>	<b>59.06%</b>	<b>1,196,363.43</b>	<b>63.61%</b>	<b>791,395.20</b>	<b>47.57%</b>	<b>610,138.73</b>	<b>45.74%</b>
<b>TOTAL LIABILITIES</b>	<b>2,105,129.13</b>	<b>100.00%</b>	<b>1,880,887.19</b>	<b>100.00%</b>	<b>1,663,756.06</b>	<b>100.00%</b>	<b>1,334,071.65</b>	<b>100.00%</b>

From the perspective of structure, as at the end of the last three years and the last period, the Company's current liabilities accounted for 54.26%, 52.43%, 36.39% and 40.94% of the total liabilities for the current period, respectively, showing a downward trend; during the same period, the proportion of non-current liabilities accounted for 45.74 %, 47.57%, 63.61% and 59.06%, respectively and increased year by year, and the debt structure has become increasingly stable.

## LETTER FROM THE BOARD

### 3. Analysis on cash flows

The cash flows of the Company as at the end of the last three years and the last period are set out below:

*Unit: RMB0'000*

Item	From January to September 2019	For the year 2018	For the year 2017	For the year 2016
Sub-total of cash inflows from operating activities	806,526.31	1,017,789.91	979,031.61	1,002,585.61
Sub-total of cash outflows from operating activities	368,840.27	446,240.96	455,821.11	456,210.76
<b>Net Cash Flow from Operating Activities</b>	<b>437,686.04</b>	<b>571,548.95</b>	<b>523,210.50</b>	<b>546,374.85</b>
Sub-total of cash inflows from investing activities	673,923.32	553,132.83	421,358.40	368,968.25
Sub-total of cash outflows from investing activities	1,081,578.22	1,030,490.59	1,179,655.02	391,544.20
<b>Net Cash Flow from Investing Activities</b>	<b>-407,654.90</b>	<b>-477,357.76</b>	<b>-758,296.62</b>	<b>-22,575.95</b>
Sub-total of cash inflows from financing activities	710,958.91	1,500,148.28	1,683,534.52	1,433,652.24
Sub-total of cash outflows from financing activities	744,849.87	1,569,102.64	1,441,599.82	1,960,135.35
<b>Net Cash Flow generated from Financing Activities</b>	<b>-33,890.96</b>	<b>-68,954.36</b>	<b>241,934.69</b>	<b>-526,483.11</b>
<b>Net Increase in Cash and Cash Equivalents</b>	<b>-3,859.83</b>	<b>25,236.82</b>	<b>6,848.57</b>	<b>-2,684.21</b>
Opening balance of Cash and Cash Equivalents	51,512.69	26,275.87	19,427.30	22,111.51
Closing balance of cash and cash equivalents	47,652.87	51,512.69	26,275.87	19,427.30

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## LETTER FROM THE BOARD

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For the last three years and the last period, the principal business of the Company was mainly management of expressways. Given that toll collection is mostly settled in cash, the Company's cash inflow from operation is relatively good. The increase in net cash flow from operating activities in 2018 as compared to 2017 was mainly due to the year-on-year increase in net cash flow from operating activities as a result of the increase in toll revenue during the reporting period and the net cash inflows from operation contributed by the inclusion of Hanwei Company in the scope of consolidation. The net cash flow from operating activities for the third quarter of 2019 remained stable and slightly increased as compared with the same period of last year.

For the last three years and the last period, net cash flow from investing activities was negative, which was mainly due to cash payments made by the Company to acquire or construct fixed assets and cash payments made by Ninghu Investment, a subsidiary of the Company, for its external investment.

For the last three years and the last period, net cash flow from financing activities turned from negative to positive in 2017, which was mainly due to the year-on-year increase in cash inflows from financing activities resulting from the year-on-year increase in cash inflows from loans for construction of new projects of the Company. Net cash flow from financing activities decreased significantly in 2018 over that in 2017, which was mainly due to the year-on-year decrease in net cash inflows from both of capital contributions and borrowings made by minority interests to the Company.

#### 4. *Analysis on solvency*

Financial indicators	As at	As at	As at	As at
	30 September 2019/from January to September 2019	31 December 2018/for the year 2018	31 December 2017/for the year 2017	31 December 2016/for the year 2016
Gearing ratio	39.89%	39.05%	39.12%	36.77%
Current ratio (times)	0.79	0.86	0.53	0.61
Quick ratio (times)	0.33	0.27	0.18	0.18



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## LETTER FROM THE BOARD

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As at the end of 2017, the gearing ratio of the Company rose by 2.35%. The significant increase in gearing ratio was mainly due to the corresponding significant increase in total liabilities resulting from the merger and acquisition of equity interests in Ningchang Zhenli Company and Xiyi Company that year. By virtue of the Company's strong profitability, a great amount of interest-bearing debts were repaid for the year 2018, and the gearing ratio of the Company decreased correspondingly; the gearing ratio of the Company remained stable at under 40% as at the end of September 2019 as the Company's gearing ratio increased because of newly constructed project company.

For the last three years and the last period, both of current ratio and quick ratio were relatively low. Nonetheless, considering that credit line granted by each commercial bank was adequate, and short-term financing bonds of the Company available to issue were sufficient, the pressure from short-term debt service was low.

### 5. *Analysis on profitability*

The following table sets out the operating results of the Company for the last three years and the last period:

*Unit: RMB0'000*

<b>Indicators</b>	<b>From</b>	<b>For the</b>	<b>For the</b>	<b>For the</b>
	<b>January to</b>	<b>year 2018</b>	<b>year 2017</b>	<b>year 2016</b>
	<b>September</b>			
	<b>2019</b>			
Operating income	749,640.78	996,901.12	945,568.04	920,129.71
Operating costs	306,751.42	457,439.48	433,446.99	436,372.03
Operating margin	59.08%	54.11%	54.16%	52.57%
Operating profit	465,347.88	566,093.85	472,436.74	440,308.12
Total profit	464,748.60	565,264.04	471,382.27	441,727.59
Net profit	364,372.75	447,571.09	368,481.95	343,713.78

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## LETTER FROM THE BOARD

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In recent three years, the Company's profit has shown an upward trend year by year. In 2017, the Company's total profit and net profit increased by 6.71% and 7.21% respectively compared with the same period of last year. Overall, the Company maintained a steady rise. In 2018, the total profit and net profit of the Company increased by 19.92% and 21.46% respectively over the end of 2017, which was in line with the changes in operating income and operating profit. For the last three years and the last period, the Company's operating margin was 52.57%, 54.16%, 54.11% and 59.08% respectively, showing a slight upward trend. On the whole, the profitability of the Company was basically stable and at an upper level in the industry.

6. *Sustainability of future business development objectives and profitability*

Since 2019, on the basis of steady growth of its principal business and in a great effort to advance investment and construction of new road and bridge projects, the Company has further amplified the function of capital, widened investment and financing channels and optimized its business structure through equity investment. The Company has further revised and improved the key strategic indicators and development objectives by accurately grasping the medium-and long-term trends of socioeconomic transformation and industry development and deeply analyzing the changes in internal and external business environment caused by the new development stage, and actively implemented the "13th Five-Year Plan" development strategy of the Company, fully preparing itself for reserves in capabilities and resources to adapt to the new market and industry environment and realize the sustainable development of the Group.

With the aim of developing into a modern enterprise with outstanding reputation and far-reaching influence in the industry, Jiangsu Expressway takes road and bridge operation and management ability and capital operation ability as its core competitiveness, and comprehensively improves its capabilities for equity investment and functional real estate investment and operation, continuously optimizes its industrial structure and strengthens its governance ability. During the 13th Five-Year Plan period, Jiangsu Expressway took the operation improvement strategy, business optimization strategy, capital operation strategy, management reform strategy and talent enhancement strategy as its top five core strategies to promote its long-term steady and rapid development.

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## LETTER FROM THE BOARD

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(1) Operation improvement strategy

Aiming to fully meet the need of road users, and starting from rebuilding the institutional procedure and promoting informatization, the Company continuously standardizes the operation and management of expressways and applies more technologies to build a modern maintenance management system and improve the capacity of serving the public, striving to become an expressway operation and management company that meets up with world standards, and a benchmark company in China's expressway operation & management industry.

(2) Business optimization strategy

The Company is accelerating optimization, transformation and upgrading of the business structure. For example, the Company expands toll roads franchise business to transportation infrastructure and urban infrastructure franchise business, transforms from expressway industrial chain investment and development into derivative infrastructure industry and modern services & emerging industry equity investment, and develops the real estate development business into the investment and operation of developer-owned real estate for certain purposes.

(3) Capital operation strategy

The Company gives full play to its capital operation platform, takes advantage of resources in the domestic and foreign capital markets, adopts proper capital operation methods, and deepens market capitalization management, so as to enrich the brand of "Jiangsu Expressway", maintain and increase the value of its assets, and realize sustainable development.

(4) Management reform strategy

The Company strengthens key functions of its headquarters, explore new business models, such as the mixed ownership in its subsidiaries to optimize and adjust the property right structure, promote the conversion of corporate mechanism, and thus create new momentum and improve profits.

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## LETTER FROM THE BOARD

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(5) Talent enhancement strategy

The Company plans human resources in a systematic way, reasonably allocates the proportions of different types of talents, optimizes performance management, and improves training and remuneration management, so as to build a talent team with creativity and sense of unity.

The Company has firmly established the concept of innovative development and vigorously carries out innovation-driven development to promote the Company's transformation and upgrading, and improve its toll roads & bridges operation management and capital operation capabilities. By continuously optimizing the business structure, the Company spares no effort to improve quality and efficiency, and resolves prominent contradictions and development challenges, striving to become a modern company with outstanding reputation and far-reaching influence in the industry.

Following the guiding principle of “acquiring resources from core businesses, developing secondary businesses by using resources, and benefiting core businesses in return”, the Company coordinates all businesses to improve the infrastructure operation and management capability and investment management capability. The Company also increases the revenue and profit ratios of new businesses to reduce undue dependence on one single business (i.e. toll roads) which hinders its long-term growth, thereby enhancing its risk resistance and sustainable development capacities. During the “13th Five-Year Plan” period, the Company will devote its efforts on “one focus and two cores”, namely, to focus on investment and operation of transport infrastructure while actively exploring opportunities for development of the two core segments –expressways and other infrastructure. With equity investment and functional real estate investment as two propellers, the Company will venture into road-derivative business fields to promote continuous optimization of its industrial layout. Furthermore, the Company will strive to achieve “three replacements”(i.e. replacement of human labour with intelligent technology, replacement of transmission with Internet and replacement of local storage with cloud-based storage) so as to continually strengthen information technology construction and elevate operation and management efficiency in an all-round way; build “Jiangsu Expressway with four features”, i.e. the Jiangsu Expressway with smooth traffic, advanced technology,

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## LETTER FROM THE BOARD

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sufficient capital and people-oriented concepts; implement “five strategies”, i.e. operational improvement strategy, business optimization strategy, capital operation strategy, management reform strategy and talents upgrading strategy, so as to ensure accomplishment of all strategic objectives; and enhance the prevention and control of “six major risks”, i.e. strategic risk, investment risk, financial risk, operational risk, compliance risk and corruption risk, so as to promote sustained and stable development of the Company. Through these efforts, the Company aims to develop itself into a modern investment operation and management company with “mature capital operation, leading management efficiency and harmonious multi-relations”.

As for business management, given that Shanghai–Nanjing Expressway, the Company’s core asset, was subject to gradual saturation in traffic volume, there will be an increasing pressure on ensuring safe and unobstructed traffic under the era of mass transportation flow, the requirements for the timeliness of the emergency plan of accident rescuing and for the informatization of daily operation and management become stricter. Centered on the requirements of customer’s travel and public services, the Company needed to undergo further enhancement in the managerial and serving aspects, further improve operating capability and management efficiency, maintain the leading position in the industry leadership, play a positive role in promoting regional economic construction and social development through the promotion of information construction technology to build an efficient operation and management system and the use of advanced technology and management tools to enhance road operational efficiency and service levels effectively. Meanwhile, it is also necessary to make full use of the means of informatization to carry out further research to convert traffic flow into big data resources, so as to optimize operation and management and to reach the realization of data resources.

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## LETTER FROM THE BOARD

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### IV. USE OF PROCEEDS FROM THE ISSUANCE OF CORPORATE BONDS

After deducting the issuance expenses, the proceeds from the issuance of corporate bonds are proposed to be used to replenish liquidity, repay the interest-bearing debt, and for project construction and other purposes permitted by laws and regulations. The specific use and amount proportion shall be determined by the management of the Company authorised by the Board as authorised at the EGM based on the actual needs of the Company.

The use of proceeds from the issuance of corporate bonds will be beneficial to the improvement of the debt structure of the Company, further broadening of the financing channels of the Company, reduction of finance costs of the Company and promoting the stable and healthy development of the Company.

### V. OTHER SIGNIFICANT MATTERS

#### *(I) Guarantee*

Ninghu Properties and Hanwei Company, being subsidiaries of the Company, provide joint responsibility guarantees to banks for bank borrowings granted to buyers of properties in the light of Real Estate Practice. The obligation begins from the date on which the guarantee contract comes into effect and will end when the buyers obtain certifications of the purchased properties and complete registration of mortgage and pass the certificate of third party's right over properties warrants certification to banks. As at the end of September 2019, the outstanding guarantees amounted to approximately RMB739 million. Apart from that, the Company and its subsidiaries did not provide any guarantee for any shareholder, connected person or other companies.

#### *(II) Material pending litigations and arbitrations*

As at 30 September 2019, the Company had no disclosable pending litigation or arbitration that may have a material impact on the Company's financial position, operating results, business activities, future prospects, etc.

When the corporate bonds are issued pursuant to the authorization of the EGM, the Company will perform its information disclosure obligations in accordance with relevant provisions of the Listing Rules.

**There is uncertainty as to whether the general mandate to issue corporate bonds will be finally exercised. Shareholders and investors are advised to be cautious about the uncertainty.**

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## LETTER FROM THE BOARD

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### **C. BOOK CLOSURE FOR H SHARES**

According to the articles of association of the Company, registration of transfers of H shares will be suspended by the Company from 25 January 2020 to 25 February 2020 (both days inclusive). Holders of H shares of the Company who wish to be eligible to attend and vote at the EGM must deliver their instruments of transfer together with the relevant share certificates to Hong Kong Registrars Limited, the registrar of H shares of the Company, at Rooms 1712–1716, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Wan Chai, Hong Kong, no later than 4:30 p.m. on 24 January 2020.

### **D. THE EGM**

The EGM will be held at 6 Xianlin Avenue, Nanjing, the PRC on Tuesday, 25 February 2020 at 3:00 p.m.. A notice of the said meeting is set out on pages N-1 to N-7 of this circular. A special resolution will be proposed for approving each main term of Corporate Bonds Issue Mandate at the EGM.

The Board considers that the terms of the resolutions to be approved at the EGM are fair and reasonable, and recommends shareholders to vote in favour of such resolutions.

All resolutions will be passed by way of poll.

For H shareholders, whether or not you are able to attend the EGM, you are requested to (i) complete the accompanying confirmation slip in accordance with the instructions printed thereon and return the same to the Company no later than 5 February 2020, and to (ii) complete the accompanying form of proxy in accordance with the instructions printed thereon and return the same to the Company not less than 24 hours before the time appointed for holding the EGM (being no later than 3:00 p.m. on 24 February 2020 (Hong Kong/Beijing time)). Completion and return of the form of proxy will not preclude H shareholders from attending and voting at the EGM. Under these circumstances, the H shareholders will be deemed to have withdrawn the appointment of the proxy.

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## LETTER FROM THE BOARD

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The form of proxy for domestic shareholders will be published in China Securities Journal, Securities Times and the websites of the Company ([www.jsexpressway.com](http://www.jsexpressway.com)), the Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)) and the Shanghai Stock Exchange ([www.sse.com.cn](http://www.sse.com.cn)). Domestic shareholders are requested to complete and sign the form of proxy in accordance with the instructions printed thereon and return the same to the registered office of the Company.

By order of the Board  
**Jiangsu Expressway Company Limited**  
**Gu Dejun**  
*Chairman*



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# NOTICE OF 2020 FIRST EXTRAORDINARY GENERAL MEETING

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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)**

## NOTICE OF 2020 FIRST EXTRAORDINARY GENERAL MEETING

Important Notice:

- Date of the EGM: 25 February 2020.
- Online voting for the EGM: Shanghai Stock Exchange Online Voting System for Shareholders' Meetings.

**NOTICE IS HEREBY GIVEN** that the 2020 first extraordinary general meeting of Jiangsu Expressway Company Limited (the “**Company**”) convened by the board (the “**Board**”) of directors (the “**Directors**”) of the Company (the “**EGM**”) will be held on Tuesday, 25 February 2020 at 3:00 p.m. at 6 Xianlin Avenue, Nanjing, Jiangsu Province, the People's Republic of China. Please note the following:

### **I. INFORMATION OF THE GENERAL MEETING**

- (1) Type and Session of General Meeting: 2020 First Extraordinary General Meeting
- (2) Convener: the Board
- (3) Voting method: voting on site and online voting (for holders of A shares of the Company)
- (4) Venue, date and time for on-site voting
  - Date and time: 25 February 2020 at 3:00 p.m.
  - Venue: 6 Xianlin Avenue, Nanjing, Jiangsu Province, the People's Republic of China

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## NOTICE OF 2020 FIRST EXTRAORDINARY GENERAL MEETING

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- (5) System, commencement and ending time and date of online voting

Online voting system: Shanghai Stock Exchange Online Voting System for Shareholders' Meetings

Commencement and ending time of online voting: From 25 February 2020 to 25 February 2020

Voting period for online voting: via the voting platform of the trading system of Shanghai Stock Exchange Online Voting System: the trading hours on the date of the EGM, i.e. 9:15 a.m.–9:25 a.m., 9:30 a.m.–11:30 a.m. and 1:00 p.m.–3:00 p.m.

via internet platform: 9:15 a.m.–3:00 p.m. on the date of the EGM

- (6) Margin trading, short selling and refinancing<sup>#</sup>, agreed repurchase accounts and Shanghai-Hong Kong Stock Connect Investors voting procedure: voting involving margin trading, short selling and refinancing, agreed repurchase accounts as well as by Shanghai-Hong Kong Stock Connect Investors should be conducted in accordance with regulations including the “Implementation Rules of Online Voting for Shareholders Meeting of Listed Companies” issued by the Shanghai Stock Exchange.

- (7) Regarding solicitation of voting rights from shareholders

Not applicable

<sup>#</sup> refer to the margin trading, short selling and refinancing activities under the “Pilot Measures for Supervision and Administration of Refinancing Business”

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## NOTICE OF 2020 FIRST EXTRAORDINARY GENERAL MEETING

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### II. RESOLUTIONS TO BE CONSIDERED AT THE EGM

#### Resolutions by non-cumulative poll

The following resolutions shall be considered by way of special resolutions:

1. Resolutions in relation to the public issue of corporate bonds:
  - 1.01 Issue size
  - 1.02 Par value and issue price
  - 1.03 Issue method
  - 1.04 Maturity and type of bonds
  - 1.05 Coupon rate of bonds
  - 1.06 Repayment of principal and interest of the bonds
  - 1.07 Arrangements on placement to shareholders of the Company
  - 1.08 Redemption or repurchase terms
  - 1.09 Guarantee terms
  - 1.10 Use of proceeds
  - 1.11 Way of underwriting
  - 1.12 Trading and exchange markets
  - 1.13 Protective measures for repayment
  - 1.14 Validity period of the resolutions
  - 1.15 Authorization in relation to the issue of corporate bonds

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## NOTICE OF 2020 FIRST EXTRAORDINARY GENERAL MEETING

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*Notes:*

- (1) Dates and mediums of disclosure of the resolutions

For details of the resolutions in relation to the corporate bonds issuance mandate, please refer to the announcement published by the Company on 24 December 2019. Holders of H shares may also refer to the circular of the Company dated 6 January 2020.

These announcements and information have been disclosed in China Securities Journal, Securities Times and the websites of the Company ([www.jsexpressway.com](http://www.jsexpressway.com)), the Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)) and the Shanghai Stock Exchange ([www.sse.com.cn](http://www.sse.com.cn)).

- (2) Special resolution(s): 1.
- (3) Resolution(s) with separate counting of votes from small and medium investors: 1.
- (4) Resolution(s) which interested shareholder(s) will abstain from voting: nil.

Name(s) of the interested shareholder(s) to abstain from voting: nil.

- (5) Resolution which holders of preference shares will vote on: nil.

### III. MATTERS OF CONCERN FOR VOTING AT THE EGM

1. Shareholders of the Company who would like to cast his or her vote through the Shanghai Stock Exchange Online Voting System for Shareholders' General Meetings may either log in the voting platform of the trading system (through the terminus of any specified securities trading company) or the internet voting platform (website: [vote.sseinfo.com](http://vote.sseinfo.com)) to vote. Any investor who logs in the internet voting platform to vote for the first time is required to have his or her identity as a shareholder verified. For details, please refer to the instructions for the internet voting platform on the website.
2. Any shareholder of the Company holding more than one shareholder's account may vote using any of the said accounts through the Shanghai Stock Exchange Online Voting System for Shareholders' General Meetings. After voting, such a shareholder is deemed to have cast his or her votes in the same way in respect of all the ordinary or preference shares of the same class held under his or her said accounts.
3. If the same vote is cast more than once by way of voting in the physical meeting, via Shanghai Stock Exchange Online Voting System or otherwise, the vote first in time prevails.
4. Submission can only be made after the shareholder has voted on all the resolutions.

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## NOTICE OF 2020 FIRST EXTRAORDINARY GENERAL MEETING

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### IV. ENTITLEMENT TO ATTENDANCE AND VOTING

1. Holders of A shares of the Company who are registered with the Shanghai Branch of China Securities Depository & Clearing Corporation Limited or the Caochangmen Outlet of Huatai Securities Co., Ltd. (the former Jiangsu Securities Depository Company (江蘇證券登記公司)) as at the close of trading of the afternoon session on 24 January 2020 (details as set out in the following table); and holders of H shares of the Company who are registered with Hong Kong Registrars Limited as at 4:30 p.m. on 24 January 2020 are entitled to attend the EGM after performing the necessary registration procedures; and may appoint prox(ies) in writing to attend and vote at the EGM. Such prox(ies) need not be shareholder(s) of the the Company.

Class of shares	Stock Code	Stock Short Name	Record Date
A Shares	600377	寧滬高速	24 January 2020

2. Directors, supervisors and senior management of the Company;
3. lawyers engaged by the Company; and
4. other persons: auditors of the Company and other persons invited by the Board.

### V. REGISTRATION FOR ATTENDING THE EGM

1. Shareholders of the Company who are registered with the Shanghai Branch of China Securities Depository & Clearing Corporation Limited or the Caochangmen Outlet of Huatai Securities Co., Ltd. (the former Jiangsu Securities Depository Company (江蘇證券登記公司)) as at the close of trading of the afternoon session on 24 January 2020, and shareholders of H shares of the Company who are registered with Hong Kong Registrars Limited as at 4:30 p.m. on 24 January 2020 are entitled to attend and vote at the EGM, provided that such shareholders shall complete and return the confirmation slip to the Company before 5 February 2020. Further details are set out in the confirmation slip.
2. Registration of transfers of H shares will be suspended by the Company from 25 January 2020 to 25 February 2020 (both days inclusive). Shareholders of H shares who wish to be eligible to attend and vote at the EGM must deliver their instruments of transfer together with the relevant share certificates to Hong Kong Registrars Limited, the Registrar of H shares of the Company, at Rooms 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong, no later than 4:30 p.m. on 24 January 2020.

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## NOTICE OF 2020 FIRST EXTRAORDINARY GENERAL MEETING

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3. A shareholder who has the right to attend and vote at the EGM is entitled to appoint a proxy (whether or not a shareholder) to attend and vote on his/her behalf. A shareholder (or his/her proxy) is entitled to cast one vote for each share he/she holds or represents. Upon completion and delivery of the form of proxy, a shareholder (or his/her proxy) may attend and vote at the EGM. Nevertheless, the appointment of the proxy will be deemed to have been revoked by the shareholder. A domestic shareholder (or his/her proxy) shall present his/her shareholder account number to attend the meeting. A domestic corporate shareholder shall present its shareholding confirmation if its shareholder account had not yet been changed.
4. The instrument appointing a proxy must be in writing under the hand of the shareholder or his/her attorney duly authorised in writing. In the event that such instrument is signed by an attorney of the shareholder, an authorization that authorized such signatory shall be notarised. To be valid, such notarised authorisation together with the form of proxy must be delivered to the Secretariat Office of the Board of the Company, or in case of holders of H shares of the Company, must be deposited at Hong Kong Registrars Limited, the Registrar of H shares of the Company, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong, not less than 24 hours before the time appointed for the holding of the EGM (being no later than 3:00 p.m. on 24 February 2020 (Hong Kong/Beijing time)).

### VI. MISCELLANEOUS

1. The EGM will last for half a day. Shareholders and their proxies attending the EGM will be responsible for their own accommodation, travelling and other expenses.
2. Contact address: Secretariat Office of the Board, 6 Xianlin Avenue, Nanjing, Jiangsu Province, the People's Republic of China  
  
Postal code: 210049  
  
Telephone: (86) 25-8436 2700 ext. 301315 or (86) 25-8446 4303 (direct line)  
  
Fax: (86) 25-8420 7788
3. The resolutions will be passed by way of poll.
4. In case during the electronic voting period for holders of A shares, there occurs any material event which affects the voting system, the proceedings of the EGM shall be conducted in accordance with notice published on such date.

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## NOTICE OF 2020 FIRST EXTRAORDINARY GENERAL MEETING

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5. The form of proxy and confirmation slip for the EGM will be despatched to holders of H shares of the Company with the circular of the Company dated 6 January 2020.

By Order of the Board

**Yao Yongjia**

*Secretary to the Board*

Nanjing, the PRC, 6 January 2020