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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)

2016 Third Quarterly Report

1. IMPORTANT NOTICE

- 1.1 The board of directors and the supervisory committee of Jiangsu Expressway Company Limited (the “**Company**”) together with the directors, supervisors and the senior management thereof shall guarantee that the content of this quarterly report is true, accurate and complete and does not contain any false representations, misleading statements or omit any material information, and severally and jointly accept legal responsibility for such guarantee.
- 1.2 Absent directors of the Company
- | Name of the absent director | Title of the absent director | Reason for absence | Name of proxy |
|------------------------------------|-------------------------------------|----------------------------|----------------------|
| Hu Yu | Director | other business arrangement | Wu Xin Hua |
- 1.3 Mr. Chang Qing, a legal representative of the Company, Mr. Gu De Jun, the accounting chief, and Ms. Yu Lan Ying, the person-in-charge of the accounting department, warrant the truthfulness, accuracy and completeness of the financial statements contained in the quarterly report.
- 1.4 This third quarterly report of the Company is unaudited.
- 1.5 Unless otherwise defined herein, definitions of roads and companies shall have the same meanings as set out in the definition section of the annual report of the Company for the year ended 31 December 2015.

2. MAJOR FINANCIAL DATA AND CHANGE OF SHAREHOLDERS OF THE COMPANY

2.1 Major financial data

Unit: yuan Currency: RMB

	As at the end of the Reporting Period	As at the end of the previous year	Increase/decrease as at the end of the Reporting Period as compared to the end of the previous year (%)
Total assets	36,789,921,656	36,476,039,663	0.86
Net assets attributable to equity holders of the Company	21,651,708,365	20,476,159,276	5.74
	From the beginning of the year to the end of the Reporting Period (January to September)	From the beginning of the previous year to the end of the reporting period of the previous year (January to September)	Increase/decrease as compared to the corresponding period of the previous year (%)
Net cash flows generated from operating activities	4,249,510,465	3,209,221,187	32.42
	From the beginning of the year to the end of the Reporting Period (January to September)	From the beginning of the previous year to the end of the reporting period of the previous year (January to September)	Increase/decrease as compared to the corresponding period of the previous year (%)
Operating revenue	6,266,289,166	6,656,431,986	-5.86
Net profit attributable to equity holders of the Company	2,439,656,338	2,467,109,226	-1.11
Net profit attributable to equity holders of the Company after non-recurring profit/loss	2,426,787,423	2,192,245,301	10.70
Weighted-average return on net assets (%)	11.05	11.12	Decreased by 0.07 percentage point
Basic earnings per share (<i>RMB per share</i>)	0.4843	0.4897	-1.11
Diluted earnings per share (<i>RMB per share</i>)	N/A	N/A	N/A

Non-recurring profit/loss items and amount

Applicable Not Applicable

Unit: yuan Currency: RMB

Item	Amount for the Reporting Period (July to September)	Amount from the beginning of the year to the end of the Reporting Period (January to September)	Explanation
Gains or losses from disposal of non-current assets	-434,962	-918,047	
Government grants included in gains or losses for the current period (except for government grants which are closely related to normal business of the Company, conformed to requirements of State policy, and granted continuously according to certain standardized amounts or quotas)	382,967	1,168,726	Compensation for construction of Ningchang Expressway recognised during the Reporting Period
Profit and loss of changes in fair value arising from holding of trading financial assets and trading financial liabilities, as well as investment gain realized from disposal of trading financial assets, trading financial liabilities and financial assets available for sale, except for valid hedge business relevant to normal business of the Company	1,892,632	5,396,430	
Non-operating income and expenses other than the above items	-5,902,382	-5,935,276	
Gain or loss from shareholder's loans	7,287,197	17,320,346	Interest income from shareholder's loans provided by the Company and its subsidiaries (collectively as the "Group") to Hanwei Company, a joint venture, during the Reporting Period
Affected income tax amount	-806,363	-4,258,045	
Affected minority interests (after tax)	113,361	94,781	
Total	<u>2,532,450</u>	<u>12,868,915</u>	

2.2 Total number of shareholders, and shareholdings of the top ten shareholders and the top ten holders of circulating shares (or holders of shares not subject to trading restrictions) as at the end of the Reporting Period

Unit: Share

Total number of shareholders 23,935
(number of H shareholders: 440 inclusive)

Shareholdings of top ten shareholders

Name of shareholder (full name)	Number of	Percentage	Number	Shares pledged		Nature of shareholders
	shares held as at the end of the Reporting Period		of shares subject to trading restrictions	Status of shares	Number of shares or frozen	
Jiangsu Communications Holding Company Limited	2,742,578,825	54.44	0	Nil	0	State-owned legal person
China Merchants Highway Network Technology Holding Co., Ltd.	589,059,077	11.69	0	Nil	0	State-owned legal person
BlackRock, Inc.	124,429,709	2.47	0	Unknown	0	Foreign legal person
Mondrian Investment Partners Limited	109,464,000	2.17	0	Unknown	0	Foreign legal person
JPMorgan Chase & Co.	85,910,959	1.71	0	Unknown	0	Foreign legal person
Commonwealth Bank of Australia	72,712,260	1.44	0	Unknown	0	Foreign legal person
Morgan Stanley Investment Management Inc. – Morgan Stanley China A Share Fund	32,675,200	0.65	0	Unknown	0	Domestic legal person
Jiantou Zhongxin Asset Management Co., Ltd.	21,410,000	0.42	0	Unknown	0	Domestic legal person
Hong Kong Monetary Authority – Own Funds	13,287,371	0.26	0	Unknown	0	Domestic legal person
Guoyuan Securities (Hong Kong) Limited	9,716,502	0.19	0	Unknown	0	Domestic legal person

Shareholdings of top ten holders of shares not subject to trading restrictions

Name of shareholder	Number of circulating shares not subject to trading restrictions	Type and number of shares	
		Type	Number
Jiangsu Communications Holding Company Limited	2,742,578,825	RMB-denominated ordinary shares	2,742,578,825
China Merchants Highway Network Technology Holding Co., Ltd.	589,059,077	RMB-denominated ordinary shares	589,059,077
BlackRock, Inc.	124,429,709	Oversea-listed foreign shares	124,429,709
Mondrian Investment Partners Limited	109,464,000	Oversea-listed foreign shares	109,464,000
JPMorgan Chase & Co.	85,910,959	Oversea-listed foreign shares	85,910,959
Commonwealth Bank of Australia	72,712,260	Oversea-listed foreign shares	72,712,260
Morgan Stanley Investment Management Inc. – Morgan Stanley China A Share Fund	32,675,200	RMB-denominated ordinary shares	32,675,200
Jiantou Zhongxin Asset Management Co., Ltd.	21,410,000	RMB-denominated ordinary shares	21,410,000
Hong Kong Monetary Authority – Own Funds	13,287,371	RMB-denominated ordinary shares	13,287,371
Guoyuan Securities (Hong Kong) Limited	9,716,502	RMB-denominated ordinary shares	9,716,502

- Illustration on the related party/ connected relationship or act-in-concert arrangement with respect to the above shareholders
- (1) The Company is not aware of the existence of related party/ connected relationship or act-in-concert arrangement with respect to the above shareholders;
 - (2) During the Reporting Period, there were no related parties, strategic investors of the Company nor normal legal persons becoming the top ten shareholders because of placing of new shares;
 - (3) The number of shares of H shareholders is based on the record of the register kept according to the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

Illustration on the preference shareholders with voting rights restored and the shareholding thereof

Nil

2.3 Total number of preference shareholders, and shareholdings of the top ten preference shareholders and the top ten holders of preference shares not subject to trading restrictions as at the end of the Reporting Period

Applicable Not Applicable

3. SIGNIFICANT EVENTS

3.1 Details of and reasons for material changes in the major financial statement items and financial indicators of the Company

Applicable Not Applicable

Stepping into the third quarter, the Group continued to steadily carry forward all businesses as scheduled. The Group achieved total operating revenue of approximately RMB2,200,901,000 for the third quarter based on the PRC accounting standards, representing a decrease of approximately 6.18% as compared to the corresponding period of 2015.

In particular, revenue from toll business amounted to approximately RMB1,729,914,000, representing an increase of approximately 0.79% year on year. In the third quarter, the daily average traffic volume of Shanghai-Nanjing Expressway was 84,379 vehicles, increased by approximately 6.91% year on year, of which, the average daily traffic volume of passenger vehicles was 65,903 vehicles, increased by approximately 8.77% year on year, while the average daily traffic volume of trucks was 18,476 vehicles, increased by approximately 0.74% year on year, which had been progressively increasing for two consecutive months since August, and gradually tending towards recovery. The proportion of passenger vehicle traffic volume and truck traffic volume maintained relatively stable at approximately 78.1% and approximately 21.9% respectively. Truck traffic volume of other road and bridge projects operated by the Company experienced restorative growth to various extent in both August and September, while passenger vehicle traffic volume thereof continued to maintain a stable growth, demonstrating a favorable overall performance.

The revenue from the ancillary business in the third quarter amounted to approximately RMB419,874,000, representing a decrease of approximately 13.57% year on year, mainly resulting from the downward adjustment to the retail price of oil products and the decrease in the sales volume of oil products. During this quarter, the development and sale of property projects under the property business progressed orderly with favorable sales performance and revenue from pre-sale of property projects amounted to approximately RMB170,389,000; however, since only a few property projects were delivered, carry-over revenue from sales of delivered units

amounted to approximately RMB35,069,000, representing a year-on-year decrease of approximately 73.61%. Advertising and other businesses achieved revenue of approximately RMB16,044,000, representing an increase of approximately 47.82% year on year, mainly attributable to a year on year increase in advertising business.

In the third quarter, the operating cost of the Group amounted to approximately RMB956,114,000, representing a decrease of approximately 18.68% year on year; the operating profit amounted to approximately RMB1,177,673,000, representing an increase of approximately 25.64% year on year; the net profit attributable to equity holders of the Company amounted to approximately RMB879,837,000, representing an increase of approximately 18.83% as compared to the corresponding period of last year.

Data of average daily traffic volume and average daily toll revenue of roads and bridges from January to September 2016

Road/Bridge	Average daily traffic volume (vehicle/day)			Average daily toll revenue (RMB'000/day)		
	Corresponding		Change %	Corresponding		Change %
	January- September	period of the previous year		January- September	period of the previous year	
Shanghai-Nanjing Expressway	84,275	79,692	5.75	12,471.99	12,405.09	0.54
Nanjing-Lianyungang Highway	4,887	4,599	6.24	66.86	72.96	-8.36
Guangjing Expressway	66,361	61,585	7.76	790.40	794.48	-0.51
Xicheng Expressway	71,552	64,775	10.46	1,479.62	1,431.77	3.34
Jiangyin Bridge	79,262	73,080	8.46	2,852.22	2,787.34	2.33
Sujiahang Expressway	58,331	55,428	5.24	3,418.83	3,151.31	8.49
Ningchang Expressway	31,688	26,526	19.46	1,846.65	1,586.60	16.39
Zhenli Expressway	9,960	9,205	8.20	563.8	523.62	7.67
Xiyi Expressway	19,172	18,420	4.08	763.89	730.15	4.62
Wuxi Huantaihu Expressway	7,391	6,869	7.60	73.10	75.41	-3.07

From January to September 2016 (the “**Reporting Period**”), the Group achieved accumulated operating revenue of approximately RMB6,266,289,000, representing a decrease of approximately 5.86% as compared to the corresponding period of 2015, in which, toll revenue amounted to approximately RMB4,947,428,000, representing an increase of approximately 2.12% as compared to the corresponding period of 2015; revenue from ancillary business amounted to approximately RMB1,232,047,000, representing a decrease of approximately 12.82% as compared to the corresponding period of 2015; the cumulative revenue from pre-sale of property projects under property business during the Reporting Period amounted to approximately RMB1,072,938,000, however, since only a few property projects were delivered towards the end of the Reporting Period, sales revenue recognized only amounted to approximately RMB49,217,000, representing a decrease of approximately 86.41% year on year; and revenue from advertising and other businesses amounted to approximately RMB37,597,000, representing an increase of approximately 4.02% as compared to the corresponding period of 2015.

In terms of business cost, the Group recorded accumulated operating cost of approximately RMB2,674,018,000 during the Reporting Period, representing a decrease of approximately 17.22% as compared to the corresponding period of 2015, in which, cost of toll business, ancillary business and property business decreased by approximately 9.84%, 14.15% and 95.29% year on year, respectively, while the cost of advertising and other businesses increased by approximately 18.13% year on year.

The Group recorded accumulated operating profit of approximately RMB3,274,509,000 during the Reporting Period, representing an increase of approximately 14.98% as compared to the corresponding period of 2015. The Group achieved net profit attributable to equity holders of the Company of approximately RMB2,439,656,000, and earnings per share of approximately RMB0.4843, representing a decrease of approximately 11.1% as compared to the corresponding period of 2015, which was mainly due to the one-off deduction of deferred income tax for previous years of approximately RMB326,834,000 following the acquisition of Jiangsu Ningchang Zhenli Expressway Company Limited (“**Ningchang Zhenli Company**”) and Jiangsu Xiyi Expressway Company Limited (“**Xiyi Company**”) in the corresponding period of the previous year, which increased the net profit after tax. As a result, the net profit attributable to shareholders of the Company during the Reporting Period decreased as compared with the corresponding period of last year. Net profit attributable to shareholders of the Company after deduction of non-recurring profit or loss during the Reporting Period increased approximately 10.70% year-on-year.

Details of and reasons for material changes in the major financial statement items and financial indicators are as follows:

Reasons for material changes in balance sheet items as at 30 September 2016

Unit: yuan Currency: RMB

Item	As at the end of the Reporting Period	As at the end of the previous year	Change %	Reason
Prepayment	33,834,723	14,498,363	133.37	Increase in the prepayment for the purchase of oil products and fixed assets during Reporting Period as compared with the beginning of the Reporting Period.
Interest receivable	38,150,000	18,733,333	103.65	Increase in interest on shareholder's loan due from joint venture during the Reporting Period.
Dividends receivable	69,663,815	4,989,960	1,296.08	Declaration of dividends by Jiangsu Yanjiang Expressway Co., Ltd., an associated company of the Company, during the Reporting Period.
Other receivables	427,714,420	812,198,353	-47.34	The second batch of compensation received from Jiangsu Communications Holding Company Limited for the early termination of toll road concession rights of G312 Shanghai-Nanjing Section during Reporting Period decreased as compared to the compensation received in the corresponding period last year.
Held-for-sale financial assets	2,293,818,457	1,293,818,457	77.29	Increase in book value of the held-for-sale financial assets recognized by the Company at fair value due to the listing of 200,000,000 shares of Bank of Jiangsu held by the Company in the A share market.
Short-term borrowings	1,205,000,000	1,811,000,000	-33.46	Repayment of certain short-term borrowings by the Company during the Reporting Period.
Receipts in advance	1,578,863,067	555,913,419	184.01	Mainly due to an increase in the property pre-sale amounts for property projects of Ninghu Properties, a subsidiary of the Company.

Item	As at the end of the Reporting Period	As at the end of the previous year	Change %	Reason
Tax payable	121,595,435	61,498,426	97.72	As the losses from disposal of G312 Shanghai-Nanjing Section by the Company at the end of 2015 were deductible before tax, the corporate income tax payable was lower. The corporate income tax payable increased for the Reporting Period as compared with the beginning of the Reporting Period.
Non-current liabilities due within one year	81,654,498	151,608,861	-46.14	Repayment of part of non-current liabilities due within one year in the Reporting Period.
Other current liabilities	4,240,895,945	6,685,220,505	-36.56	Repayment of the ultra-short-term financing bills due in the Reporting Period.
Deferred income tax liabilities	253,593,992	2,544,353	9,866.93	Adjustment of other comprehensive income at fair value and reorganization of deferred income tax liabilities by the Company in relation to the shares held by the Company in Bank of Jiangsu, the shares of which were listed in the A share market.
Other comprehensive income	872,474,655	121,482,904	618.19	Mainly due to the adjustment of other comprehensive income at fair value by the Company in relation to the shares held by the Company in Bank of Jiangsu, the shares of which were listed in the A share market.

Reasons for material changes in income statement items during the Reporting Period

Unit: yuan Currency: RMB

Item	Beginning of the year to end of the Reporting Period	Corresponding period of last year	Change %	Reason
Business taxes and levies	104,002,301	201,491,740	-48.38	Decrease in business taxes and levies during the Reporting Period as compared to the corresponding period last year as a result of the PRC government's policy of transformation from business tax to value-added tax.
Selling expenses	15,526,000	7,819,867	98.55	Mainly due to the year-on-year increase in advertising expenses and commission for property projects of Ninghu Properties, a subsidiary of the Company.
Financial expenses	392,550,993	620,123,137	-36.70	Compared with the corresponding period of last year, the significant decrease in financial expenses was due to debt replacement and debt re-structuring regarding the relatively high capital costs for the newly acquired Ningchang Zhenli Company and Xiyi Company and due to year-on-year decrease of the comprehensive interest rate for loans as a result of several interest-rate cuts by the People's Bank of China during the Reporting Period.
Gain on changes in fair value	-983,963	2,888,866	-134.06	Mainly due to the decrease in fair value in the Reporting Period for the held-for-trading financial assets held by Jiangsu Ninghu Investment Development Co., Ltd. (the "Ninghu Investment"), a subsidiary of the Company.
Non-operating revenue	13,907,333	35,359,077	-60.67	Mainly due to the compensation for the land use right of the soil extraction pit received by the Company in the corresponding period last year, while no such income was received during the Reporting Period.

Item	Beginning of the year to end of the Reporting Period	Corresponding period of last year	Change %	Reason
Income tax	758,789,984	321,436,756	136.06	Mainly due to the one-off decrease in income tax expenses resulting from Ningchang Zhenli Company's change from loss to profit making last year which satisfied the conditions for recognition of deferred income tax and there was an increase year-on-year during this year.
Net other comprehensive income attributable to the owners of the parent company (after tax)	750,991,752	-123,537,108	-	Mainly due to increase in other comprehensive income resulting from increase in the fair value of the shares of Bank of Jiangsu held by the Company, the shares of which were listed in the A share market; while there was only a decrease in fair value of the financial assets available for sale held by Jiangsu Yangtze Bridge Co., Ltd, an associated company of the Company, during the corresponding period last year.

Reason for change in cash flow statement items during the Reporting Period

Unit: yuan Currency: RMB

Item	Beginning of the year to end of the Reporting Period	Corresponding period of last year	Change %	Reason
Net cash flows from operating activities	4,249,510,465	3,209,221,187	32.42	Mainly due to year-on-year net increase in operating cash inflow resulting from the growth of toll revenue and revenue from pre-sale of properties and decrease in cash payments for goods purchased and services received during the Reporting Period.

Item	Beginning of the year to end of the Reporting Period	Corresponding period of last year	Change %	Reason
Net cash flows from investment activities	193,349,986	-1,607,430,794	-	Mainly due to the net cash outflow for purchase of wealth management products and the year-on-year decrease in payment for construction of expressways during the Reporting Period; and increase in net cash flows from investment activities resulting from receipt of partial compensation for the early termination of toll road concession rights of G312 Shanghai-Nanjing Section during Reporting Period.
Net cash flows from financing activities	-4,475,280,662	-1,926,331,732	132.32	Mainly due to increase in net cash outflow for repayment of interest-bearing debts during the Reporting Period.

3.2 Analysis of progress and impact of significant events and solutions

Applicable Not Applicable

1. *Establishment of Real Estate Investment Parent Fund*

The Company convened the ninth meeting of the eighth session of board of directors on 26 August 2016 to consider and approve the Resolution on the Participation of the Company's wholly-owned subsidiary, Ninghu Investment in the Real Estate Investment Parent Fund phase I initiated by Jiangsu Luode Equity Investment Fund Management Co., Ltd.# (江蘇洛德股權投資基金管理有限公司). The total size of the fund shall be up to RMB300 million, in which: Ninghu Investment shall contribute up to RMB150 million; contributions from other shareholders, market offers and teams shall not exceed RMB150 million. Subject to a ceiling of RMB150 million, Ninghu Investment shall make a matching contribution to other contributions on a ratio of 1:1. For further details on the establishment of parent fund, please refer to the relevant announcement dated 27 August 2016 of the Company published on the website of the Shanghai Stock Exchange at www.sse.com.cn and the website of the Hong Kong Stock Exchange at www.hkexnews.hk.

As at the end of the Reporting Period, since other partners have yet to be confirmed, the limited partnership for the parent fund has yet to be established and the related agreement has yet to be signed. Further announcement will be made by the Company upon entering into relevant agreements.

2. *Subscription of private fund*

The Company convened the ninth meeting of the eighth session of board of directors on 26 August 2016 to consider and approve the Resolution on the subscription of CDB Kai Yuan Phase II Fund by the Company's wholly-owned subsidiary, Ninghu Investment, to authorise Ninghu Investment 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. For further details of subscription of private fund, please refer to the relevant announcements dated 27 August 2016 and 31 August 2016 respectively published by the Company on the website of the Shanghai Stock Exchange at www.sse.com.cn and the website of the Hong Kong Stock Exchange at www.hkexnews.hk.

As at the end of the Reporting Period, Ninghu Investment has not entered into partnership agreement with CDB Kai Yuan. The Company will publish announcements on progress of the signing of the partnership agreement subsequently and disclose significant progress concerning the event in a timely manner pursuant to the requirements under the Guidelines on Information Disclosure concerning the Investment Cooperation between Listed Companies and Private Equity Funds and Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

3. *Investment in the construction projects of new toll roads and bridges*

The tenth meeting of the eighth session of the board of directors of the Company was held on 5 September 2016 to consider and approve the Company's contribution of an investment of up to RMB3,300,000,000 in the construction of the project of Wufengshan Toll Bridge and North South Approach Expressways, and the contribution by Ningchang Zhenli Company, a subsidiary of the Company, of an investment of up to RMB900,000,000 in the construction of the project of the Jiangsu section of expressway from Liyang to Guangde. For further details on the project investments, please refer to the relevant announcement dated 6 September 2016 of the Company published on the website of the Shanghai Stock Exchange at www.sse.com.cn and the website of the Hong Kong Stock Exchange at www.hkexnews.hk.

As at the end of the Reporting Period, the relevant government authorities have not yet granted the final approval for the project feasibility reports for the two new projects. Further announcements in relation to the progress of the projects will be made by the Company upon entering into relevant investment agreements.

4. *Progress on the compensation arrangements of G312 Shanghai-Nanjing Section*

On 6 September 2016, the Company received the second batch of compensation for the early termination of the toll road concession rights of G312 Shanghai-Nanjing Section from Communications Holding amounting to RMB394,814,890. Please refer to the announcement published by the Company on 10 September 2016 on the website of the Shanghai Stock Exchange at www.sse.com.cn and the website of the Hong Kong Stock Exchange at www.hkexnews.hk.

As at the end of the Reporting Period, Communications Holding has paid the Company a compensation totaling RMB921,234,744. Further disclosure will be made by the Company in relation to the subsequent progress of the remaining compensation amounting to RMB394,814,890 in aggregate.

3.3 Undertakings made by the Company and shareholders holding more than 5% of shares, and their implementation

Applicable Not Applicable

Background of undertakings	Types of undertakings	Party making undertakings	Contents of undertakings	Time and term of undertakings	Any term of performance or not	Strictly performed in timely manner	If not performed	If not performed
							timely, describe the specific reasons	timely, describe plans in next steps
Other undertakings	Others	Communications Holding	In the process of equity acquisition of Ningchang Zhenli Company, the Company and Communications Holding entered into a profit compensation agreement, Communications Holding has, in respect of the compensation period, guaranteed Ningchang Zhenli Company's profit before tax and financial expenses after deducting non-recurring profits and losses, such that it shall not be less than RMB230,434,300 in 2015, not less than RMB269,083,700 in 2016 and not less than RMB299,931,100 in 2017. Such guaranteed amounts are consistent with the profits before tax and financial expenses of Ningchang Zhenli Company after deducting non-recurring profits and losses set out in the "Asset Valuation Report."	2015 to 2017	Yes	Yes	N/A	N/A

Background of undertakings	Types of undertakings	Party making undertakings	Contents of undertakings	Time and term of undertakings	Any term of performance	Strictly performed in timely manner	If not performed timely, describe the specific reasons	If not performed timely, describe plans in next steps
						or not		
Other undertakings	Others	Communications Holding	In order to duly resolve the issue regarding the compensation for the removal of two toll stations and toll points on G312 Shanghai-Nanjing Section and pursuant to the spirit of the Suzhengfu [2012] No. 115 documentation and relevant minutes, Communications Holding will compensate the Company on behalf of the governmental authorities for an amount calculated on the basis of the net asset value of the toll road operation right corresponding to the toll stations and toll points removed, as audited by a qualified third party, and the said amount shall be paid in cash. As at the end of the Reporting Period, Communications Holding has paid the Company a compensation totaling up to RMB921,234,744. The remaining compensation amounting to RMB394,814,890 in aggregate will be paid subsequently.	N/A	No	Yes	N/A	N/A

3.4 Warning and explanation in the forecast of the possible aggregate net profits from the beginning of the year to the end of the next Reporting Period becoming a loss or significant changes compared to the corresponding period of the previous year

Applicable Not Applicable

4. APPENDIX

4.1 Financial statements

Consolidated Balance Sheet

30 September 2016

Prepared by: Jiangsu Expressway Company Limited

Unit: yuan

Currency: RMB

Type of Audit: Unaudited

Item	At the end of the Reporting Period	At the beginning of the year
Current Assets:		
Cash and bank balances	242,823,093	255,475,447
Financial assets at fair value through profit or loss	34,903,088	35,887,051
Bills receivable	2,689,001	1,722,313
Accounts receivable	134,598,739	123,353,524
Prepayments	33,834,723	14,498,363
Interests receivable	38,150,000	18,733,333
Dividends receivable	69,663,815	4,989,960
Other receivables	427,714,420	812,198,353
Inventories	3,517,397,264	3,256,454,567
Other current assets	400,551,625	502,774,234
Total Current Assets	<u>4,902,325,768</u>	<u>5,026,087,145</u>

Item	At the end of the Reporting Period	At the beginning of the year
Non-current Assets:		
Available-for-sale financial assets	2,293,818,457	1,293,818,457
Long-term equity investments	4,660,517,347	4,456,793,805
Investment properties	32,371,367	33,009,175
Fixed assets	1,704,429,129	1,692,923,594
Construction in progress	904,140,698	1,030,127,104
Intangible assets	21,574,644,001	22,238,627,984
Long-term prepaid expenses	4,242,471	5,713,616
Deferred income tax assets	344,432,418	398,938,783
Other non-current assets	369,000,000	300,000,000
	<hr/>	<hr/>
Total Non-current Assets	31,887,595,888	31,449,952,518
	<hr/> <hr/>	<hr/> <hr/>
TOTAL ASSETS	36,789,921,656	36,476,039,663
	<hr/> <hr/>	<hr/> <hr/>
Current Liabilities:		
Short-term borrowings	1,205,000,000	1,811,000,000
Accounts payable	719,904,378	924,505,565
Receipts in advance	1,578,863,067	555,913,419
Employee benefits payable	3,174,567	3,375,508
Taxes payable	121,595,435	61,498,426
Interest payable	64,986,199	69,925,072
Dividends payable	73,614,218	69,467,760
Other payables	77,592,461	80,687,691
Non-current liabilities due within one year	81,654,498	151,608,861
Other current liabilities	4,240,895,945	6,685,220,505
	<hr/>	<hr/>
Total Current Liabilities	8,167,280,768	10,413,202,807
	<hr/> <hr/>	<hr/> <hr/>

Item	At the end of the Reporting Period	At the beginning of the year
Non-current liabilities:		
Long-term borrowings	1,516,052,612	1,382,806,332
Bonds payable	4,454,948,228	3,456,427,928
Deferred income	33,717,409	34,886,135
Deferred income tax liabilities	253,593,992	2,544,353
	<u>6,258,312,241</u>	<u>4,876,664,748</u>
Total Non-current Liabilities	<u>6,258,312,241</u>	<u>4,876,664,748</u>
Total Liabilities	<u>14,425,593,009</u>	<u>15,289,867,555</u>
OWNERS' EQUITY		
Share capital	5,037,747,500	5,037,747,500
Capital reserve	10,446,662,341	10,446,662,341
Other comprehensive income	872,474,656	121,482,904
Surplus reserve	3,040,287,779	3,040,287,779
Retained profits	2,254,536,090	1,829,978,752
	<u>21,651,708,366</u>	<u>20,476,159,276</u>
Total owners' equity attributable to owners of the parent company	<u>21,651,708,366</u>	<u>20,476,159,276</u>
Minority interests	<u>712,620,281</u>	<u>710,012,832</u>
TOTAL OWNERS' EQUITY	<u>22,364,328,647</u>	<u>21,186,172,108</u>
TOTAL LIABILITIES AND OWNERS' EQUITY	<u>36,789,921,656</u>	<u>36,476,039,663</u>

*Legal Representative of
the Company:*
Chang Qing

*The person-in-charge of
the accounting chief: the accounting department:*
Gu De Jun **Yu Lan Ying**

Balance Sheet of the Parent Company

30 September 2016

Prepared by: Jiangsu Expressway Company Limited

Unit: yuan

Currency: RMB

Type of Audit: Unaudited

Item	At the end of Reporting Period	At the beginning of the year
Current Assets:		
Cash and bank balances	78,876,998	121,485,890
Accounts receivable	79,987,587	81,944,374
Prepayments	24,398,764	7,136,623
Interest receivable	40,538,472	21,856,416
Dividends receivable	4,989,960	4,989,960
Other receivables	712,933,958	1,143,393,025
Inventories	19,253,161	19,444,676
Non-current assets due within one year	890,000,000	1,540,000,000
Other current assets	0	274,645,099
Total Current Assets	1,850,978,900	3,214,896,063
Non-current Assets:		
Available-for-sale financial assets	2,005,230,000	1,005,230,000
Long-term equity investments	13,551,651,881	13,402,103,616
Fixed assets	1,020,991,874	945,144,897
Construction in progress	69,649,055	276,750,775
Intangible assets	11,716,117,659	12,013,889,240
Deferred income tax assets	3,990,046	3,990,046
Other non-current assets	1,637,554,360	1,050,794,885
Total Non-current Assets	30,005,184,875	28,697,903,459
TOTAL ASSETS	31,856,163,775	31,912,799,522

Item	At the end of Reporting Period	At the beginning of the year
Current Liabilities:		
Short-term borrowings	1,860,000,000	1,616,000,000
Accounts payable	246,015,474	350,849,157
Receipts in advance	12,579,171	12,694,400
Employee benefits payable	597,038	636,163
Taxes payable	95,188,542	18,703,014
Interest payable	44,264,749	48,996,795
Dividends payable	73,614,218	69,467,760
Other payables	17,552,477	17,479,904
Non-current liabilities due within one year	51,654,499	101,608,861
Other current liabilities	4,240,895,945	6,685,220,505
	<hr/>	<hr/>
Total Current Liabilities	6,642,362,113	8,921,656,559
	<hr/> <hr/>	<hr/> <hr/>
Non-current liabilities:		
Long-term borrowings	168,052,612	169,306,332
Bonds payable	4,454,948,228	3,456,427,928
Deferred income tax liabilities	250,000,000	0
	<hr/>	<hr/>
Total Non-current Liabilities	4,873,000,840	3,625,734,260
	<hr/> <hr/>	<hr/> <hr/>
Total Liabilities	11,515,362,953	12,547,390,819
	<hr/> <hr/>	<hr/> <hr/>

Item	At the end of Reporting Period	At the beginning of the year
OWNERS' EQUITY:		
Share capital	5,037,747,500	5,037,747,500
Capital reserve	7,339,039,535	7,339,039,535
Other comprehensive income	854,049,424	103,057,672
Surplus reserve	2,518,873,750	2,518,873,750
Retained profits	<u>4,591,090,613</u>	<u>4,366,690,246</u>
TOTAL OWNERS' EQUITY	<u>20,340,800,822</u>	<u>19,365,408,703</u>
TOTAL LIABILITIES AND OWNERS' EQUITY	<u>31,856,163,775</u>	<u>31,912,799,522</u>

*Legal Representative of
the Company:*
Chang Qing

The accounting chief: the accounting department:
Gu De Jun

The person-in-charge of
Yu Lan Ying

Consolidated Income Statement

January –September 2016

Prepared by: Jiangsu Expressway Company Limited

Unit: yuan
Currency: RMB
Type of Audit: Unaudited

Item	Amount for the period from the beginning of the previous year to the end of the reporting period of the previous year (January– September)	Amount for the corresponding period of the previous year (July– September)	Amount for the period from the beginning of the year to the end of the Reporting Period (January– September)	Amount for the period from the beginning of the previous year to the end of the reporting period of the previous year (January– September)
I. Total operating income	2,200,901,311	2,345,764,978	6,266,289,166	6,656,431,986
Including: Operating income	2,200,901,311	2,345,764,978	6,266,289,166	6,656,431,986
II. Total operating costs	1,150,692,073	1,517,174,476	3,323,888,347	4,205,351,071
Including: Operating costs	956,114,130	1,175,704,329	2,674,017,753	3,230,211,872
Business taxes and levies	9,090,247	71,699,930	104,002,301	201,491,740
Selling expenses	5,131,333	4,249,577	15,526,000	7,819,867
Administrative expenses	49,432,110	51,851,206	137,791,300	145,603,937
Financial expenses	130,924,253	213,669,434	392,550,993	620,123,137
Impairment losses of assets	0	0	0	100,518
Add: Gains from changes in fair value (Losses are indicated by “-”)	258,350	-8,412,071	-983,963	2,888,866
Investment income (Losses are indicated by “-”)	127,205,300	117,171,711	333,092,484	393,953,379
Including: Income from investments in associates and joint ventures	118,287,684	100,975,175	299,425,609	298,382,369

Item	Amount for the Period (July– September)	Amount for the corresponding period of the previous year (July– September)	Amount for the period from the beginning of the year to the end of the Reporting Period (January– September)	Amount for the period from the beginning of the previous year to the end of the reporting period of the previous year (January– September)
III. Operating profit (Loss is indicated by “-”)	1,177,672,888	937,350,142	3,274,509,340	2,847,923,160
Add: Non-operating income	2,629,789	31,071,303	13,907,333	35,359,077
Including: Gains from disposal of non-current assets	19,850	26,898	40,983	74,898
Less: Non-operating expenses	7,798,407	12,643,468	19,591,930	25,438,086
Including: Losses from disposal of non-current assets	454,812	855,461	959,031	1,535,350
IV. Total profit (Total loss is indicated by “-”)	1,172,504,270	955,777,977	3,268,824,743	2,857,844,151
Less: Income tax expense	268,652,348	191,205,574	758,789,984	321,436,756
V. Net profit (Net loss is indicated by “-”)	903,851,922	764,572,403	2,510,034,759	2,536,407,395
Net profit attributable to owners of the parent company	879,837,020	740,409,461	2,439,656,338	2,467,109,226
Profit or loss attributable to minority interests	24,014,902	24,162,942	70,378,421	69,298,169

Item	Amount for the period (July– September)	Amount for the corresponding period of the previous year (July– September)	Amount for the period from the beginning of the year to the end of the Reporting Period (January– September)	Amount for the period from the beginning of the previous year to the end of the reporting period of the previous year (January– September)
VI. Net other comprehensive income after tax	755,418,645	-99,151,206	750,991,752	-123,537,108
Net other comprehensive income after tax attributable to owners of the parent company	755,418,645	-99,151,206	750,991,752	-123,537,108
(1) Other comprehensive income that will not be reclassified to the profit and losses	0	0	0	0
(2) Other comprehensive income that will be reclassified to the profit and losses	755,418,645	-99,151,206	750,991,752	-123,537,108
1. The attributable share of other comprehensive income that will be reclassified to the profit and losses under equity method	755,418,645	-99,151,206	750,991,752	-123,537,108
Net other comprehensive income after tax attributable to minority interests	0	0	0	0
VII. Total comprehensive income	1,659,270,567	665,421,197	3,261,026,511	2,412,870,287
Total comprehensive income attributable to owners of the parent company	1,635,255,665	641,258,255	3,190,648,090	2,343,572,118
Total comprehensive income attributable to minority interests	24,014,902	24,162,942	70,378,421	69,298,169

Item	Amount for the period from the beginning of the year to the end of the Reporting Period (January- September)	Amount for the corresponding period of the previous year (July- September)	Amount for the period from the beginning of the previous year to the end of the reporting period of the previous year (January- September)
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VIII. Earnings per share:

(I) Basic earnings per share	0.1746	0.1470	0.4843	0.4897
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For the business combination under common control effected in the current period, the net profit recognized by the merged party before the combination was nil, and the net profit recognized by the merged party in the previous period was nil.

*Legal Representative of
the Company:*
Chang Qing

*The person-in-charge of
the accounting chief: the accounting department:*
Gu De Jun **Yu Lan Ying**

Income Statement of the Parent Company
January–September 2016

Prepared by: Jiangsu Expressway Company Limited

Unit: yuan
Currency: RMB
Type of Audit: Unaudited

Item	Amount for the current Period (July–September)	Amount for the corresponding period of the previous year (July–September)	Amount for the period from the beginning of the previous year to the end of the reporting period of the previous year (January–September)	Amount
				Amount for the period from the beginning of the year to the end of the Reporting Period (January–September)
I. Operating income	1,604,907,780	1,673,439,888	4,623,032,062	4,810,617,753
Less: Operating costs	675,851,971	863,516,684	1,977,832,811	2,381,595,737
Business taxes and levies	5,246,071	43,213,615	62,694,152	123,605,379
Selling expenses	0	0	0	0
Administrative expenses	36,694,128	37,501,851	101,254,532	102,636,910
Financial expenses	109,759,945	176,857,758	322,375,608	313,345,661
Impairment losses of assets	0	0	0	0
Add: Income from changes in fair value (Losses are indicated by “-”)	0	0	0	0
Investment income (Losses are indicated by “-”)	104,207,443	93,401,662	655,082,916	828,930,624
Including: Income from investments in associates and joint ventures	74,649,213	62,508,593	180,576,477	185,111,458
II. Operating profit (Loss is indicated by “-”)	881,563,108	645,751,642	2,813,957,875	2,718,364,690
Add: Non-operating income	1,297,303	30,066,074	10,959,719	33,176,162
Including: Gains from disposal of non-current assets	19,850	14,850	39,464	42,050
Less: Non-operating expenses	5,245,909	9,291,739	13,589,958	18,350,566
Including: Losses from disposal of non-current assets	90,051	0	179,876	643,503

Consolidated Cash Flow Statement
January to September 2016

Prepared by: Jiangsu Expressway Company Limited

Unit: yuan
Currency: RMB
Type of Audit: Unaudited

Item	Amount for the period from the beginning of the year to the end of the Reporting Period (January– September)	Amount for the period from the beginning of the previous year to the end of the reporting period of the previous year (January– September)
I. Cash Flows from Operating Activities:		
Cash receipts from the sale of goods and the rendering of services	8,124,670,014	7,376,669,076
Other cash receipts relating to operating activities	54,397,173	67,317,627
Sub-total of cash inflows from operating activities	8,179,067,187	7,443,986,703
Cash payments for goods purchased and service received	2,396,364,111	2,776,275,337
Cash payments to and on behalf of employees	538,548,182	502,332,805
Taxes payment	899,644,003	881,432,101
Other cash payments relating to operating activities	95,000,426	74,725,273
Sub-total of cash outflows from operating activities	3,929,556,722	4,234,765,516
Net cash flows from operating activities	4,249,510,465	3,209,221,187

Item	Amount for the period from the beginning of the year to the end of the Reporting Period (January– September)	Amount for the period from the beginning of the previous year to the end of the reporting period of the previous year (January– September)
II. Cash Flows from Investing Activities:		
Cash receipts from disposals of investments	2,292,000,000	866,329,875
Cash receipts from investment income	120,823,019	187,936,695
Net cash receipts from disposals of fixed assets, intangible assets and other long-term assets	394,941,401	74,075,570
Other cash receipts relating to investing activities	0	0
Sub-total of cash inflows from investing activities	2,807,764,420	1,128,342,140
Cash payments to acquire or construct fixed assets, intangible assets and other long-term assets	306,167,332	561,848,226
Cash paid for investments	2,239,247,102	2,123,924,708
Other cash payments relating to investment activities	69,000,000	50,000,000
Sub-total of cash outflows from investing activities	2,614,414,434	2,735,772,934
Net cash flows from investing activities	193,349,986	-1,607,430,794

Item	Amount for the period from the beginning of the year to the end of the Reporting Period (January–September)	Amount for the period from the beginning of the previous year to the end of the reporting period of the previous year (January–September)
III. Cash Flows from Financing Activities:		
Cash received from investors	0	121,680,000
Including: cash received by subsidiaries from minority shareholders' investment	0	121,680,000
Cash receipts from borrowings	3,245,000,000	9,311,000,000
Cash receipts from issue of bonds	8,781,313,645	9,268,194,657
Other cash receipts relating to financing activities	0	0
Sub-total of cash inflows from financing activities	12,026,313,645	18,700,874,657
Cash repayments of borrowings	13,988,147,053	17,991,722,357
Cash payments for distribution of dividends or profits or settlement of interest expenses	2,500,359,354	2,632,865,579
Including: dividends paid to minority shareholders by subsidiaries	67,770,972	49,250,395
Other cash payments relating to financing activities	13,087,899	2,618,453
Sub-total of cash outflows from financing activities	16,501,594,306	20,627,206,389
Net cash flows from financing activities	-4,475,280,661	-1,926,331,732
IV. Effects of Foreign Exchange Rate and Changes on Cash and Cash Equivalents		
V. Net Increase in Cash and Cash Equivalents	-32,420,210	-324,541,339
Add: Opening balance of cash and cash equivalents	221,115,078	708,621,647
VI. Closing Balance of Cash and Cash Equivalents	188,694,868	384,080,308

Legal Representative of the Company:
Chang Qing

The person-in-charge of the accounting chief: the accounting department:
Gu De Jun **Yu Lan Ying**

Cash Flow Statement of the Parent Company
January to September 2016

Prepared by: Jiangsu Expressway Company Limited

Unit: yuan
Currency: RMB
Type of Audit: Unaudited

Item	Amount for the period from the beginning of the year to the end of the Reporting Period (January– September)	Amount for the period from the beginning of the previous year to the end of the reporting period of the previous year (January– September)
I. Cash Flows from Operating Activities:		
Cash receipts from the sale of goods and the rendering of services	5,454,050,529	5,574,384,488
Other cash receipts relating to operating activities	17,407,804	44,834,014
Sub-total of cash inflows from operating activities	5,471,458,333	5,619,218,502
Cash payments for goods purchased and service received	2,048,056,494	2,319,977,086
Cash payments to and on behalf of employees	348,395,360	334,715,351
Taxes payment	603,359,934	663,380,116
Other cash payments relating to operating activities	31,472,110	31,611,323
Sub-total of cash outflows from operating activities	3,031,283,898	3,349,683,876
Net cash flows from operating activities	2,440,174,435	2,269,534,626

Item	Amount for the period from the beginning of the year to the end of the Reporting Period (January– September)	Amount for the period from the beginning of the previous year to the end of the reporting period of the previous year (January– September)
II. Cash Flows from Investing Activities:		
Cash receipts from disposals of investments	1,044,000,000	0
Cash receipts from investment income	563,748,156	733,926,059
Net cash receipts from disposals of fixed assets, intangible assets and other long-term assets	394,868,061	74,048,640
Other cash receipts relating to investing activities	1,125,000,000	360,000,000
Sub-total of cash inflows from investing activities	3,127,616,217	1,167,974,699
Cash payments to acquire or construct fixed assets, intangible assets and other long-term assets	107,843,944	117,143,547
Cash paid for investments	886,317,102	924,113,612
Other cash payments relating to investing activities	699,000,000	560,000,000
Sub-total of cash outflows from investing activities	1,693,161,096	1,601,257,159
Net cash flows from investing activities	1,434,455,121	-433,282,460

Item	Amount for the period from the beginning of the year to the end of the Reporting Period (January– September)	Amount for the period from the beginning of the previous year to the end of the reporting period of the previous year (January– September)
III. Cash Flows from Financing Activities:		
Cash receipts from borrowings	3,520,000,000	6,945,000,000
Cash receipts from issue of bonds	8,481,313,645	9,268,194,657
Sub-total of cash inflows from financing activities	12,001,313,645	16,213,194,657
Cash repayments of borrowings	13,527,647,053	15,931,541,197
Cash payments for distribution of dividends or profits or settlement of interest expenses	2,377,817,141	2,211,356,407
Other cash payments relating to financing activities	13,087,899	2,618,453
Sub-total of cash outflows from financing activities	15,918,552,093	18,145,516,057
Net cash flows from financing activities	-3,917,238,448	-1,932,321,400
IV. Effects of Foreign Exchange Rate and Changes on Cash and Cash Equivalents		
V. Net Increase in Cash and Cash Equivalents		
	-42,608,892	-96,069,234
Add: Opening balance of cash and cash equivalents	121,485,890	238,658,010
VI. Closing Balance of Cash and Cash Equivalents		
	78,876,998	142,588,776
<i>Legal Representative of the Company:</i> Chang Qing	<i>The accounting chief:</i> Gu De Jun	<i>the accounting department:</i> Yu Lan Ying

4.2 Auditing Report

Applicable Not Applicable

By Order of the Board
Jiangsu Expressway Company Limited
Chang Qing
Chairman of the Board

Nanjing, the PRC, 27 October 2016

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

Chang Qing, Gu De Jun, Du Wen Yi, Wu Xin Hua, Hu Yu, Shang Hong, Ma Chung Lai, Lawrence, Zhang Er Zhen, Zhang Zhu Ting*, Chen Liang*, Lin Hui**

** Independent Non-executive Director*

English translation of Chinese name for identification purpose only