



Jiangsu Expressway Company Limited

(Hong Kong Stock Exchange Stock Code: 00177)

Intelligence

Excellence

2015 *Interim Report*

CONTENTS

I.	Definitions	2
II.	Company Information	4
III.	Highlights of Accounting Data and Financial Indicators	6
IV.	Report of the Board of Directors	9
V.	Significant Matters	25
VI.	Changes in Share Capital and Shareholders	36
VII.	Preferred Shares	42
VIII.	Directors, Supervisors and Senior Management	43
IX.	Financial Report	47
X.	Documents Available for Inspection	150

Important Notice

- The board of directors (the "Board"), the supervisory committee and the directors, supervisors and senior management of the Company warrant the truthfulness, accuracy and completeness of the content of this report, guarantee that there are no false representations, misleading statements or material omissions in this report, and jointly and severally accept responsibility.
- Madam Hu Yu, a director, did not attend the Board meeting due to other business engagements and has appointed Mr. Zhang Yang, a director, to vote on her behalf. All other directors have attended the Board meeting.
- This interim financial report is unaudited.
- Mr. Qian Yong Xiang, a legal representative of the Company, Ms. Yu Lan Ying, the accounting chief, and Mr. Ren Zhuo Hua, the person-in-charge of the accounting institution, make representations in respect of the truthfulness, accuracy and completeness of the financial report contained in the interim report.
- Profit distribution plan or plan for converting surplus reserves into share capital for the Reporting Period approved by the Board of Directors
N/A
- Risk Warning for Forward-looking Statements

Forward-looking statements in this interim report including development strategies and future plans do not constitute actual commitments of the Company to investors. Investors are advised to pay attention to the investment risks involved.
- Any fund misused by the Controlling Shareholder and its related party for non-operating purpose?
No
- Any guarantee provided to any external party in violation of decision-making procedures?
No

DEFINITIONS

Unless the context otherwise requires, the following expressions contained in this report shall have the meanings as follows:

DEFINITIONS

Company	Jiangsu Expressway Company Limited (江蘇寧滬高速公路股份有限公司)
Group	the Company and its subsidiaries
Controlling Shareholder or Communications Holding	Jiangsu Communications Holding Company Limited (江蘇交通控股有限公司)
China Merchants Huajian Network Operation Company	China Merchants Huajian Highway Investment Co., Ltd. (招商局華建公路投資有限公司) Jiangsu Expressway Network Operation and Management Co., Ltd. (江蘇高速公路聯網營運管理有限公司)
Jiangsu Petroleum	Jiangsu Expressway Petroleum Development Co., Ltd. (江蘇高速公路石油發展有限公司)
Jiangsu Sundian	Jiangsu Sundian Engineering Co., Ltd. (江蘇現代路橋有限責任公司)
Guangjing Xicheng Company	Jiangsu Guangjing Xicheng Expressway Company Limited (江蘇廣靖錫澄高速公路有限公司)
Sujiahang Company	Suzhou Sujiahang Expressway Co., Ltd. (蘇州蘇嘉杭高速公路有限責任公司)
Yangtze Bridge Company	Jiangsu Yangtze Bridge Co., Ltd. (江蘇揚子大橋股份有限公司)
Ningchang Zhenli Company	Jiangsu Ningchang Zhenli Expressway Company Limited (江蘇寧常鎮溧高速公路有限公司)
Xiyi Company	Jiangsu Xiyi Expressway Company Limited (江蘇錫宜高速公路有限公司)
Jinghu Company	Jiangsu Jinghu Expressway Company Limited (江蘇京滬高速公路有限公司)
Runyang Bridge Company	Jiangsu Runyang Bridge Development Co., Ltd. (江蘇潤揚大橋有限責任公司)
Suhuaiyan Company	Jiangsu Suhuaiyan Highway Management Co., Ltd. (江蘇宿淮鹽高速公路管理有限公司)
Railway Development Company	Jiangsu Railway Development Co., Ltd. (江蘇鐵路投資發展有限公司)
Tongsha Port Company	NanTong Tongsha Port Company Limited (南通通沙港務有限公司)
Tongchang Real Estate Company	Jiangsu Tongchang Real Estate Investment Co., Ltd. (江蘇通昌置業投資有限公司)
Taicang Container Company	Taicang Port Container Shipping Co., Ltd. (太倉港集裝箱海運有限公司)
Zhendan Company	Jiangsu Zhendan Expressway Company Limited (江蘇鎮丹高速公路有限公司)
Ninghu Investment	Jiangsu Ninghu Investment Development Co., Ltd. (江蘇寧滬投資發展有限責任公司)
Ninghu Properties	Jiangsu Ninghu Properties Co., Ltd. (江蘇寧滬置業有限責任公司)
Yanjiang Company	Jiangsu Yanjiang Expressway Co., Ltd. (江蘇沿江高速公路有限公司)
Kuailu Company	Jiangsu Kuailu Motor Transport Co., Ltd. (江蘇快鹿汽車運輸股份有限公司)
Sujiayong Company	Suzhou Sujiayong Expressway Co., Ltd. (蘇州蘇嘉甬高速公路有限責任公司)
Luode Fund Company	Jiangsu Luode Equity Investment Fund Management Company Limited (江蘇洛德股權投資基金管理有限公司)
Jiangsu GCL Gas	Jiangsu GCL Gas Co., Ltd. (江蘇協鑫寧滬天然氣有限公司)
Jiangsu Leasing	Jiangsu Financial Leasing Co., Ltd. (江蘇金融租賃有限公司)
Hanwei Company	Nanjing Hanwei Property Development Company Limited (南京瀚威房地產開發有限公司)
Bank of Jiangsu	Bank of Jiangsu Co., Ltd. (江蘇銀行股份有限公司)
Far East Shipping Company	Jiangsu Far East Shipping Co., Ltd. (江蘇遠東海運有限公司)
Group Finance Co., Ltd.	Jiangsu Communications Holding Group Finance Co., Ltd. (江蘇交通控股集團財務有限公司)
Information Company	Jiangsu Expressway Information Engineering Technology Co., Ltd. (江蘇高速公路信息工程有限公司)
HuaTong Company	Jiangsu HuaTong Engineering Testing Co., Ltd. (江蘇華通工程檢測有限公司)
Traffic Construction Bureau	Jiangsu Provincial Transportation Engineering Construction Bureau
Shanghai-Nanjing Expressway	Jiangsu Section of Shanghai-Nanjing Expressway

DEFINITIONS

G312	Shanghai-Nanjing Section of G312
Nanjing-Lianyungang Highway	Nanjing Section of Nanjing-Lianyungang Highway
Guangjing Expressway	The north connection of Jiangyin Yangtze Bridge, Guangling-Jingjiang Section
Xicheng Expressway	The south connection of Jiangyin Yangtze Bridge, Jiangyin-Wuxi Section
Jiangyin Bridge	Jiangyin Yangtze River Bridge
Sujiahang Expressway	Jiangsu Section of Suzhou-Jiaxing-Hangzhou Expressway
Yanjiang Expressway	Changzhou-Taicang Expressway
Changjia Expressway	Kunshan-Wujiang Section of Changshu-Jiaxing Expressway
Zhendang Expressway	Zhenjiang-Danyang Expressway
Ningchang Expressway	Lishui Guizhuang Hub-South of Changzhou Interchange Expressway
Zhenli Expressway	Dantu Hub-Liyang Qianma Hub Expressway
Xiyi Expressway	Northern Wuxi-Yixing West Dock Hub Expressway
Luma Highway	Luqu Interchange-Mashan Expressway
Wuxi Huantaihu Expressway	Wuxi Shuofang Hub-Wuxi Nanquan Interchange Expressway
Reporting Period	the period of six months from 1 January 2015 to 30 June 2015
Year-on-year	as compared with the same period of 2014
CSRC	China Securities Regulatory Commission
SFC	Securities and Futures Commission of Hong Kong
SSE	Shanghai Stock Exchange
Stock Exchange	The Stock Exchange of Hong Kong Limited
A Shares	RMB-denominated ordinary shares issued by the Company and listed on the SSE
H Shares	overseas-listed foreign shares issued by the Company and listed on the Stock Exchange
ADR	level-1 depositary receipts of the Company listed and traded in the over-the-counter market of the United States
Listing Rules	Listing Rules of the SSE and/or Hong Kong Listing Rules
Listing Rules of SSE	Rules Governing the Listing of Stocks on Shanghai Stock Exchange
Hong Kong Listing Rules	Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
PRC Accounting Standards	“Accounting Standards for Business Enterprises of the People’s Republic of China 2006”
Deloitte	Deloitte Touche Tohmatsu Certified Public Accountants LLP
Fuanda Funds	Fuanda Fund Management Co., Ltd. (富安達基金管理有限公司)
Deshi Fund	Nanjing Luode Deshi Investment Partnership (Limited Partnership) (南京洛德德實股權投資合夥企業(有限合夥))

* English names for entities and funds are for identification purpose only.

COMPANY INFORMATION

1. Company Information

Statutory Name of the Company in Chinese	江蘇寧滬高速公路股份有限公司
Abbreviated Chinese Name	寧滬高速
Statutory Name of the Company in English	Jiangsu Expressway Company Limited
Abbreviated English Name	Jiangsu Expressway
Legal Representative of the Company	Qian Yong Xiang

2. Contacts

	Secretary to the Board	Securities Officers
Name	Yao Yong Jia	Jiang Tao, Lou Qing
Correspondence Address	6 Xianlin Avenue, Nanjing, Jiangsu Province, the PRC	6 Xianlin Avenue, Nanjing, Jiangsu Province, the PRC
Telephone	8625-84469332	8625-84362700-301835, 301836
Fax	8625-84207788	8625-84466643
Email	jsnh@jsexpwy.com	

3. Basic Corporate Information

Registered Office	6 Xianlin Avenue, Nanjing, Jiangsu, the PRC
Postcode of Registered Office	210049
Place of Business	6 Xianlin Avenue, Nanjing, Jiangsu, the PRC
Postcode of Place of Business	210049
Website of the Company	http://www.jsexpressway.com
Email Address of the Company	jsnh@jsexpwy.com

4. Information disclosure and place for inspection

Designated Newspapers for Information Disclosure by the Company	Shanghai Securities News, China Securities Journal
Internet Website Designated by CSRC for Publishing the Interim Report	www.sse.com.cn , www.hkexnews.hk , www.jsexpressway.com
Interim Report Available at	Shanghai Stock Exchange, 528 Pudong Road South, Shanghai, the PRC; Hong Kong Registrars Limited, Shops 1712-1716, 17/F, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong; Reed Smith Richards Butler, 20th Floor, Alexandra House, 18 Chater Road, Central, Hong Kong; Jiangsu Expressway Company Limited, 6 Xianlin Avenue, Nanjing, Jiangsu, the PRC

COMPANY INFORMATION

5. Information on the Company's shares

Type of shares	Stock Exchanges where the Company's shares are listed	Stock name	Stock code	Abbreviation Of Shares Before Alteration
A Shares	Shanghai Stock Exchange	寧滬高速	600377	–
H Shares	The Stock Exchange of Hong Kong Limited	Jiangsu Express	00177	–
ADR	The United States of America	JEXYY	477373104	–

6. Registration Particulars of the Company during the Reporting Period

Date of Registration	1 August 1992
Place of Registration	Shengzhou Road, Nanjing, Jiangsu Province
SAIC Registration Number of the Company	320000000004194
Tax Registration Number of the Company	320003134762764
Company Organization Code	13476276-4

HIGHLIGHTS OF ACCOUNTING DATA AND FINANCIAL INDICATORS

1. Major accounting data and financial indicators

(I) Major accounting data

Unit: Yuan Currency: Renminbi

	The Reporting Period (January – June 2015)	Corresponding period of the previous year (January – June 2014)		Increase/ decrease in the Reporting Period as compared to the corresponding period of the previous year (%)
		After restatement	Before restatement	
Operating income	4,310,667,008	4,364,787,034	3,926,767,168	-1.24
Net profit attributable to shareholders of the Company	1,726,699,765	1,181,186,740	1,344,010,064	46.18
Net profit attributable to shareholders of the Company after non-recurring profit or loss	1,463,749,830	1,182,867,199	1,344,141,295	23.75
Net cash flow from operating activities	2,072,655,464	1,994,672,975	1,642,610,163	3.91
	As at the end of the Reporting Period	As at the end of the previous year		Increase/ decrease at the end of the Reporting Period as compared to the end of the previous year (%)
		After restatement	Before restatement	
Net assets attributable to shareholders of the Company	19,739,249,874	21,015,980,062	18,998,380,774	-6.08
Total Assets	37,655,245,810	37,481,617,108	26,767,645,078	0.46

HIGHLIGHTS OF ACCOUNTING DATA AND FINANCIAL INDICATORS

(II) Major financial indicators

	The Reporting Period (January – June 2015)	Corresponding period of the previous year (January – June 2014)		Increase/ decrease in the Reporting Period as compared to the corresponding period of the previous year (%)
		After restatement	Before restatement	
Basic earnings per share (<i>Yuan</i>)	0.3428	0.2345	0.2668	46.18
Diluted earnings per share (<i>Yuan</i>)	N/A	N/A	N/A	N/A
Basic earnings per share after non-recurring profit/loss (<i>Yuan</i>)	0.2906	0.2348	0.2668	23.76
Weighted average return on net assets (%)	7.96	5.58	6.64	2.38
Weighted average return on net assets after non-recurring profit/loss (%)	6.75	5.58	6.64	1.17

Explanation of the Company's major accounting data and financial indicators:

During the Reporting Period, the Company acquired 100% equity interests of Ningchang Zhenli Company in cash of RMB502 million and undertook all of its interest-bearing debts, capitalised such debts into equity, and Guangjing Xicheng Company, a subsidiary of the Company, acquired 100% equity interests of Xiyi Company in cash of RMB662 million and conducted the merger and acquisition of Xiyi Company. The two acquisitions have been completed during the Reporting Period. Ningchang Zhenli Company has become a wholly-owned subsidiary of the Company and Xiyi Company has been consolidated into Guangjing Xicheng Company, and as a result there is change in the scope of the combined financial statements of the Group.

As the Company, Ningchang Zhenli Company and Xiyi Company were ultimately controlled by Communications Holding before and after the transactions, the Company considered the transactions as a business combination under common control which is accounted for using the accounting treatment of business combinations under common control in accordance with Accounting Standards for Business Enterprise No. 20 – Business Combinations issued by the Ministry of Finance of the PRC. In this financial report, restatements are made to the opening balance and figures for the corresponding period of last year according to relevant requirements.

HIGHLIGHTS OF ACCOUNTING DATA AND FINANCIAL INDICATORS

II. Reconciliation of differences in financial statements prepared under different GAAPs

Applicable Not Applicable

III. Non-recurring profit/loss and the amounts

Applicable Not Applicable

Unit: Yuan Currency: Renminbi

Non-recurring profit/loss	Amount	Notes (If applicable)
Gain or loss from disposal of non-current assets	-631,889	
Government grant recorded in profit or loss in the current year	500,000	special fund for safety production received
Net profits or losses of subsidiaries from the business combinations involving enterprises under common control from the beginning of the Reporting Period to the date of combination	-79,247,505	net profits or losses from the beginning of the Reporting Period to the date of combination from merger and acquisition of Xiyi Company and acquisition of major interest of Ningchang Zhenli Company
Earnings from changes in the fair value of held-for- trading financial assets and held-for- trading financial liabilities recognized in profit or loss as well as investment revenue from disposal of held-for-trading financial assets, held-for-trading liabilities and available-for-sale financial assets	35,203,358	
Reversal of provision for accounts receivable which were tested for impairment losses individually	-100,518	Provisions for bad debts
Gain or loss from shareholder's loans	15,584,318	
Other non-operating income and expenses other than the aforesaid items	-7,874,955	
Other profit or loss items conforming with the definition of non-recurring profit or loss	309,960,925	After the debt transfer of Ningchang Zhenli Company, a subsidiary of the Company, it has a turnaround from loss to profit making and the profit can be used to make up losses in the prior 5 years, which was eligible for recognizing deferred income tax assets and a one-off income tax reduction
Effects attributable to minority interests	226,279	
Effects of income tax	-10,670,078	
Total	<u>262,949,935</u>	

REPORT OF THE DIRECTORS

I. Discussion and Analysis of the Board on the Operation of the Company during the Reporting Period

(I) Business Review and Analysis of Operations

1. Business Overview

The Group is principally engaged in the investment, construction, operation and management of toll roads and bridges in the Jiangsu Province as well as ancillary services at service areas along such roads. The Group is also actively exploring and venturing into new business fields, such as property investment and development, advertisements along expressways and other financial and industrial investment with the aim to find new revenue growth opportunities and achieve the sustainable development of the Group.

During the Reporting Period, the Group realized total operating revenues of approximately RMB4,310,667,000, decreased by approximately 1.24% year-on-year, of which toll revenue amounted to approximately RMB3,128,641,000, representing an increase of 2.03% year-on-year; revenue from ancillary services amounted to approximately RMB927,516,000, representing a decrease of approximately 16.67% year-on-year; revenue from property sales amounted to RMB229,220,000, representing an increase of approximately 40.67% year-on-year; and revenue from advertising and other non-core operations amounted to approximately RMB25,290,000, up by approximately 12.57% year-on-year. Under the PRC Accounting Standards, the Group realized an operating profit of approximately RMB1,910,573,000 during the Reporting Period, representing an increase of approximately 16.04% year-on-year. Owing to the growth of the toll revenues and revenue from property sales, the income from investment contributed from each associate recorded relatively significant increase. After the completion of acquisition of Ningchang Zhenli Company, and the transfer of debts, its financial expenses were reduced, resulting in a turnaround from loss to profit making starting from this year. The profit can be used to make up losses in the prior 5 years, which was eligible for recognizing deferred income tax assets. The one-off income tax reduction was approximately RMB309,961,000, which increased the profit after tax. As a result, the net profit attributable to shareholders of the Company was approximately RMB1,726,700,000, and earnings per share was approximately RMB0.3428, representing a year-on-year increase of approximately 46.18%; net profit attributable to shareholders of the Company after non-recurring profit or loss was approximately RMB1,463,750,000, representing a year-on-year increase of approximately 23.75%. The development and operating performance of each business are set out as follows.

2. Toll road and bridge operations

During the Reporting Period, the Group recorded a toll revenue of approximately RMB3,128,641,000, representing an increase of approximately 2.03% year-on-year. Toll revenue accounted for approximately 72.58% of the Group's total operating income, representing an increase of approximately 2.33 percentage points year-on-year. Among the said revenue figure, toll revenue amounted to approximately RMB496,759,000 was contributed by the newly acquired Ningchang Expressway, Zhenli Expressway and Xiyi Expressway, Wuxi Huantaihu Expressway during the first half of the year. Excluding the four newly acquired items, the toll revenue of other road and bridge items during the first half of the year accounted for a decrease of approximately 0.44% year-on-year.

REPORT OF THE DIRECTORS

Operating performance of roads and bridges in the first half of the year was as follows:

Road/Bridge	Average daily traffic volume (vehicle/day)			Average daily toll revenue (RMB'000/day)		
	Reporting Period	Corresponding period of the previous year	Change %	Reporting Period	Corresponding period of the previous year	Change %
Shanghai-Nanjing Expressway	80,081	74,512	7.47%	12,161.38	12,247.01	-0.70
Shanghai-Nanjing Section of G312	7,880	9,046	-12.89%	140.47	145.63	-3.54
Nanjing Section of Nanjing-Lianyungang Highway	4,583	4,582	0.02%	71.74	88.30	-18.76
Guangjing Expressway	61,085	55,662	9.74%	766.45	753.31	1.74
Xicheng Expressway	63,966	59,367	7.75%	1,400.76	1,370.55	2.20
Jiangyin Bridge	72,153	66,263	8.89%	2,672.47	2,577.16	3.70
Sujiahang Expressway	55,093	50,931	8.17%	3,156.09	2,963.47	6.50
Ningchang Expressway	26,785	18,045	48.43%	1,519.48	1,095.81	38.66
Zhenli Expressway	9,093	8,488	7.13%	501.97	517.34	-2.97
Xiyi Expressway	18,006	17,054	5.58%	652.74	657.33	-0.70
Wuxi Huantaihu Expressway	6,853	6,441	6.40%	70.34	65.84	6.84

In terms of the operating performance of various items in the first half of this year, the average daily traffic volume of Shanghai-Nanjing Expressway increased by approximately 7.47% year-on-year, among which the increase of passenger vehicles was approximately 11.37% year-on-year, while the decrease of trucks was approximately 6.25% year-on-year. Due to the rapid growth in passenger vehicle flow and the continuous decrease in truck flow, the proportion of passenger vehicle flow to truck flow were 77.55% to 22.45%, representing a decrease of 3.14 percentage points year-on-year. The western section of Shanghai-Nanjing Expressway was still subject to the diversion effect of Ningchang Expressway with a decrease of approximately 12.24% year-on-year in truck flow, representing a slowdown in decrease as compared to the second half of 2014 (The western section of Shanghai-Nanjing Expressway recorded a decrease of approximately 16.38% in truck flow for the second half of 2014.). Owing to the decline in the truck traffic volume, during the Reporting Period, the average daily toll revenue of Shanghai-Nanjing Expressway was approximately RMB12,161,380, with a year-on-year decrease of approximately 0.70%.

The traffic volume of Ningchang Expressway, the main bypass roads of the western section of Shanghai-Nanjing Expressway, continued to maintain good growth momentum. In the first half of this year, the average daily traffic volume of Ningchang Expressway was approximately 26,785, representing a year-on-year growth of approximately 48.43%, among which the average daily traffic volume of passenger vehicles was approximately 20,092, representing a year-on-year growth of approximately 55.39% while the average daily traffic volume of trucks was 6,693, representing a year-on-year growth of approximately 30.86%. The performance of traffic volumes was better than expected. The total traffic volumes of Shanghai-Nanjing West Corridor comprising the western section of Shanghai-Nanjing Expressway and Ningchang Expressway have increased approximately 15.71% year-on-year. After the completion of acquisition of Ningchang Expressway, the diversion effect on the western section of Shanghai-Nanjing Expressway has been offset effectively. The performance of traffic volumes of the other three newly acquired items, being Zhenli Expressway, Xiyi Expressway and Wuxi Huantaihu Expressway met the expectation. The scale efficiencies of the asset integration of the expressways within the region to the Group's major business are gradually brought out.

As for other roads and bridges including Guangjing Expressway, Xicheng Expressway, Jiangyin Bridge and Sujiahang Expressway, their traffic volumes continued to maintain a good growth trend. However, due to the slight decrease in the truck flow, the growth of toll revenue was less than the growth in traffic volumes.

Both the traffic volume and the revenue of G312 decreased at different extents because of the diversion impact of the newly opened neighboring urban roads. Currently, the compensation work regarding the removal of the two stops is still under progress. Although the traffic volume of the Nanjing-Lianyungang Highway in the Reporting Period remained basically the same with the corresponding period of last year, the toll revenue decreased by 18.76% year-on-year because of the decrease in truck flow.

REPORT OF THE DIRECTORS

3. Ancillary Services

Ancillary services include petroleum product sales, food and beverage, retail sales of goods and other related operations provided at the six service areas along the Shanghai-Nanjing Expressway. The change in ancillary services revenue was mainly attributable to the change in customer flow volume at the service areas and this was closely related to the change in Shanghai-Nanjing Expressway's traffic volume.

During the Reporting Period, the Company's revenue from ancillary services amounted to approximately RMB927,516,000, representing a year-on-year decrease of approximately 16.67%. In particular, the sales of oil products amounted to approximately RMB808,541,000, accounting for approximately 87.17% of the total revenue from ancillary services. The sales volume of oil products remained basically the same with the corresponding period of last year and the average profit margin level of oil products represented a slight year-on-year increase. However, due to the decrease in price of international crude oil, there was a continuous downward adjustment on the retail price of oil products, representing a relatively substantial decrease as compared to the average retail price for the corresponding period of last year, and the year-on-year revenue of oil products decreased by approximately 19.19%. Revenue from other businesses including food and beverage, retail service and hindrance clearing services amounted to approximately RMB118,975,000, representing a year-on-year increase of approximately 5.72%

4. Real Estate Development and Sales Business

In the first half of this year, along with the relaxation on the purchase restriction order imposed on the property markets and several rounds of interest rate reductions, the demand for apartments was unleashed and the housing market was gradually recovered. In light of such market opportunities, the real estate arm of the Company adjusted and expedited the construction progress and enhanced sales. The development and sales of all projects were launched orderly.

During the Reporting Period, a total of 187 units from property projects have been pre-sold. The revenue from the pre-sale of property units amounted to approximately RMB170,995,000; 219 units were delivered while the carry-over revenue from sales of delivered units amounted to approximately RMB229,220,000, representing a year-on-year increase of approximately 40.67%. During the Reporting Period, the net profits of property business amounted to RMB46,409,000. Owing to the relatively lower selling expenses and administrative expenses settled in the first half of this year, the profits from property business in the first half of this year was relatively satisfactory.

5. Advertising and Other Businesses

Other businesses of the Company mainly comprise of advertising operations from the Company's subsidiaries, such as Ninghu Investment, and property services provided by Ninghu Properties.

During the Reporting Period, the revenue from advertising and other businesses of the Group amounted to approximately RMB25,290,000, representing a year-on-year increase of approximately 12.57%. Among which, revenue from advertising business was approximately RMB22,026,000, representing a year-on-year increase of 10.26%; revenue from property service fees and lease of commercial properties was approximately RMB3,264,000, representing a year-on-year increase of approximately 31.12%, which was mainly contributed by the rental income from the lease of commercial properties in Kunshan by Ninghu Investment, and the property management income from managing and operating a complex of residential properties delivered by Ninghu Properties.

REPORT OF THE DIRECTORS

(II) Analysis for principal businesses

1. Analysis of changes in relevant items in the financial statements

Unit: Yuan Currency: Renminbi

Item	Reporting Period	Corresponding period of the previous period (Restated)	Change %
Operating income	4,310,667,008	4,364,787,034	-1.24
Operating costs	2,054,507,543	2,239,985,465	-8.28
Selling expenses	3,570,290	7,557,685	-52.76
Administrative expenses	93,752,731	94,059,242	-0.33
Financial expenses	406,453,703	444,291,532	-8.52
Net cash flow from operating activities	2,072,655,464	1,994,672,975	3.91
Net cash flow from investing activities	-1,382,844,231	-100,657,226	-
Net cash flow from financing activities	-750,800,210	-1,629,955,098	-

Explanation on the reason of change in selling expenses: During the Reporting Period, the commission and advertising fees of Ninghu Properties, a subsidiary of the Company, decreased.

Explanation on the reason of change in financial expenses: As of the end of the Reporting Period, the Group's total interest-bearing borrowings amounted to approximately RMB13,850,000,000 and the financial expenses amounted to approximately RMB406,454,000, representing a year-on-year decrease of 8.52% mainly due to the year-on-year decrease in comprehensive costs for borrowings of bank loan, direct financing in the first half of 2015.

Explanation on the reason of change in net cash flow from investing activities: During the Reporting Period, the Company acquired Ningchang Zhenli Company for a total consideration of RMB502,000,000; Guangjiang Xicheng Company, a subsidiary of the Company, acquired Xiyi Company for a total consideration of RMB662,000,000, resulting in a relatively significant year-on-year increase in the net cash outflow from investing activities.

Explanation on the reason of change in net cash flow from financing activities: Due to the difference in the date of dividend distribution, during the Reporting Period, the Group's cash payments for distribution of dividends recorded year-on-year decrease, resulting in significant year-on-year decrease in the cash outflow from financing activities.

REPORT OF THE DIRECTORS

2. Components of costs

Aggregate operating costs amounted to approximately RMB2,054,508,000, representing a year-on-year decrease of approximately 8.28%. The components of costs are set out below:

Unit: Yuan Currency: Renminbi

Items of operating costs	Reporting Period	Percentage %	Corresponding period of the previous year	Percentage %	Year-on-year increase/decrease %	Explanation on changes
Operating costs of the toll roads	995,798,048	48.47	985,852,360	44.00	1.01	
Depreciation and amortization	650,616,652	31.67	669,478,926	29.89	-2.82	Primarily due to the relatively higher depreciation and amortization cost subject to the changes in accounting estimates, a year-on-year decrease for the Reporting Period is resulted.
Costs on toll collection operation	53,378,302	2.60	58,101,700	2.59	-8.13	Subject to the execution cycle of certain projects, a year-on-year decrease for the Reporting Period is resulted.
Costs on roads and bridges maintenance	59,085,374	2.87	35,038,513	1.56	68.63	Due to normal wear and tear of roads, number of maintenance projects of highways increased in the Reporting Period. As a result, costs on roads and bridges maintenance also increased.
Costs on system maintenance	12,058,513	0.59	14,160,346	0.63	-14.84	Subject to the execution cycle for the maintenance of systems such as communication, toll, monitoring and so forth, costs on system maintenance recorded a year-on-year decrease in the Reporting Period.
Labour costs	220,659,207	10.74	209,072,875	9.33	5.54	Labour costs of toll road operations recorded a year-on-year increase due to the rigid growth in labour cost.
Costs on ancillary businesses	916,577,166	44.61	1,108,487,581	49.49	-17.31	
Raw materials	811,346,802	39.49	1,009,943,716	45.09	-19.66	The price of oil products decreased, resulting in a year-on-year decrease in raw material costs in costs on ancillary business.
Depreciation and amortization	13,723,601	0.67	14,021,967	0.63	-2.13	Due to the relatively higher depreciation and amortization cost subject to the changes in accounting estimates, a year-on-year decrease for the Reporting Period is resulted.
Labour costs	74,800,454	3.64	69,384,546	3.10	7.81	Labour costs of ancillary businesses recorded a year-on-year increase due to the rigid growth in labour cost.
Other costs	16,706,309	0.81	15,137,352	0.67	10.36	Other costs of ancillary businesses recorded a year-on-year increase due to reasons such as rating of service areas.
Costs on property sales business	134,401,169	6.54	138,808,764	6.20	-3.18	Since the gross profit margin of delivered property projects in the Reporting Period was higher than that of the corresponding period of the previous year, costs on property sales business recorded a year-on-year decrease.
Costs on advertising and other business	7,731,160	0.38	6,836,760	0.31	13.08	Primarily due to the increase in management and operation costs of the delivered complex of residential properties by Ninghu Properties.
Total	2,054,507,543	100	2,239,985,465	100	-8.28	

REPORT OF THE DIRECTORS

3. Capital expenditure

In 2015, the planned total capital expenditure of the Group was approximately RMB3,130,000,000, among which approximately RMB1,600,581,000 was actually incurred during the Reporting Period, representing a year-on-year increase of approximately 938%. Major capital expenditure projects are as follows:

Capital Expenditure Project	RMB
Ningchang Zhenli Company investment	502,000,000
Xiyi Company investment	662,000,000
Equity investment in Jiangsu GCL Gas	2,953,900
Equity investment in Hanwei Company	70,000,000
Investment in construction of Zhendan Expressway	277,839,217
Information construction projects	850,959
Noise barriers construction projects	12,710,525
Renovation project of toll collection points and service areas	46,301,023
Construction of the three major systems	1,957,797
Connection and renovation of Jingjiang station of Guangjing Expressway and Xicheng Expressway	5,000,000
Setting up advertising signage	4,605,987
Other construction in progress and equipment	14,361,276
Total	1,600,580,684

4. Asset liquidity and financial resources

During the Reporting Period, gross cash inflow from the Group's operating activities amounted to approximately RMB4,768,955,000, and net cash inflow from operating activities amounted to approximately RMB2,072,655,000, representing a year-on-year increase of approximately 3.91%. After the completion of merger and acquisition of Ningchang Zhenli Company and Xiyi Company, there was a new addition to the liabilities of the Group in the total amount of approximately RMB9,347,347,000, resulting in the total liabilities of approximately RMB17,284,688,000 as at the end of the Reporting Period and an increase in the total assets gearing ratio from 23.71% to 45.9% (Note: the basis for the calculation of the total assets gearing ratio: liabilities/total assets), which remained at a relatively reasonable level. As at the end of the Reporting Period, the book value of bank balances and cash of the Group amounted to approximately RMB676,473,000. As such, the management believes that the Group does not have any issue on cash liquidity.

REPORT OF THE DIRECTORS

5. Financial strategy and financing arrangement

During the Reporting Period, the Company actively expanded its financing channels and adjusted its debt structure. Additional direct financing in the Reporting Period amounted to RMB1,400,000,000, which was used to satisfy the funding demands for operational management and project investment and effectively controlled the financing costs. As at the end of the Reporting Period, the total interest bearing liabilities amounted to RMB13,850,258 and the consolidated borrowing costs on interest-bearing liabilities were approximately 5.89%, which represented a year-on-year decrease of 0.2 percentage point and were approximately 0.29 percentage points lower than the bank lending interest rate for the same period. During the first half of this year, the Company's major financing activities were as follows:

Financing categories	Issuing date	Product term	Financing Amount RMB'000	Issuing interest rate %	Prevailing bank benchmark rate %	Decrease in financing costs %
Ultra-short-term financing bills	2015-01-20	90 days	300,000	4.8	5.6	14.29
Ultra-short-term financing bills	2015-03-06	180 days	300,000	4.6	5.35	14.02
Ultra-short-term financing bills	2015-04-16	180 days	400,000	4.7	5.35	12.15
Ultra-short-term financing bills	2015-05-21	176 days	400,000	3.45	5.1	32.35

6. Credit policy

In order to minimize the credit risk, the Group has controlled credit limits, undertaken credit approvals and executed other monitoring procedures to ensure that necessary follow-up actions are taken to recover overdue debts. In addition, the Group reviews the recoverable amount of its receivables at each balance sheet date to ensure that adequate provisions are made for bad debts. In this regard, the management of the Group considers that the Group's credit risk was low.

7. Contingencies

Ninghu Properties, a subsidiary of the Company, provided several guarantees to banks for bank borrowings granted to buyers of properties of Huaqiao Urban Core C4 Tongcheng Hongqiao Mansion, Huaqiao Urban Core B4 Guangming Jiezuo Project, Huaqiao Urban Core B19 Guangmingxinzuo Project and Baohua Hongyan Community Land B Phase 1 and Phase 2 Tongcheng Shijia Project. The guarantee obligation will commence from the date on which the guarantee contract comes into effect and will cease when the buyers complete registration of mortgage and submit the third party property rights certificates to banks. As at 30 June 2015, the outstanding guarantees amounted to approximately RMB217,914,000 (31 December 2014: RMB175,803,000).

8. Pledge of assets

The Company entered into a debt transfer agreement with Ningchang Zhenli Company and the relevant bank on 15 June 2015 and agreed that the outstanding part of the pledged borrowings made by Ningchang Zhenli Company with China Development Bank Jiangsu Branch and Bank of China Jiangsu Branch will be undertaken by the Company from the date of execution of the agreement. The original borrowing amount obtained from China Development Bank Jiangsu Branch was RMB1,700,000,000 for the investments in the Ningchang Expressway project. The aforesaid borrowing was obtained through pledging the toll collection right of Ningchang Expressway. As at the end of the Reporting Period, RMB550,000,000 has been repaid in aggregate and the balance of the borrowing amounted to RMB1,150,000,000. The original borrowing amount obtained from Bank of China Jiangsu Branch was RMB1,100,000,000 for the investments in the Zhenli Expressway project. The aforesaid borrowing was obtained through pledging the toll collection right of Zhenli Expressway. As at the end of the Reporting Period, RMB451,000,000 has been repaid in aggregate and the balance of the borrowing amounted to RMB649,000,000.

REPORT OF THE DIRECTORS

A subsidiary of the Company, Guangjing Xicheng Company obtained bank loans amounting to RMB400,000,000 from Bank of Communications Jiangsu branch in 2012 for the equity investment in Yanjiang Company. The bank loans were secured by toll road operation rights of Guangjing Expressway and Xicheng Expressway. At the end of the Reporting Period, RMB150,000,000 has been repaid in aggregate and the balance of the borrowing amounted to RMB250,000,000.

A subsidiary of the Company, Guangjing Xicheng Company has acquired and absorbed Xiyi Company and undertaken the original borrowings of Xiyi Company. Xiyi Company obtained bank loans amounting to RMB200,000,000 from Bank of China (Wuxi branch) for the construction of Wuxi Huantaihu Expressway. The bank loans were guaranteed by Communications Holding and further secured by toll road operation rights of Wuxi Huantaihu Expressway in June 2008. At the end of the Reporting Period, RMB147,000,000 has been repaid in aggregate and the balance of the borrowing amounted to RMB53,000,000.

9. Entrusted deposits

As at 30 June 2015, the Company did not have any trust deposits with any financial institutions in the PRC or any fixed term deposits which would be irrecoverable upon their maturity.

10. Entrusted loans

As at 30 June 2015, the loan of the Company and its subsidiary obtained by way of entrusted loan were as follow:

Related Party	Amount of borrowing/loan	Inception date	Maturity date	Remarks
Borrowed from:				
Far East Shipping Company	185,000,000	13 August 2014	13 August 2015	Entrusted loan with annual interest rate of 6%
Far East Shipping Company	5,000,000	13 August 2014	15 April 2015	Entrusted loan with annual interest rate of 6%
Communications Holding	800,000,000	17 November 2014	16 November 2015	Entrusted loan with annual interest rate of 6%
Network Operation Company	30,000,000	8 August 2014	7 August 2015	Entrusted loan with annual interest rate of 6%
Network Operation Company	30,000,000	12 August 2014	11 August 2015	Entrusted loan with annual interest rate of 6%
Network Operation Company	20,000,000	13 October 2014	12 October 2015	Entrusted loan with annual interest rate of 6%
Network Operation Company	40,000,000	11 November 2014	10 November 2015	Entrusted loan with annual interest rate of 6%
Network Operation Company	20,000,000	8 December 2014	7 December 2015	Entrusted loan with annual interest rate of 5.6%
Network Operation Company	30,000,000	19 January 2014	18 January 2016	Entrusted loan with annual interest rate of 5.6%
Network Operation Company	40,000,000	12 February 2015	11 February 2016	Entrusted loan with annual interest rate of 5.6%
Network Operation Company	50,000,000	10 March 2015	9 March 2016	Entrusted loan with annual interest rate of 5.35%
Network Operation Company	20,000,000	21 April 2015	20 October 2015	Entrusted loan with annual interest rate of 5.35%
Network Operation Company	20,000,000	21 May 2015	20 November 2015	Entrusted loan with annual interest rate of 5.1%
Network Operation Company	30,000,000	28 May 2015	27 November 2015	Entrusted loan with annual interest rate of 5.1%
Jinghu Company	40,000,000	18 March 2015	17 March 2016	Entrusted loan with annual interest rate of 5.35%
Jinghu Company	20,000,000	21 May 2015	20 November 2015	Entrusted loan with annual interest rate of 5.1%
Runyang Bridge Company	300,000,000	16 February 2013	25 February 2019	Entrusted loan with annual interest rate of 6.4566%
Runyang Bridge Company	600,000,000	18 February 2014	31 December 2023	Entrusted loan with annual interest rate of 6.56%

REPORT OF THE DIRECTORS

Related Party	Amount of borrowing/loan	Inception date	Maturity date	Remarks
Yanjiang Company	50,000,000	13 January 2015	12 July 2015	Entrusted loan with annual interest rate of 5.6%
Yanjiang Company	30,000,000	19 May 2015	18 November 2015	Entrusted loan with annual interest rate of 5.1%
Tongsha Port Company	50,000,000	12 August 2014	11 August 2015	Entrusted loan with annual interest rate of 6%
Taicang Container Company	100,000,000	5 August 2014	4 August 2015	Entrusted loan with annual interest rate of 6%
Network Operation Company	30,000,000	28 May 2013	27 May 2015	Entrusted loan with annual interest rate of 6.15%
Far East Shipping Company	50,000,000	8 October 2014	5 March 2015	Entrusted loan with annual interest rate of 6%
Network Operation Company	30,000,000	16 January 2014	16 January 2015	Entrusted loan with annual interest rate of 6%
Network Operation Company	40,000,000	12 February 2014	11 February 2015	Entrusted loan with annual interest rate of 6%
Group Finance Co., Ltd.	50,000,000	13 March 2014	12 March 2015	Entrusted loan with annual interest rate of 5.7%
Group Finance Co., Ltd.	60,000,000	18 March 2014	17 March 2015	Entrusted loan with annual interest rate of 5.7%
Jinghu Company	20,000,000	18 March 2014	17 March 2015	Entrusted loan with annual interest rate of 6%
Network Operation Company	20,000,000	21 April 2014	20 April 2015	Entrusted loan with annual interest rate of 6%
Network Operation Company	20,000,000	21 May 2014	20 May 2015	Entrusted loan with annual interest rate of 6%
Yanjiang Company	50,000,000	17 July 2014	16 January 2015	Entrusted loan with annual interest rate of 5.6%
Jinghu Company	230,000,000	21 April 2015	20 April 2016	Entrusted loan with annual interest rate of 5.35%
Railway Development Company	80,000,000	25 June 2015	24 June 2016	Entrusted loan with annual interest rate of 5.1%
Suhuaiyan Company	30,000,000	5 March 2015	4 March 2016	Entrusted loan with annual interest rate of 5.35%
Yanjiang Company	30,000,000	10 March 2015	9 September 2015	Entrusted loan with annual interest rate of 5.35%
Network Operation Company	75,000,000	12 March 2015	11 March 2016	Entrusted loan with annual interest rate of 5.35%
Network Operation Company	30,000,000	5 January 2015	4 January 2016	Entrusted loan with annual interest rate of 5.6%
Network Operation Company	20,000,000	3 February 2015	2 February 2016	Entrusted loan with annual interest rate of 5.6%
Jinghu Company	40,000,000	28 February 2015	27 February 2016	Entrusted loan with annual interest rate of 5.6%
Railway Development Company	70,000,000	9 June 2015	8 June 2016	Entrusted loan with annual interest rate of 5.1%
Tong Chang Properties	10,000,000	10 December 2014	9 December 2015	Entrusted loan with annual interest rate of 5.6%
Network Operation Company	50,000,000	2 July 2014	1 July 2015	Entrusted loan with annual interest rate of 6%

Note: The above entrusted loans were obtained at such interest rate no higher than the prevailing interest rate of borrowing from banks. The Company and its subsidiaries were not required to provide guarantee and charge. Borrowings/loans that were matured as at the date of this report and the relevant interests have been fully repaid.

11. Foreign exchange risks

The Group operates its businesses principally in the PRC. No material foreign exchange risks are involved as the Company's revenues from operations and capital expenditures are all settled in Renminbi, except for dividend payments for H shares. A loan of USD9,800,000 was secured from the Spanish government in 1998 and will be due on 18 July 2027. As at 30 June 2015, the balance of the loan was approximately RMB20,449,000 after currency conversion, against which no foreign exchange hedge arrangements were made. Fluctuations in exchange rates will not have any material impact on the Company's results.

REPORT OF THE DIRECTORS

12. Explanation on the material changes on structures of the Company's profit or sources of profit

According to the 17th meeting of the 7th session of the Board on 30 December 2014, the Company has agreed to acquire all equity interest in Ningchang Zhenli Company, transfer all the debts of Ningchang Zhenli Company to the Company and capitalize such debts into equity; and agreed that Guangjing Xicheng Company, a subsidiary of the Company, acquired all equity interests in Xiyi Company and implemented acquisition and merger of Xiyi Company. The above transactions were approved by the shareholders on 12 March 2015 in a general meeting. On 30 April 2015, the Company completed the merger and acquisition of Xiyi Company; and on 31 May 2015, the Company completed the acquisition on Ningchang Zhenli Company.

As the Company, Ningchang Zhenli Company and Xiyi Company, were ultimately controlled by Communications Holding before and after the transactions, the above transactions were seen as a business combination under common control which is accounted for using the accounting treatment of business combinations under common control. Restatements are also made to the opening balance and figures for the corresponding period of last year in this financial statement. Meanwhile, after the completion of acquisition of Ningchang Zhenli Company, debts were transferred and the financial expenses were reduced, resulting in a turnaround from loss to profit making starting from this year. The profit can be used to make up losses in prior 5 years, which was eligible for recognizing deferred income tax assets. The one-off income tax reduction was approximately RMB309,961,000, which increased the profit after tax. As a result, during the Reporting Period, there were changes on the sources of profit of the Company.

(III) Operation analysis by industries, products or regions

1. Principal operating activities by industries, by products

Unit: Yuan Currency: Reminibi

By industries	Operating revenue	Operating costs	Principal operating activities			
			Gross profit margin (%)	Change in operating revenue over the previous year (%)	Change in operating costs over the previous year (%)	Change in gross profit margin over the previous year (%)
Toll road	3,128,641,432	995,798,048	68.17	2.03	1.01	0.32
Shanghai-Nanjing Expressway	2,201,209,034	521,545,486	76.31	-0.70	3.25	-0.90
G312	25,424,867	117,425,949	-361.85	-3.54	-12.95	49.90
Nanjing-Lianyungang Highway	12,984,405	7,749,710	40.32	-18.76	-5.59	-8.32
Guangjing Expressway and Xicheng Expressway	392,263,734	87,304,159	77.74	2.04	4.35	-0.50
Ningchang Expressway and Zhenli Expressway	365,882,294	194,792,912	46.76	25.31	2.12	12.09
Xiyi Expressway and Wuxi Huantaihu Expressway	130,877,098	66,979,832	48.82	-0.01	5.97	-2.89
Ancillary Services	927,515,715	916,577,166	1.18	-16.67	-17.31	0.77
Property Sales	229,219,704	134,401,169	41.37	40.67	-3.18	26.55
Advertising and others	25,290,157	7,731,160	69.43	12.57	13.08	-0.14
Total	4,310,667,008	2,054,507,543	52.34	-1.24	-8.28	3.66

REPORT OF THE DIRECTORS

Explanation on the principal operating activities (classified by industries)(classified by products):

1. During the Reporting Period, Ningchang Expressway, Zhenli Expressway, Xiyi Expressway and Wuxi Huantaihu Expressway became under the common control of the Group. The increase in the number of toll road projects, and each toll road project being subject to the changes in traffic volume, have resulted in changes in the year-on-year gross profit margin.
2. Ancillary services were subject to the downward adjustment on the price of oil products, resulting in decreases in both year-on-year operating revenue and operating costs, and therefore the gross profit margin level increased slightly compared to the corresponding period of last year.
3. During the Reporting Period, the major property units delivered were those of Tongcheng Guangming Jiezuo. Due to the relatively low land acquisition cost for the project, the gross profit margin from property business in this period was higher than that of the corresponding period of last year.

2. Operating Activities by Geographical Areas

Geographical area	Operating revenue (RMB)	Year-on-year
		increase/decrease %
Jiangsu Province	4,310,667,008	-1.24

II. Analysis of Investment of the Company

(I) Overall analysis on external equity investment

During the Reporting Period, the external equity investment of the Group amounted to RMB1,236,954,000. The specific items include: the acquisition of 100% equity interest in Ningchang Zhenli Company for a total consideration of RMB502,000,000 by the Group; the acquisition of 100% equity interest in Xiyi Company with a consideration of RMB662 million by Guangjing Xicheng Company, a subsidiary; establishment of the joint venture Hanwei Company with capital contribution of RMB70,000,000; and additional investment in Jiangsu GCL Gas for RMB2,954,000. The progress of each investment project is as follow:

In order to realize the scale expansion of the principal business of toll roads of the Group, offset the diversion effect on the western section of Shanghai-Nanjing Expressway by the parallel highways of Ningchang Expressway and improve the management scale efficiencies of Guangjing Xicheng Company, the Company proactively carried out the merger and acquisition of the two projects of Ningchang Expressway and Zhenli Expressway and Xiyi Expressway during the Reporting Period. On 30 December 2014, the seventeenth meeting of the Seventh session of the Board considered and approved the acquisition of 100% equity interest in Ningchang Zhenli Company with a consideration of RMB502 million in cash together with the transfer of all its interest-bearing debts and capitalisation of such debts into equity, and the acquisition of 100% equity interest in Xiyi Company with a cash consideration of RMB662 million by Guangjing Xicheng Company, a subsidiary, and the merger of Xiyi Company. The two assets merger and acquisition projects were considered and approved at the 2015 first extraordinary general meeting of the Company on 12 March 2015. On 30 April 2015, Guangjing Xicheng Company completed the merger and acquisition of Xiyi Company; and on 31 May 2015, the Company completed the acquisition of Ningchang Zhenli Company. As at the end of the Reporting Period, the registrations of changes in industry and commerce information for the two acquisition projects were all completed.

REPORT OF THE DIRECTORS

On 31 October 2014, upon consideration and approval at the 16th meeting of the 7th session of the Board, the Company and Luode Fund Company signed a cooperative framework agreement in relation to the development of Lot No. 2, South Nanjing New Town ("Parcel No. 2") ("Framework Agreement"), pursuant to which Luode Fund Company is responsible for raising a fund and the Company and such fund jointly establish a project company with capital contribution in the proportion of 70:30 to develop Parcel No. 2. During the Reporting Period, Luode Fund Company had raised a sum of RMB200 million and established Deshi Fund, which fulfilled the conditions for the establishment of a project company. On 4 March 2015, at the 18th meeting of the 7th session of the Board, it was considered and approved that the Company and Deshi Fund would jointly make capital contribution and establish Hanwei Company to jointly develop Parcel No. 2. The registered capital of Hanwei Company was RMB100 million, which was contributed by the Company (RMB70 million; 70%) and Deshi Fund (RMB30 million; 30%) respectively. So far, a management team of the project company has been preliminarily set up, personnel specialised in various fields has gradually reported to work and each tasks proceeded orderly as planned.

The construction of the two new projects invested by the Company were implemented smoothly as planned, among which 61.8% of the total amount of work estimated for Changjia Expressway has been completed as at the end of the Reporting Period, the establishment of the project company for Zhendan Expressway has been completed in the first half of the year and its registered capital has basically been paid up. The preparation for project construction is in progress.

1. Investment in equity interests

(1) Investment of Securities

Applicable Not Applicable

(2) The Company's interests in the shares of other listed companies

Applicable Not Applicable

(3) The Company's interests in financial institutions

Applicable Not Applicable

Name	Initial Investment amount RMB'000	Number of shares held	% of shareholding at the end of the Reporting Period	Book value as at the end of the Reporting Period RMB'000	Gain/(Loss) during the Reporting Period RMB'000	Changes in equity during the Reporting Period RMB'000	Accounting item	Sources of shares
Luode Fund Company	5,850	11,700,000	39%	7,992	-52	-52	Long-term equity investment	Establishment
Bank of Jiangsu	1,000,000	200,000,000	1.92%	1,000,000	16,000	16,000	Available-for-sale financial assets	Capital increase and share expansion
Jiangsu Leasing	234,000	234,000,000	9.97%	270,898	23,888	23,888	Available-for-sale financial assets	Establishment

2. Trust arrangement in respect of non-financial corporations and investment in derivatives

(1) Trust arrangement

Applicable Not Applicable

(2) Trust loan

Applicable Not Applicable

(3) Other arrangement and investment in derivatives

Applicable Not Applicable

REPORT OF THE DIRECTORS

Type of investment	Source of capital	Signatory	Investment share	Term	Product type	Expected revenue	Gains/losses	Involvement in litigations (if any)
			(RMB)					
Wealth management products issued by banks	Own capital	Commercial banks	171,800,000	Within 3 months	Principal guaranteed wealth management products issued by banks	-	-	No
Fuanda Advantageous Growth Foundation	Own capital	Fuanda Funds	9,999,400	Long-term	Funds	13,862,169	-	No
Precious metals – Gold	Own capital	Shanghai Gold Exchange	15,710,238	Long-term	Precious metals	-1,589,280	-	No

Explanation of other investment, wealth management and derivatives:

Wealth management products were the “Wenying No. 2 (Corporation) Round 1518” (穩贏2號機構版1518期) issued by the Bank of Jiangsu,, “Guangying’anxin (Type A)” (“廣贏安薪” 高端保本型(A款)) and “Guangying’anxin (Type B)” (“廣贏安薪” 高端保本型(B款)) and “Xiujiaxin No.2 Beijing – D92” (薪加薪16號北京 – D92) issued by China Guangfa Bank as well as the “91 days fixed rate monetary financial products”(保本型法人91天穩利人民幣理財產品) issued by Industrial and Commercial Bank of China, and held by the Group. Such wealth management products were principal-guaranteed with floating income.

During the 6 months ending on 30 June 2015, the total amount of investments of the Group in various assets management products offered by the banks did not exceed 5% of the consolidated total assets or market capitalisation of the Company.

(II) Analysis of Key subsidiaries and associates

1. Operations of Key Subsidiaries

Name of company	Principal business	Investment cost RMB'000	Equity interest attributable to the Company %	Total assets RMB'000	Net asset RMB'000	Net profit RMB'000	Percentage over the Company's net profit %	Year-on-year increase/decrease in net profit %
Guangjing Xicheng Company	Construction, management, maintenance and toll collection etc. of expressways	2,125,000	85	6,399,142	3,286,534	301,104	16.99	6.12
Ningchang Zhenli Company	Construction, management, maintenance and toll collection etc. of expressways	10,688,850	100	7,819,776	7,727,738	240,092	13.55	—
Ninghu Investment	Investments in various infrastructure, industries and assets	110,100	100	310,885	288,694	36,714	2.07	219.27
Ninghu Properties	Development, operation and consultancy of real estate	500,000	100	3,543,714	584,232	46,409	2.62	—

REPORT OF THE DIRECTORS

- After Guangjing Xicheng Company merged and acquired Xiyi Company in the Reporting Period, the operating income of the Reporting Period amounted to approximately RMB543,078,000 in aggregate, representing a year-on-year increase of approximately 2.13%; the operating costs amounted to approximately RMB174,736,000, representing a year-on-year increase of 5.51%; the income from investment recorded during the Reporting Period was RMB98,964,000, representing a year-on-year increase of approximately 18.83% as the dividends from Jiangsu Leasing calculated in the available-for-sale equity instruments increased on a year-on-year basis and the revenue from investment contributed by associates increased. Guangjing Xicheng Company recorded a net profit of RMB301,104,000 in the Reporting Period, representing a year-on-year increase of approximately 6.12%.
- After the completion of acquisition of Ningchang Zhenli Company, debts were transferred and the financial expenses were reduced, resulting in a turnaround from loss to profit making in 2015. The profit can be used to make up losses incurred in the prior 5 years, which was eligible for recognizing deferred income tax assets. There was a one-off income tax reduction, which increased the profit after tax. The net profit during the Reporting Period amounted to RMB240,092,000.
- During the Reporting Period, Ninghu Investment redeemed the fund it held, and the year-on-year investment income increased; and the fair value of its financial assets held for trading increased, resulting in a year-on-year increase of net book profit of approximately 219.27%.
- Please refer to the section headed “Business Review and Analysis of Operations” in this report for the operational performance and change in results for Ninghu Properties.

2. Operations of Key Associates

During the Reporting Period, the profit of some associates in which the Group had a participating interest increased. As a result, the investment income of the Group amounted to RMB276,782,000, representing a year-on-year increase of approximately 43.87%, which accounted for 15.62% of the Group's net profit. The associates contributed an investment income of RMB197,407,000, representing a year-on-year increase of approximately 16.52%. This was primarily attributable to the increase in toll revenue brought by the increased traffic volumes of each item, and the decrease in financial expenses. A significant year-on-year increase in the growth of net profit was recorded in the Reporting Period. Operating results of some key associates are set out below:

Company name	Principal business	Investment cost RMB'000	Equity interest	Net profit	Investment income contribution RMB'000	Percentage	Year-on-year Change %
			attributable to the Company %	attributable to the shareholders of the associates RMB'000		over the Company's net profit %	
Sujiahang Company	Management and operation of the Jiangsu Section of Sujiahang Expressway	526,091	33.33	217,731	72,570	4.10	17.47
Yangtze Bridge Company	Mainly engaged in the management and operation of Jiangyin Bridge	631,159	26.66	196,957	52,509	2.96	14.96
Yanjiang Company	Mainly engaged in the management and operation of Yanjiang Expressway	1,466,200	29.81	233,609	75,362	4.25	15.47

REPORT OF THE DIRECTORS

III. Analysis of Core Competitiveness

The major business of the Group is the operation and management basic transport infrastructure. Our operations are located in one of the most vibrant economic regions in the PRC, being the Yangtze River Delta. The roads and bridges owned or invested by the Group are key land transport corridors of the two important industrial belts along the Yangtze River and Shanghai-Nanjing in the southern part of Jiangsu, putting us in a leading position in the expressway network in southern Jiangsu. Unique geographical advantage, quality assets network and efficient operating system are the distinct and core competitive edges of the Group.

In the first half of the year, the truck flow volume of the western section of Shanghai-Nanjing Expressway, the core asset of the Company, was still subject to the diversion effect of Ningchang Expressway. In order to eliminate the competition of parallel roads, effective integration of expressways within the region was implemented. The Group had completed the acquisition of equity interests of Ningchang Zhenli Company and Xiyi Company during the Reporting Period. The new toll highway mileage controlled or invested by the Group increased from approximately 252 kilometers to 1,102 kilometers, which expanded the asset size, and resulted in an effective control of the traffic volume of roads within Shanghai-Nanjing passage, promoted the leading position in southern Jiangsu road network, thereby enabled further consolidation of the Group's core competitiveness.

4. Outlook and Plans

(I) Analysis of Operating Environment

In the first half of this year, the economy of China started stably and the “steady-growth policy (穩增長)” will pay more attention to efficiency. The overall macroeconomic environment in the second half of the year is expected to maintain the stable and improved momentum as in the first half of the year. The external business environment of the Group's major business of the toll road is expected to continue to be stable. Meanwhile, in July, the consultation draft of “Regulation on the Administration of Toll Roads” (收費公路管理條例) was reissued by the Ministry of Transportation, which further amended and supplemented based on the opinions sought in 2013, and had positive significance for the long term healthy development of the toll road industry. However, the issue of final terms still carries uncertainties.

In the second half of the year, as the diversion impact on Ningchang Expressway is becoming stable, the truck flow of Shanghai-Nanjing Expressway is expected to recover. Meanwhile, after the acquisition of equity interest of Ningchang Zhenli Company and Xiyi Company, the economies of scale brought by the new projects to the Group's major operating business are gradually shown. Therefore, the Company expects the overall future business environment will be positive.

(II) Highlights of Work in the Second Half of This Year

Taking into account the overall business environment in the second half of the year, the Group will focus on the following business development priorities to ensure the fulfillment of the year-round profit target and prepare for future strategic development:

- (1) To plan for the Group's “Thirteenth Five-Year” Development Strategy. The Group will conduct an in-depth analysis of the Group's internal and external environment changes and core competitiveness after the economic development of China shifted to the new normal, study the core business development and expressway industrial chain extension under the reform of State-owned enterprises and the rapid development of infrastructure franchise operation and mobile Internet, re-examine the Group's strategic positioning and strategic direction, plan for the formulation of suitable “Thirteenth Five-Year” strategic measures, and thereby guide the Group's new reform and development.
- (2) To steadily facilitate the balanced development of the Group's diversified business. The Group will speed up the development and sales of real estate projects and will continuously enhance the profit contribution of property business. The Group will also continue to focus on the investment opportunities of relevant areas and explore an appropriate multi-industry investment pattern that aligns with the Company's strategy.

REPORT OF THE DIRECTORS

- (3) To develop financing innovation and ensure fund needs. The Group will pay close attention to any change in the fiscal policy and financing environment, strengthen the application of the direct financing tool within the capital market, continue to explore financing channels, reduce the reliance on bank loans, and will provide sufficient capital protection for the sake of the Group's strategic development. It will also actively use the contemporary financing derivative tools, optimize the structure of interest-bearing obligation, implement reasonable restructuring for the new debts as a result of project acquisition, effectively reduce the cost of financing and give full play to the financial synergy.
- (4) To facilitate the design and development of phase II of informatized construction projects. On the basis of the implementation of the phase I digitalization and informatization of the operation and management of expressways, the Group will strengthen the optimization of each hardware and software platforms and comprehensiveness of systems. The Group will make the best effort on the design, development and construction of the phase II integrated management system, optimise the management procedures and will strengthen the Company's internal control and strategic support.

V. Profit Distribution and its Implementation

(I) Execution or Adjustments of profit distribution scheme implemented in the Reporting Period

As approved at the 2014 annual general meeting, the Company distributed a cash dividend of RMB0.38 (tax inclusive) per share to all shareholders on the basis of a total of 5,037,747,500 shares in issue at the end of 2014, representing a payout ratio of 74.35%. Such profit distribution scheme was implemented on 10 July 2015.

(II) Profit Distribution Plan or Plan to Convert Surplus Reserves into Share Capital proposed for this interim period

Whether make profit distribution or convert surplus reserves into share capital	No
Number of bonus share for each share (<i>share</i>)	0
Amount of cash dividend for each share (<i>Yuan</i>) (including tax)	0
Number of shares converted for each share (<i>share</i>)	0

Relevant Explanation on Profit Distribution Plan or Plan to Convert Surplus Reserves into Share

The Board has recommended not to distribute profits for the six months ended 30 June 2015 (for the corresponding period in 2014: nil), and did not have any proposal to convert surplus reserves into share capital.

VI. Other Disclosures

(I) 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

(II) Statement of the Board of Directors and the Supervisory Committee on Issuance of a "Non-Standard Auditing Report" by the Auditor

Applicable Not Applicable

SIGNIFICANT MATTERS

I. Material Litigation, Arbitration and Issues Generally Questioned by the Media

Applicable ✓ Not Applicable

II. Bankruptcy and Restructuring

Applicable ✓ Not Applicable

III. Asset Transactions and Consolidations

✓ Applicable Not Applicable

(I) The Company's acquisition and disposal of assets and business combinations disclosed in provisional announcements and without subsequent changes during implementation

Description and category of the events

In order to expand the scale of the Group's major business of toll road, eliminate the impact of diversion brought by Ningchang Expressway (the parallel road) on the section west of Wuxi of Shanghai-Nanjing Expressway and enhance the economies of scale of the management of Guangjing Xicheng Company, during the Reporting Period, the Company actively engaged in the merger and acquisition of Ningchang Zhenli Company and Xiyi Company. On 30 December 2014, it was considered and approved at the 17th Meeting of the Seventh Session of the Board that the Company might acquire 100% equity interests of Ningchang Zhenli Company in cash of RMB502 million and undertake all of its interest-bearing debts and capitalise such debts into equity, and that the subsidiary Guangjing Xicheng Company might acquire 100% equity interests of Xiyi Company in cash of RMB662 million and conduct the merger and acquisition of Xiyi Company. On 12 March 2015, the two assets acquisition and merger projects were considered and approved at the first extraordinary general meeting in 2015. Upon the completion of approval procedures for the two merger and acquisition projects, the Company had performed follow-up work relating to the assignment of debts and the registration of changes in industry and commerce information. On 24 June 2015, the Company received the notice on approval for cancellation of registration of Xiyi Company from Wuxi Administration for Industry and Commerce and Guangjing Xicheng Company's acquisition and merger of Xiyi Company were all completed. On 25 June 2015, Ningchang Zhenli Company finished the registration of changes in industry and commerce information, and the relevant procedures of assignment of debts and capitalisation of debts into equity were all completed.

Inquiry Index

For the details related to this transaction and the relevant approval, please refer to the announcement of the related/connected transactions published by the Company on 31 December 2014 on the website of the SSE: www.sse.com.cn and the website of the Stock Exchange: www.hkexnews.hk and the website of the Company: www.jsexpressway.com, the circular published on 23 January 2015 on the websites of the Stock Exchange and the Company, the announcement of the resolution of the general meeting published by the Company on 12 March 2015 and 13 March 2015 on the website of the SSE, the Stock Exchange and the Company, and the announcement on the progress of assets acquisition and merger transactions published by the Company on 26 June 2015 and 27 June 2015 on the website of the Stock Exchange and the website of the SSE and the website of the Company.

(II) Events not disclosed in provisional announcements or with further progress

Applicable ✓ Not Applicable

SIGNIFICANT MATTERS

IV. Equity incentives and its effects

Applicable Not Applicable

V. Material Related/Connected Transactions

Applicable Not Applicable

(I) Major Related/Connected Transactions Relating to Day-to-Day Operation

1. Transactions disclosed in provisional announcements with no further progress or changes after implementation

Description of the events

On 30 December 2014, the Company and its subsidiary Guangjing Xicheng Company renewed operation technical service agreements under the original terms with Network Operation Company respectively. The duration of the agreements was from 1 January 2015 to 31 December 2017. The agreements were continuously fulfilled during the Reporting Period.

On 30 December 2014, Guangjing Xicheng Company, the Company's subsidiary, renewed the Yanqiao service area petrol station lease agreement entered into with Jiangsu Petroleum for a period of three years from 1 January 2015 to 31 December 2017. The agreement was continuously fulfilled during the Reporting Period.

During the Reporting Period, the Company continued to fulfill the property lease agreement entered into with Jiangsu Sundian, pursuant to which, the office located in No.2 Xianlin Avenue was leased to Jiangsu Sundian at an annual rent of RMB1,690,000 with a term from 1 September 2014 to 31 August 2017.

During the Reporting Period, the Company continued to fulfill the property leasing agreement entered into with Network Operation Company, pursuant to which the Maqun Monitoring Centre at No.189 Maqun New Street, Nanjing would be leased to Network Operation Company, with the term from 1 May 2014 to 30 April 2017 and at a rental fee of RMB3,612,000 per annum.

Inquiry Index

For the details related to this transaction, please refer to the announcement on the continuing related party/connected transactions published by the Company on 31 December 2014 on the website of the SSE: www.sse.com.cn and the website of the Stock Exchange: www.hkexnews.hk and the website of the Company: www.jsexpressway.com.

For the details related to this transaction, please refer to the announcement on the continuing related party/connected transactions published by the Company on 31 December 2014 on the website of the SSE: www.sse.com.cn and the website of the Stock Exchange: www.hkexnews.hk and the website of the Company: www.jsexpressway.com.

For the details related to this transaction, please refer to the announcements on the continuing related party/connected transactions and on the notice of the 15th meeting of the 7th session of the Board published by the Company on 25 August 2014 on the website of the SSE: www.sse.com.cn and the website of the Stock Exchange: www.hkexnews.hk and the website of the Company: www.jsexpressway.com.

For the details related to this transaction, please refer to the announcement on the continuing related party/connected transactions published by the Company on 26 April 2014 on the website of the SSE: www.sse.com.cn and the website of the Stock Exchange: www.hkexnews.hk and the website of the Company: www.jsexpressway.com.

SIGNIFICANT MATTERS

On 27 March 2015, the Company and its subsidiary Guangjing Xicheng Company entered into maintenance contracts respectively with Jiangsu Sundian, for the repair and maintenance service of Shanghai-Nanjing Expressway, as well as Guangjing Expressway and Xicheng Expressway, respectively, with the term from 27 March 2015 to 31 December 2015, the maximum repair and maintenance fees of the two contracts will not exceed RMB50,000,000 and RMB20,000,000 respectively.

For the details related to this transaction and the relevant approval, please refer to the announcement on the continuing related party/connected transactions published by the Company on 27 March 2015 and 30 March 2015 on the website of the SSE: www.sse.com.cn and the website of the Stock Exchange: www.hkexnews.hk and the website of the Company: www.jsexpressway.com.

2. Events disclosed in provisional announcements, but with subsequent development or changes during implementation

(1) Xiyi Company entered into “Expressway Network Management Services Framework Agreement” with Network Operation Company. The term of the agreement commenced on 4 January 2014 and will end on 31 December 2016. The standard fee rate chargeable by Network Operation Company is based on the standards as approved by the Jiangsu Price Bureau under the Official Response of the Provincial Price Bureau on the Inter-network Service Fee Standards of Expressways. A fee standard of 0.2% is applied to toll income from highways and bridges received in cash, while 2% is applied to non-cash income. Based on the fees actually paid in 2014 and the forecast for the toll income, it is estimated that the maximum annual technical service fee for 2015 and 2016 will not exceed RMB3,000,000 and RMB4,000,000, respectively. For the details related to this transaction and the relevant approval, please refer to the announcement on the related party/connected transactions published by the Company on 27 April 2015 on the website of the SSE: www.sse.com.cn and on 24 April 2015 on the website of the Stock Exchange: www.hkexnews.hk and the website of the Company: www.jsexpressway.com.

As at the end of this Reporting Period, Xiyi Company has been merged by Guangjing Xicheng Company, the agreement was to be performed by Guangjing Xicheng Company.

(2) Xiyi Company entered into “Gaocheng Service Area Petrol Station Lease Agreement” with Jiangsu Petroleum to continue with leasing of the petrol stations on both sides of Gaocheng Service Area along the Xiyi Expressway to Jiangsu Petroleum. The agreement was effective from 1 January 2015 to 31 December 2017. Upon negotiation, the calculation of rent was determined to be as follows: based on the annual fuel sales volume of the petrol stations at RMB140 per tonne, together with the guaranteed rental fees of RMB500,000 per year. Based on the actual rent paid for 2014 and estimated growth of fuel sales volume in the coming three years, the rental fees for 2015, 2016 and 2017 are estimated to be not more than RMB1,000,000, RMB1,100,000 and RMB1,200,000, respectively. For the details related to this transaction and the relevant approval, please refer to the announcement on the related party/connected transactions published by the Company on 27 April 2015 on the website of the SSE: www.sse.com.cn and on 24 April 2015 on the website of the Stock Exchange: www.hkexnews.hk and the website of the Company: www.jsexpressway.com.

As at the end of this Reporting Period, Xiyi Company has been merged by Guangjing Xicheng Company, the agreement was to be performed by Guangjing Xicheng Company.

SIGNIFICANT MATTERS

- (3) According to the “2015 Routine Maintenance Work Contractor Agreement” entered into by Xiyi Company and Jiangsu Sundian, Jiangsu Sundian would be granted the designated work with the total amount of construction fees not exceeding the maintenance service fees for 2015 and a cap of approximately RMB7,000,000 contemplated under the agreement. The capped maintenance service fee was determined based on the estimated construction in 2015, and having considered the actual implementation of transaction in 2014. For the details related to this transaction and the relevant approval, please refer to the announcement on the related party/connected transactions published by the Company on 27 April 2015 on the website of the SSE: www.sse.com.cn and on 24 April 2015 on the website of the Stock Exchange: www.hkexnews.hk and the website of the Company: www.jsexpressway.com.

As at the end of this Reporting Period, Xiyi Company has been merged by Guangjing Xicheng Company, the agreement was to be performed by Guangjing Xicheng Company.

3. Events not disclosed in provisional announcements

Applicable Not Applicable

(II) Related /connected transactions in relation to asset acquisitions and disposals

1. Events disclosed in provisional announcements without subsequent development or changes during implementation

Description of the event

On 30 December 2014, the seventeenth meeting of the Seventh session of the Board considered and approved the Company's acquisition of the 100% equity interests in Ningchang Zhenli Company at a cash consideration of RMB502,000,000, the transfer of all of the interest-bearing debts of Ningchang Zhenli Company to the Company and capitalisation of such debts into equity; and the acquisition of 100% equity interests in Xiyi Company at a cash consideration of RMB662,000,000 by Guangjing Xicheng Company, the subsidiary of the Company, and on the merger by absorption of Xiyi Company. At the 2015 first extraordinary general meeting on 12 March 2015, the two aforesaid assets acquisition and merger projects were considered and approved by the shareholders

Inquiry index

For the details related to the transactions and the relevant approval, please refer to the announcements on the related/connected transactions and on the resolutions of the general meeting published by the Company on 31 December 2014 and 12 March 2015 respectively on the website of the SSE: www.sse.com.cn and the website of the Stock Exchange: www.hkexnews.hk and the website of the Company: www.jsexpressway.com and the announcement on the progress of assets acquisition and merger transactions published by the Company on 26 June 2015 and 27 June 2015 on the website of the Stock Exchange and the website of the SSE and the website of the Company.

2. Events not disclosed in provisional announcements

Applicable Not Applicable

SIGNIFICANT MATTERS

(III) Material related party/connected transactions relating to joint external investment

Applicable Not Applicable

(IV) Creditor's rights and debts between the Company and related parties/connected persons

1. Events disclosed in provisional announcements without subsequent development or changes during implementation

Description of the event

Guangjing Xicheng Company, the Company's subsidiary, and its wholly-owned subsidiary Xiyi Company borrowed RMB80,000,000 and RMB70,000,000 respectively, by way of trust loan from Railway Development Company. The loan bears a term of one year, carrying the interest rates equivalent to the prevailing bank benchmark interest rate. As at the end of this Reporting Period, Xiyi Company has been merged by Guangjing Xicheng Company, the agreement was to be performed by Guangjing Xicheng Company.

Guangjing Xicheng Company borrowed RMB170,000,000 from Group Finance Co., Ltd. with a term of one year, carrying the interest rates equivalent to the prevailing bank benchmark interest rate at a discount of 5%.

Inquiry index

For the details related to this transaction and the relevant approval, please refer to the announcement on continuing related party/connected transactions/ overseas regulatory announcement published by the Company on 6 June 2015 on the website of the SSE: www.sse.com.cn and the website of the Stock Exchange: www.hkexnews.hk and the website of the Company: www.jsexpressway.com.

For the details related to this transaction and the relevant approval, please refer to the announcement on the continuing related party/connected transactions/ overseas regulatory announcement published by the Company on 6 June 2015 on the website of the SSE: www.sse.com.cn and the website of the Stock Exchange: www.hkexnews.hk and the website of the Company: www.jsexpressway.com.

SIGNIFICANT MATTERS

2. Events not disclosed in provisional announcements

Applicable Not Applicable

Unit: Yuan Currency: Renminbi

Related party	Related relationship	Funding provided by related parties to the Company			Funding provided by related parties to the Company		
		Opening balance	Amount	Closing balance	Opening balance	Amount	Closing balance
Network Operation Company	Controlled subsidiary of the parent company	7,917,691	35,886,607	43,804,298	418,056,352	89,847,229	507,903,581
Yangtze Bridge Company	Controlled subsidiary of the parent company	1,270,965	27,359,628	28,630,593	4,746,571	-3,721,075	1,025,496
Yanjiang Company	Controlled subsidiary of the parent company	2,192,181	-2,192,181	-	133,726,417	-21,708,915	112,017,502
Information Company	Controlled subsidiary of the parent company	-	-	-	592,625	239,900	832,525
HuaTong Company	Controlled subsidiary of the parent company	-	-	-	694,993	-	694,993
Communications Holding	Parent Company	-	-	-	3,630,307,078	-1,863,720,493	1,766,586,585
Far East Shipping Company	Controlled subsidiary of the parent company	-	-	-	240,440,000	-55,131,667	185,308,333
Group Finance Co., Ltd.	Wholly-owned subsidiary of the parent company	-	-	-	500,483,436	-149,968,290	350,515,146
Taicang Container Company	Controlled subsidiary of the parent company	-	-	-	100,183,333	-16,666	100,166,667
Jinghu Company	Controlled subsidiary of the parent company	-	-	-	20,036,667	310,402,438	330,439,105
Tongchang Real Estate Company	Controlled subsidiary of the parent company	-	-	-	10,017,111	-1,555	10,015,556
Suhuiyan Company	Controlled subsidiary of the parent company	-	-	-	30,055,000	-10,417	30,044,583
Railway Development Company	Controlled subsidiary of the parent company	-	-	-	-	150,167,167	150,167,167
Runyang Bridge Company	Controlled subsidiary of the parent company	-	-	-	901,855,425	-224,042	901,631,383
Tongsha Port Company	Controlled subsidiary of the parent company	-	-	-	50,091,667	-8,334	50,083,333
Total		11,380,837	61,054,054	72,434,891	6,041,286,675	-1,543,854,720	4,497,431,955

SIGNIFICANT MATTERS

Amount provided by the Company to the Controlling Shareholder and its subsidiary during the Reporting Period (Yuan)		61,054,054
Balance of amount provided by the Company to the Controlling Shareholder and its subsidiary (Yuan)		72,434,891
Reasons for related party creditor's rights and debts	Due to sale of goods, rendering of services, borrowing and lending of funds and split of toll fee within the expressway network in Jiangsu Province between the related parties, related party creditor's rights and debts were formed. The interest rate for the borrowing and lending of funds did not exceed the prevailing bank loan interest rate in the corresponding period. The Company and its subsidiaries were not required to provide any guarantee and pledge.	
Repayment of related party creditor's rights and debts	Repaid upon maturity according to the relevant agreements for the sale of goods, rendering of services, borrowing and lending of funds and expressway network toll fee. There is no outstanding related party creditor's rights and debts.	
Undertakings related to related party creditor's rights and debts	Nil	
Effect of related party creditor's rights and debts on the Company's operation result and financial condition	The related party creditor's rights and debts did not cause material effect on the Company's operation result and financial condition.	

(V) Others

1. Confirmation Opinion by Independent Non-executive Directors on Related Party/Connected Transactions

The Independent Non-executive Directors of the Company have reviewed all related party/connected transactions and confirmed that:

- (1) Such transactions were conducted in the ordinary course of business of the Company;
- (2) Such transactions were conducted on normal commercial terms or, if transactions available for comparison were insufficient to determine whether the terms of such transactions are normal commercial terms, from the perspective of the Company, the terms of such transactions were no less favorable than the terms offered to or by independent third parties; and
- (3) Such transactions were conducted in accordance with the terms of the agreements governing relevant transactions. The transaction terms were fair and reasonable and in the interests of the Company's shareholders as a whole.

SIGNIFICANT MATTERS

VI. Material Contracts and Their Fulfillment

1 Trust, Subcontracting and Leasing

Applicable Not Applicable

2 Guarantees

Applicable Not Applicable

3 Other Material Contracts or Transactions

1. Trust, Subcontracting and Leasing

During the Reporting Period, the Company had no material trust and subcontracting.

During the Reporting Period, the leasing matters of the Company mainly included the leasing of the petroleum products sales business to Jiangsu Petroleum, and the leasing of offices to Jiangsu Sundian and Network Operation Company. For details, please refer to "Material Related Party/Connected Transactions" of this chapter.

2. Guarantees

Ninghu Properties, a subsidiary of the Company provided several guarantees to banks for bank borrowings granted to buyers of properties of Huaqiao Urban Core C4 Tongcheng Hongqiao Mansion, Huaqiao Urban Core B4 Guangming Jiezuo Project, Huaqiao Urban Core B19 Guangmingxinzuo Project and Baohua Hongyan Community Land B Phase 1 and Phase 2 Tongcheng Shijia Project. The guarantee obligation begins from the date on which the guarantee contract comes into effect and will end when the buyers complete registration of mortgage and submit the third party property rights certificates to banks. As at 30 June 2015, the outstanding guarantees amounted to approximately RMB217,914,000 (31 December 2014: RMB175,803,000).

3. Other Material Contracts

During the Reporting Period, save for all the related/connected transactions contracts disclosed above, the Company and its subsidiaries did not enter into any other material contract with or provide any loan to the Controlling Shareholder of the Company or its subsidiaries or related/connected persons. Save for the contracts disclosed above, the Company did not enter into material service or management contract with any other individual, firm or body corporate. The Company and its subsidiaries did not enter into any management contract pursuant to section 543 under the Companies Ordinance of Hong Kong during the Reporting Period.

SIGNIFICANT MATTERS

VII. Undertakings and Fulfillment of Undertakings

Applicable Not Applicable

(I) **Commitments of the Company, shareholder with over 5% shareholding in the Company, Controlling Shareholder and ultimate controller during the Reporting Period or continued to the Reporting Period**

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 or not	If not performed timely, describe the specific reasons	If not performed timely, describe plans in next steps
Other undertakings	Others	Communications Holding	In the process of equity acquisition of Ninchange 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
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 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.	N/A	No	Yes	N/A	N/A
Other undertakings	Others	Communications Holding	<ol style="list-style-type: none"> Undertake not to reduce the number of shares it holds in the Company during the six-month period from 9 July 2015 to 8 January 2016; Communications Holding will, pursuant to the requirements of the "Notice on Matters pertaining to the Increase in Shareholdings in a Listed Company by its Majority Shareholders and Directors, Supervisors and Senior Management" (Zheng Jian Fa [2015] No. 51) (《關於上市公司大股東及董事、監事、高級管理人員增持本公司股票相關事項的通知》(證監發[2015]51號)) issued by the CSRC, take opportunities to increase its shareholdings in the Company, based on the market conditions and to the extent permitted by laws and regulations; and Communications Holding will, as always, continuously support the Company's operation, to further enhance the Company's core competitiveness and bring positive returns to the investors. 	9 July 2015 to 8 January 2016	Yes	Yes	N/A	N/A

SIGNIFICANT MATTERS

VIII. Appointment or removal of Auditors

Applicable Not Applicable

Explanation of appointment or removal of auditors

The reappointment of Deloitte as the domestic auditor of the Company for 2015 was approved at the Company's 2014 Annual General Meeting. The audit fees amounted to RMB2,400,000 for 2015. Deloitte, a practicing certified public accountants firm approved by the Ministry of Finance and the CSRC to act as a reporting accountant and/or an auditor for Mainland incorporated companies listed in Hong Kong, was engaged to audit the financial statements of the Company for the fiscal year ended 31 December 2015 prepared under the PRC Accounting Standards and to undertake the duties required to be performed by international auditors in accordance with the Hong Kong Listing Rules.

Deloitte was also appointed as the internal control auditor of the Company for 2015 at the general meeting. The audit fee was RMB800,000.

Deloitte has been providing audit services to the Company for twelve consecutive years since 2003. In 2008, 2010 and 2014, such auditing firm changed the partner responsible for the audit services provided to the Company.

IX. Sanctions and Rectification of Directors, supervisors, senior management members, shareholders holding more than 5% of the shares of the Company, De Facto controller and Offeror

Applicable Not Applicable

X. Convertible bonds

Applicable Not Applicable

XI. Corporate Governance Status

The Company made ongoing improvements on the corporate governance system and the operating procedures according to the requirements of regulatory authorities and latest rules and regulations, with a view to enhancing the corporate governance standards of the Company. The actual governance situation of the Company did not deviate from the Governance Standards for Listed Companies stipulated by the CSRC and the requirements of the relevant laws and regulations. There was no administrative punishment, reprimand or other public condemnation imposed against the Company, the Board, the supervisory committee as well as directors, supervisors, senior management members by regulatory authorities; and the Company fully adopted all code provisions of the Corporate Governance Code in Appendix 14 of the Hong Kong Listing Rules. For details of the Company's governance practices, please refer to the relevant sections in the Company's 2014 Annual Report.

During the Reporting Period, the Company guaranteed the effectiveness of corporate governance through standardizing and implementing the "three-meeting" decision-making mechanism ("三會"決策機制). By further enhancing the awareness on standardized operation, being better adapted to the transformation in supervision, strengthening the implementation of latest regulatory requirements, strictly implementing the various existing governance rules and improving internal responsibility mechanism, the Company aims to ensure proper execution of the system so as to further raise the Company's independent governance capability. The Company increased efforts on self-inspection over key regulatory fields, including insider trading, misappropriation of funds, related party/connected transactions and so forth, as well as ensured the carrying out of necessary legal approval procedures for all significant events, strictly controlled violation risks of all kinds and further improved the Company's standard operational ability.

SIGNIFICANT MATTERS

1. Compliance with the Corporate Governance Code

The Company has used its endeavours to uphold its corporate governance standards. During the Reporting Period, the Company has complied with the requirements of the domestic and overseas securities regulators and the latest rules and regulations. The Company has fully adopted all code provisions of the Corporate Governance Code in Appendix 14 of the Hong Kong Listing Rules and met the requirements of the recommended best practices thereof in certain aspects and no deviation or breach was found.

2. Compliance with the Model Code

Having made specific enquiries to all the directors of the Company, the directors of the Company have fully complied with the provisions on securities transactions under the Model Code for Securities Transactions by Directors of Listed Issuers under Appendix 10 of the Hong Kong Listing Rules during the Reporting Period. The Company has also formulated the “Model Code for Securities Transactions by Directors, Supervisors, Senior Management and Relevant Employees”, the relevant requirements in which are no less exacting than the required standard set out in Appendix 10 of the Hong Kong Listing Rules, to ensure the relevant personnel’s compliance with the code in carrying out securities transactions.

3. Audit Committee

Members of the Eighth session of the Board were elected by the 2014 annual general meeting. The Board elected Mr. Chen Liang, Mr. Zhang Erzhen and Mr. Du Wenyi as the members of the Audit Committee and elected Mr. Chen Liang as the convener of the committee. Mr. Du Wenyi is a non-executive director. Mr. Chen Liang and Mr. Zhang Erzhen, being independent non-executive directors of the Company, have extensive experiences in financial and economic management, as well as appropriate professional qualifications as stipulated by Rule 3.10(2) of the Hong Kong Listing Rules. Members of the Audit Committee are not connected with the current or former auditors of the Company.

The Audit Committee has reviewed the interim financial report of the Company for the six months ended 30 June 2015 and had sufficient communication with the Company’s management in the course of discharging their duties and proposed to the Board for the approval of the publication of the interim financial report for the six months ended 30 June 2015.

XII. Explanations of Other Material Events

(I) The Board’s Explanation on the Reasons and Influence of the Changes in Accounting Policies, Accounting Estimates and Audit Method

Applicable Not Applicable

(II) The Board’s Explanation on the Reasons and Influence of the Significant Corrections of Prior Period Errors

Applicable Not Applicable

CHANGES IN SHARE CAPITAL AND SHAREHOLDERS

I. Changes in Share Capital

(I) Share Capital structure

1. Changes in Share Capital

Unit: share

	Before change		New share issuance	Increase or decrease after change (+,-)			Sub-total	After change	
	Number	Percentage (%)		Bonus issue	Capitalization of surplus reserve	Others		Number	Percentage (%)
I. Restricted tradable shares	22,992,145	0.46				-5,226,000	17,766,145	0.35	
1. State-owned shares	0					0	0	0	
2. State-owned legal person shares	0	0	0	0					
3. Other domestic-owned shares	22,992,145	0.46				-5,226,000	-5,226,000	17,766,145	0.35
Including: Shares held by domestic non state-owned legal persons	0	0					0	0	0
Shares held by domestic natural persons	0	0					0	0	0
4. Shares held by overseas shareholders	0	0					0	0	0
Including: Shares held by overseas legal persons	0	0					0	0	0
Shares held by overseas natural persons	0	0					0	0	0
II. Tradable shares	5,014,755,355	99.54				5,226,000	5,226,000	5,019,981,355	99.65
1. Ordinary shares denominated in RMB	3,792,755,355	75.28				5,226,000	5,226,000	3,797,981,355	75.39
2. Foreign-owned shares listed domestically	0	0					0	0	0
3. Foreign-owned shares listed overseas	1,222,000,000	24.26					0	1,222,000,000	24.26
4. Others	0	0					0	0	0
III. Total shares	5,037,747,500	100					0	5,037,747,500	100

2. Explanation on changes in share capital

The Company's 5,226,000 shares in circulation with selling restrictions have been circulated on 15 January 2015.

CHANGES IN SHARE CAPITAL AND SHAREHOLDERS

(II) Changes in shares with selling restrictions

Applicable Not Applicable

Unit: share

Name of shareholder	Number of shares with selling restrictions at the beginning of the Reporting Period	Number of shares released from selling restrictions in the Reporting Period	Increase in number of shares with selling restrictions in the Reporting Period	Number of shares with selling restrictions at the end of the Reporting Period	Reason for selling restrictions	Date of release from selling restrictions
other shares in circulation with selling restrictions	22,992,145	5,226,000	0	17,766,145	not fulfilling the release conditions	15 January, 2015

II. Shareholders

(I) Total number of shareholders:

Total number of shareholders as at the end of the Reporting Period (number of H shareholders: 453 inclusive)	40,498
Total number of preference shareholders with voting rights restored as at the end of the Reporting Period	0

(II) Shareholdings of top ten Shareholders and top ten holders of Shares in circulation (or holders of Shares without selling restrictions) at the end of the Reporting Period

Unit: share

Name of Shareholder (full name)	Change during the Reporting Period	Number of Shares held at the end of the Reporting Period	Shareholdings of top ten Shareholders				Type of Shareholder
			Shareholding percentage (%)	Number of Shares held subject to selling restrictions	Shares pledged or frozen Status of Shares	Number	
Jiangsu Communications Holdings Company Limited	0	2,742,578,825	54.44	0	Nil	0	State-owned legal person
China Merchants Huajian Highway Investment Co., Ltd.	0	589,059,077	11.69	0	Nil	0	State-owned legal person
Mondrian Investment Partners Limited	0	110,350,000	2.19	0	Unknown	0	Foreign legal person
BlackRock, Inc.	+11,304,526	108,482,084	2.15	0	Unknown	0	Foreign legal person
JPMorgan Chase & Co.	-13,818,601	97,036,837	1.93	0	Unknown	0	Foreign legal person
Commonwealth Bank of Australia	+14,948,000	76,467,930	1.52	0	Unknown	0	Foreign legal person
The Bank of New York Mellon Corporation	+146,048	61,122,289	1.21	0	Unknown	0	Foreign legal person
Jiantou Zhongxin Asset Management Co., Ltd.	0	21,410,000	0.42	0	Unknown	0	Others
Essence Securities Co., Ltd.-client credit trading guarantee securities account	+13,858,977	13,858,977	0.28	0	Unknown	0	Others
Shenyin & Wanguo Securities Co., Ltd. - client credit trading guarantee securities account	+8,240,306	13,405,067	0.27	0	Unknown	0	Others

CHANGES IN SHARE CAPITAL AND SHAREHOLDERS

Name of Shareholder	Shareholdings of top ten Shareholders without selling restrictions		
	Number of Shares without selling restrictions in circulation	Class	Number
Jiangsu Communications Holdings Company Limited	2,742,578,825	RMB-denominated ordinary Shares	2,742,578,825
China Merchants Huajian Highway Investment Co., Ltd.	589,059,077	RMB-denominated ordinary Shares	589,059,077
Mondrian Investment Partners Limited	110,350,000	Foreign-owned shares listed domestically	110,350,000
BlackRock, Inc.	108,482,084	Foreign-owned shares listed domestically	108,482,084
JPMorgan Chase & Co.	97,036,837	Foreign-owned shares listed domestically	97,036,837
Commonwealth Bank of Australia	76,467,930	Foreign-owned shares listed domestically	76,467,930
The Bank of New York Mellon Corporation	61,122,289	Foreign-owned shares listed domestically	61,122,289
Jiantou Zhongxin Asset Management Co., Ltd.	21,410,000	RMB-denominated ordinary Shares	21,410,000
Essence Securities Co., Ltd.-client credit trading guarantee securities account	13,858,977	RMB-denominated ordinary Shares	13,858,977
Shenyin & Wanguo Securities Co., Ltd.-client credit trading guarantee securities account	13,405,067	RMB-denominated ordinary Shares	13,405,067
Illustration on the connected relationship or act-in- concert arrangement with respect to the above Shareholders	(1) The Company is not aware of the existence of related 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 SFO.		
Illustration on the preference Shareholders with voting rights restored and the shareholding thereof	Nil		

CHANGES IN SHARE CAPITAL AND SHAREHOLDERS

Shareholdings of top ten shareholders subject to selling restrictions and their selling restrictions

Unit: Shares

No.	Name of Shareholders with selling restrictions attached	Number of Shares held with selling restrictions	Listing and trading status of Shares with selling restrictions		Selling restrictions
			Date permissible for listing and trading	Number of additional Shares permissible for listing and trading	
1	Other holders of Shares in circulation with selling restrictions attached	17,766,145	16 May 2007	0	Note 1

Illustration on the connected relationship or act-in-concert arrangement with respect to the above shareholders The Company is not aware of the existence of related relationship or act-in-concert arrangement with respect to the above shareholders.

Note 1: Prior consent shall be obtained from the holders of the shares in circulation who have advanced the consideration on behalf of them and that the consideration so advanced shall be repaid by the relevant non-circulating shareholder. For repayment, the relevant shareholders may opt to transfer the number of shares being paid for by the holder of the shares in circulation or to pay in cash in an amount with reference to the average closing price of the five trading days following the implementation date of the share Segregation Reform as the consideration for such shares. Application for the listing status of such shares will then be submitted by the Company to the stock exchange.

In addition, in accordance with the requirements of the Hong Kong Listing Rules, as at 30 June 2015, the following persons held 5% or more of the interests or short positions in the shares or underlying shares of the Company as recorded in the register required to be maintained under the SFO:

Number of A Shares

Name of shareholders	Capacity	Direct interests	Number of A shares held	Percentage of A Shares (total shares)
Jiangsu Communications Holdings Company Limited.	Others	Yes	2,742,578,825(L)	71.87% (54.44%)
China Merchants Huajian Highway Investment Co., Ltd	Others	Yes	589,059,077(L)	15.44% (11.69%)

CHANGES IN SHARE CAPITAL AND SHAREHOLDERS

Number of H Shares

Name of shareholders	Capacity	Direct interests	Number of H shares held	Percentage of H Shares (total shares)
Mondrian Investment Partners Limited ⁽¹⁾	Investment Manager	No	110,350,000(L)	9.03% (2.19%)
BlackRock, Inc.	Interest of controlled corporation	No	108,482,084(L)	8.88% (2.15%)
JPMorgan Chase & Co.	Interest of controlled corporation	No	97,036,837(L) 342,222(S) 67,714,326(P)	7.94% (1.93%)(L) 0.02% (0.01%)(S) 5.54% (1.34%)(P)
Commonwealth Bank of Australia	Interest of controlled corporation	No	76,467,930(L)	6.26% (1.52%)
The Bank of New York Mellon Corporation	Interest of controlled corporation	No	61,122,289(L) 59,648,289(P)	5.00% (1.21%)(L) 4.88% (1.18%)(P)
State Street Corporation	Custodian – Corporation/ approved lending agent	No	70,838,983(P)	5.80% (1.41%)(P)

(L) Long position; (S) Short position; (P) Lending pool

(1) China Merchants Group Limited was deemed to hold interests by virtue of its controlling interests in its subsidiary, China Merchants Huajian Highway Investment Co., Ltd.

Save as disclosed above, to the Company's best knowledge, as at 30 June 2015, there was no person who was required to make disclosure under the SFO.

(III) Strategic investors nor normal legal persons becoming the top ten Shareholders because of placing of new Shares

Applicable Not Applicable

CHANGES IN SHARE CAPITAL AND SHAREHOLDERS

III. Controlling Shareholders and change of De Facto controller

Applicable Not Applicable

IV. Others

1. Purchase, Sale and Redemption of Shares of the Company: For the six months ended 30 June 2015, there was no purchase, sale or redemption of any of the Company's listed shares by the Company or any of its subsidiaries.
2. Pre-emption Rights: In accordance with the laws of the PRC and the Company's Articles of Association, the Company did not grant any pre-emption rights pursuant to which the Company would be required to offer new shares to the existing shareholders in proportion to their shareholdings.
3. Public Float: As at 30 June 2015 and the disclosure date of this report, the Company had complied with the 25% public float requirement under the Hong Kong Listing Rules.

PREFERRED SHARES

Applicable Not Applicable

DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

I. Changes in Shareholdings

(I) Changes in shareholdings held by directors, supervisors and senior management in office or resigned during the Reporting Period

Applicable Not Applicable

(II) Equity incentives granted to directors, supervisors and senior management officers of the Company during the Reporting Period

Applicable Not Applicable

II. Change of Directors, Supervisors and senior management of the Company

Applicable Not Applicable

Name	Position	Change	Reasons for change
Cheng Chang Yung Tsung, Alice	Non-executive Director	Resigned	Rotation
Fang Hung, Kenneth	Non-executive Director	Resigned	Rotation
Xu Chang Xin	Independent non-executive Director	Resigned	Rotation
Gao Bo	Independent non-executive Director	Resigned	Rotation
Chen Donghua	Independent non-executive Director	Resigned	Rotation
Hu Yu	Supervisor	Resigned	Rotation
Yan Shi Min	Employee supervisor	Resigned	Rotation
Hu Yu	Non-executive Director	Appointed	Rotation
Ma Chong Lai	Non-executive Director	Appointed	Rotation
Ge Yang	Independent non-executive Director	Appointed	Rotation
Zhang Zhu Ting	Independent non-executive Director	Appointed	Rotation
Chen Liang	Independent non-executive Director	Appointed	Rotation
Wang Ya Ping	Employee supervisor	Elected	Rotation
Wang Wen Jie	Supervisor	Appointed	Rotation

DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

Biographical details of new directors and supervisors:

Directors:

Ms. Hu Yu: Born in 1975, Ms. Hu obtained a master's degree in business administration management and is an Accountant of Intermediate Level. She is currently general manager of the Finance Department of China Merchants Huajian and a supervisor of Huabei Expressway Company Limited. She served as accountant of North Beijing Development Corp., finance manager of the Beijing Branch Office of Shanghai Mitsubishi Elevator Co., Ltd., manager of finance department of China Merchants Corp., supervisor of Guangxi Wuzhou Communications Co., Ltd., director of Sichuan Expressway Co., Ltd. Ms. Hu has long been engaged in financial management and has extensive experience in financial management and transportation management.

Mr. Ma Chung Lai, Lawrence: Born in 1954, with a bachelor degree from the University of London, the United Kingdom majoring in biochemical engineering, Mr. Ma participated in the Election Committee Subsector Elections of the Chief Executive of the Hong Kong Special Administrative Region, was successively a committee member of the Ninth Session (with special invitation from Hong Kong and Macau), a standing committee member of the Tenth Session and now serves as a standing committee as well as convener of the Eleventh Session of the Jiangsu Provincial Committee of the Chinese Political Consultative Conference, a director of China Overseas Friendship Association (中華海外聯誼會理事). He served as a committee member (first session), the executive commissioner (second session) of All-China Federation of Industry & Commerce (中華全國工商業聯合會), and the deputy chairman of Jiangsu Overseas Friendship Association. He was elected as the deputy chairman of the Chinese General Chamber of Commerce (香港中華總商會) in 2014, reappointed as the chairman of Jiangsu Residents (HK) Association (江蘇旅港同鄉聯合會) in 2015, honorary chairman of Federation of Hong Kong Jiangsu Youth (香港江蘇青年總會), honorary chairman of Macau Jiangsu Friendship Association (澳門江蘇聯誼會) and deputy chairman of Hong Kong Petroleum, Chemicals and Pharmaceutical Materials Merchants Association Limited (香港石油化工醫藥同業商會). He had served as an independent non-executive director of Nanjing Panda Electronic Company Limited (Stock Exchange Stock Code: 553) for four years, and is currently the general manager of Hong Kong Taching Petroleum Co., Ltd. (大慶石油有限公司) and the vice president of Wing Hing Enterprise Company (永興企業公司).

Independent directors:

Mr. Ge Yang: Born in 1962, Mr. Ge became a professor of economics after obtaining a doctoral degree of economics, being a tutor of doctoral students. Mr. Ge is currently a director of the department of economics in Nanjing University, and the deputy director of Real Estate Research Centre of Nanjing University. He also serves as a researcher of Yangtze River Delta Economic and Social Development Research Centre of Nanjing University; Secretary-general of national integrated university Das Kapital research seminar; a committee member of the housing construction and reform expert commission of housing construction department of Jiangsu Province; a member of expert team of financial committee under the Standing Committee of People's Congress in Nanjing. He is mainly engaged in teaching and research in the aspects of socialism and economic theory, economic problems of the PRC and the real estate economy. He issued more than 10 academic publications and more than 80 theses in the periodicals and was awarded Chinese Outstanding Book Award (中華優秀圖書獎) from the State Administration of Press and Publication (國家新聞出版署), the first and third prize of outstanding results of philosophical and social science research in Jiangsu Province, the first and second prize of state-level teaching results. Mr. Ge took charge of and participated in the more than 20 material, key and provincial social science projects in the PRC.

DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

Mr. Zhang Zhuting: A professor born in 1963, Mr. Zhang is currently a professor at the Transport Management Institute of the Ministry of Transport (交通運輸部管理幹部學院), an expert of the legal advisory committee of the Ministry of Transport (交通運輸部), a committee member of the news and advertising expert committee of Ministry of Transport, a committee member of legal expert committee of the Transport and Enterprise Association of the PRC (中國交通企業協會), a committee member of the legal expert committee of the Beijing People's Government (北京市人民政府法律專家委員), a consultant of the public safety centre in Tsinghua University and a part-time professor in Beijing Jiaotong University. Mr. Zhang was awarded provincial and ministerial scientific and technological improvement awards (second and third awards) and construction consultant awards for a number of times. Mr. Zhang participated in and handled many national material events, presented many dissertations, publications, took charge of provincial and ministerial significant researches, and is an advanced worker in terms of the national transportation system.

Mr. Chen Liang: A professor and a postgraduate tutor born in 1965, Mr. Chen is currently a professor of accounting studies, and a postgraduate tutor of Nanjing University of Finance & Economics (南京財經大學). He is also the standing director, deputy secretary-general of the Accounting Society of Jiangsu Province, and the deputy chairman of each of Jiangsu Commercial Accounting Society and Jiangsu Food and Accounting Society. Mr. Chen obtained a bachelor degree of accounting in Nanjing University of Finance & Economics in 1985 and a master degree of accounting in Zhongnan University of Economics and Law (中南財經大學). He then served as the director of School of Accounting for Financial Management, the deputy dean for the school of accounting in the school of accounting of Nanjing University of Finance & Economics. He engaged in teaching and research on management accounting and other relevant subjects as well as and social services. With the accumulation of professional experience and results, he becomes a senior accounting expert with extensive management experience in accounting theory and practice.

Supervisor:

Mr. Wang Wen Jie: Born in 1984, graduated from AUT University in New Zealand and obtained a bachelor's degree in finance and accounting. Mr. Wang currently serves as project manager of Enterprise Management Department at the China Merchants Huajian and concurrently serves as a supervisor of Guangjing Xicheng Company He had carried out accounting works at the accounting firms in New Zealand and served as a supervisor of Anhui Expressway Company Limited.

Employee supervisor:

Ms. Wang Ya Ping: Employee Supervisor, born in 1963, and has obtained a bachelor's degree. She served the People's Liberation Army Air Force from September 1979 to October 2000. In late 2000, when she was a cadre at regiment level, she retired from the army and joined the Company. She has served as the officer, supervisor and deputy manager of the Labour Union Department of the Company, president of the labour union, and chief officer of the female staff committee of the labour union of the Company. She is currently the chief officer of the Party's Public Relationship Department and the vice-president of the labour union of the Company. Ms. Wang has extensive experience in the industry, solid knowledge in and practical management on the works in relation to the labour union and the Party.

DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

III. Other explanations

(I) Independent Non-executive Directors

The Company has appointed sufficient number of independent non-executive directors. Mr. Zhang Erzhen, Mr. Ge Yang, Mr. Zhang Zhu Ting and Mr. Chen Liang were appointed as independent non-executive directors of the Eighth session of the Board of the Company, accounting for more than one-third of the members of the Board. Four independent non-executive directors are currently serving at renowned universities in the PRC and are senior experts in the fields of economic management and real estate studies, industry policies and regulations, financial accounting and are well-versed with academic theories and management experience. Independent directors were appointed as members of various committees of the Board. Independent non-executive directors accounted for a majority in the Audit Committee, the Nomination Committee and the Remuneration and Appraisal Committee, and an independent non-executive director acted as the Chairman at each of these committees.

(II) Staff Salary and training

As at 30 June 2015, the Group (including controlled subsidiaries) had 6,049 staff, comprising 728 managerial staff and 5,321 manufacturing staff.

The Company adopts a position-based salary system with working performance being the motivating factor. Staff salary comprises of three parts, namely monthly salary, performance bonus and fringe benefits. Salaries are determined in accordance with the comprehensive performance appraisal results of each staff, with reference to the principle of "Salary by Position, Award by Performance", thereby raising the fairness and competitiveness of the salary system. In accordance with statutory regulations, the Company provides its employees with basic old age insurance, as well as arranges a number of social security protection schemes such as medical insurance, work injury insurance, maternity insurance, unemployment insurance and enterprise annuity.

In order to further reform its remuneration system, better motivate staff and widen the career paths of employees, in the first half of the year, the Human Resources Department is conducting the preliminary trial work steps by steps in a proactive manner to fully utilize the incentive function of the remuneration system. The Group implemented supporting measures in accordance with the Labour Contract Law, to constantly improve the working hours, and applied irregular working hour system for 251 managerial positions and 301 manufacturing positions, to increase the initiative of operation and control and reduce labour costs. Meanwhile, the Company endeavored to build a harmonious labour-relationship and won the title of the "Enterprise with Exemplary and Harmonious labour-relationship in Jiangsu Province (江蘇省模範勞動關係和諧企業)", which fully represented the result of further strengthened mutual trust between the Company and employees, win-win and mutually-growing.

In terms of staff training, in the first half of the year, the Company provided different levels of training schemes for various staff focusing on different professional skills, including the special training "Learning management from a financial perspective 《從財務視角學管理》" conducted by the management of organization and the middle management level; internal control evaluation training conducted in order to improve the level of business knowledge and the actual ability of internal control evaluators; propagation training of safety standardization conducted in accordance with the overall plan and requirements of the company's safety standardization; as well as training for team-building of managerial staff, rotation training for new staff and professional technique training for each positions. In the first half of the year, there were 854 staff participated in the training and more than 400 professional books, including management, legal texts, safety education CDs, were allocated for middle management level and basic units. These training continuously improved the business capability and competitiveness of staff, and actively facilitated the value-adding in human resources.

FINANCIAL REPORT

Consolidated Balance Sheet

30 June 2015

Unit: RMB

Item	Notes	Closing balance	Opening balance (restated)	Item	Notes	Closing balance	Opening balance (restated)
Current Assets:				Current Liabilities:			
Cash and bank balances	(VI)1	676,472,926	726,415,172	Short-term borrowings	(VI)20	7,980,000,000	6,005,000,000
Financial assets at fair value through profit or loss	(VI)2	37,982,527	38,951,822	Accounts payable	(VI)21	706,142,446	767,569,197
Notes receivable	(VI)3	1,272,169	2,518,000	Receipts in advance	(VI)22	315,965,031	375,468,301
Accounts receivable	(VI)4	123,724,541	117,813,088	Employee benefits payable	(VI)23	4,956,850	5,624,993
Prepayments	(VI)5	30,127,549	266,879,166	Taxes payable	(VI)24	110,261,833	102,377,617
Interest receivable	(VI)6	6,466,667	–	Interest payable	(VI)25	96,531,814	163,805,922
Dividends receivable	(VI)7	33,481,743	4,989,960	Dividends payable	(VI)26	2,059,273,070	68,678,625
Other receivables	(VI)8	1,155,037,053	1,224,608,058	Other payables	(VI)27	93,053,460	58,896,322
Inventories	(VI)9	3,208,812,431	3,091,938,748	Non-current liabilities due within one year	(VI)28	26,514,712	1,029,826,457
Other current assets	(VI)10	189,296,779	231,636,482	Non-current liabilities due within one year	(VI)29	–	500,000,000
Total Current Assets		5,462,674,385	5,705,750,496	Total Current Liabilities		11,392,699,216	9,077,247,434
Non-current Assets:				Non-current Liabilities:			
Available-for-sale financial assets	(VI)11	1,293,818,457	1,313,185,957	Long-term borrowings	(VI)30	5,348,433,898	6,172,708,646
Long-term equity investment	(VI)12	4,340,858,394	4,174,591,269	Bonds payable	(VI)31	495,309,658	494,603,286
Investment properties	(VI)13	33,603,724	34,284,836	Deferred tax liabilities	(VI)18	12,673,044	1,275,048
Fixed assets	(VI)14	1,706,128,539	1,802,660,953	Deferred income	(VI)32	35,572,585	36,199,929
Construction in progress	(VI)15	578,974,849	258,800,371	Total Non-current Liabilities		5,891,989,185	6,704,786,909
Intangible assets	(VI)16	23,564,113,824	24,136,118,565	TOTAL LIABILITIES		17,284,688,401	15,782,034,343
Long-term prepaid expenses	(VI)17	6,436,417	6,418,189	Shareholders' Equity:			
Deferred tax assets	(VI)18	368,637,221	49,806,472	Share capital	(VI)33	5,037,747,500	5,037,747,500
Other non-current assets	(VI)19	300,000,000	–	Capital reserve	(VI)34	10,446,662,340	11,511,362,341
Total Non-current Assets		32,192,571,425	31,775,866,612	Other comprehensive income	(VI)35	164,503,146	188,889,048
				Surplus reserve	(VI)36	2,927,043,693	2,927,043,693
				Retained profits	(VI)37	1,163,293,195	1,350,937,480
				Total shareholders' equity attributable to equity holders of the Company		19,739,249,874	21,015,980,062
				Minority interests		631,307,535	683,602,703
				TOTAL SHAREHOLDERS' EQUITY		20,370,557,409	21,699,582,765
TOTAL ASSETS		37,655,245,810	37,481,617,108	TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		37,655,245,810	37,481,617,108

The accompanying notes form part of the financial statements.

The financial statements on pages 47 to 149 were signed by the following:

Legal Representative:
Mr. Qian Yong Xiang

Person in Charge of the Accounting Body:
Mr. Ren Zhuo Hua

Chief Accountant:
Ms. Yu Lan Ying

FINANCIAL REPORT

Balance Sheet of the Company

30 June 2015

Unit: RMB

Item	Notes	Closing balance	Opening balance	Item	Notes	Closing balance	Opening balance
Current Assets:				Current Liabilities:			
Cash and bank balances		170,900,497	238,658,010	Short-term borrowings		6,665,000,000	3,340,000,000
Accounts receivable	(XV)1	76,624,120	80,125,072	Accounts payable		163,679,835	238,350,163
Prepayments		16,028,321	257,152,125	Receipts in advance		10,064,535	7,759,002
Interest receivable		9,353,750	3,175,792	Employee benefits payable		755,609	987,091
Dividends receivable		82,567,314	4,989,960	Taxes payable		75,692,128	76,760,557
Other receivables	(XV)2	1,610,915,589	1,519,681,070	Interest payable		82,260,967	76,831,045
Inventories		19,962,483	20,995,413	Dividends payable		1,980,022,675	68,678,625
Non-current assets due within one year		150,000,000	150,000,000	Other payables		25,155,179	31,829,823
				Non-current liabilities due within one year		1,514,712	500,826,457
				Other current liabilities		-	500,000,000
Total Current Assets		2,136,352,074	2,274,777,442	Total Current Liabilities		9,004,145,640	4,842,022,763
Non-current Assets:				Non-current Liabilities:			
Available-for-sale financial assets		1,005,230,000	1,008,915,500	Long-term borrowings		3,814,433,898	19,708,646
Long-term equity investment	(XV)3	12,701,839,017	5,217,907,838	Bonds payable		495,309,658	494,603,286
Fixed assets		911,607,949	953,515,356				
Construction in progress		242,728,193	208,246,561				
Intangible assets		13,116,759,711	13,475,809,444				
Deferred tax assets		4,024,527	4,024,527				
Other non-current assets		1,840,000,000	1,540,000,000	Total Non-current Liabilities		4,309,743,556	514,311,932
Total Non-current Assets		29,822,189,397	22,408,419,226	TOTAL LIABILITIES		13,313,889,196	5,356,334,695
				Shareholders' Equity:			
				Share capital		5,037,747,500	5,037,747,500
				Capital reserve		7,029,103,032	7,482,952,651
				Other comprehensive income		146,077,914	170,463,816
				Surplus reserve		2,518,873,750	2,518,873,750
				Retained profits		3,912,850,079	4,116,824,256
				TOTAL SHAREHOLDERS' EQUITY		18,644,652,275	19,326,861,973
				TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		31,958,541,471	24,683,196,668
TOTAL ASSETS		31,958,541,471	24,683,196,668				

The accompanying notes form part of the financial statements.

Legal Representative:
Mr. Qian Yong Xiang

Person in Charge of the Accounting Body:
Mr. Ren Zhuo Hua

Chief Accountant:
Ms. Yu Lan Ying

FINANCIAL REPORT

Consolidated Income Statement

For the half year ended 30 June 2015

Unit: RMB

Item	Notes	Amount for the current period	Amount for the last period (restated)
I. Total operating income	(VI)38	4,310,667,008	4,364,787,034
Including: Operating income		4,310,667,008	4,364,787,034
Less: Total operating costs		2,688,176,595	2,913,014,828
Including: Operating costs	(VI)38	2,054,507,543	2,239,985,465
Business taxes and levies	(VI)39	129,791,810	127,120,904
Selling expenses	(VI)40	3,570,290	7,557,685
Administrative expenses	(VI)41	93,752,731	94,059,242
Financial expenses	(VI)42	406,453,703	444,291,532
Impairment losses of assets	(VI)43	100,518	–
Add: Gains from changes in fair values	(VI)44	11,300,937	2,383,650
Investment income	(VI)45	276,781,668	192,383,746
Including: Income from investments in associates and joint ventures		197,407,194	169,417,396
II. Operating profit		1,910,573,018	1,646,539,602
Add: Non-operating income	(VI)46	4,287,774	3,937,442
Including: Gains from disposal of non-current assets		48,000	103,074
Less: Non-operating expenses	(VI)47	12,794,618	11,631,946
Including: Losses from disposal of non-current assets		679,889	899,218
III. Total profit		1,902,066,174	1,638,845,098
Less: Income tax expenses	(VI)48	130,231,182	415,096,645
IV. Net profit		1,771,834,992	1,223,748,453
Including: Net profit attributable to owners of the Company		1,726,699,765	1,181,186,740
Including: Profit or loss attributable to minority interests		45,135,227	42,561,713
V. Other comprehensive income (net of tax)	(VI)49	-24,385,902	-27,769,719
Other comprehensive income (net of tax) attributable to owners of the parent company		-24,385,902	-27,769,719
(I) Other comprehensive income that will not be reclassified subsequently to profit or loss		–	–
(II) Other comprehensive income that will be reclassified subsequently to profit or loss		-24,385,902	-27,769,719
1. Share of other comprehensive income of the investee under the equity method that will be reclassified subsequently to profit or loss		-24,385,902	-27,769,719
Other comprehensive income (net of tax) attributable to minority interests		–	–
VI. Total comprehensive income		1,747,449,090	1,195,978,734
Total comprehensive income attributable to owners of the Company		1,702,313,863	1,153,417,021
Total comprehensive income attributable to minority shareholders		45,135,227	42,561,713
VII. Earnings per share:			
(I) Basic earnings per share		0.3428	0.2345
(II) Diluted earnings per share		N/A	N/A

The accompanying notes form part of the financial statements.

Legal Representative:
Mr. Qian Yong Xiang

Person in Charge of the Accounting Body:
Mr. Ren Zhuo Hua

Chief Accountant:
Ms. Yu Lan Ying

FINANCIAL REPORT

Income Statement of the Company

For the half year ended 30 June 2015

Unit: RMB

Item	Notes	Amount for the current period	Amount for the last period
I. Total operating income	(XV)4	3,137,177,865	3,345,885,153
Less: Operating costs	(XV)4	1,518,079,053	1,716,797,764
Business taxes and levies		80,391,764	83,650,452
Administrative expenses		65,135,059	69,381,690
Financial expenses		136,487,903	141,521,670
Impairment loss of assets		–	–
Add: Investment income	(XV)5	735,528,962	420,632,111
Including: Income from investments in associates and joint ventures		122,602,865	105,635,973
II. Operating profit		2,072,613,048	1,755,165,688
Add: Non-operating income		3,110,088	3,200,577
Including: Gains from disposal of non-current assets		27,200	91,741
Less: Non-operating expenses		9,058,827	7,473,900
Including: Losses from disposal of non-current assets		643,503	226,135
III. Total profit		2,066,664,309	1,750,892,365
Less: Income tax expenses		356,294,436	357,977,418
IV. Net profit		1,710,369,873	1,392,914,947
V. Other comprehensive income (net of tax)		-24,385,902	-27,769,719
(I) Other comprehensive income that will not be reclassified subsequently to profit or loss		–	–
(II) Other comprehensive income that will be reclassified subsequently to profit or loss		-24,385,902	-27,769,719
1. Share of other comprehensive income of the investee under the equity method that will be reclassified subsequently to profit or loss		-24,385,902	-27,769,719
VI. Total comprehensive income		1,685,983,971	1,365,145,228

The accompanying notes form part of the financial statements.

Legal Representative:
Mr. Qian Yong Xiang

Person in Charge of the Accounting Body:
Mr. Ren Zhuo Hua

Chief Accountant:
Ms. Yu Lan Ying

FINANCIAL REPORT

Consolidated Cash Flow Statement

For the half year ended 30 June 2015

Unit: RMB

Item	Notes	Amount for the current period	Amount for the last period (Restated)
I. Cash Flows from Operating Activities:			
Cash receipts from the sale of goods and the rendering of services		4,741,367,410	4,475,116,138
Other cash receipts relating to operating activities	(VI)51(1)	27,588,114	22,253,412
Sub-total of cash inflows from operating activities		4,768,955,524	4,497,369,550
Cash payments for goods purchased and services received		1,740,940,262	1,519,224,800
Cash payments to and on behalf of employees		325,540,318	301,412,309
Payments of various types of taxes		589,581,873	641,130,894
Other cash payments relating to operating activities	(VI)51(2)	40,237,607	40,928,572
Sub-total of cash outflows from operating activities		2,696,300,060	2,502,696,575
Net Cash Flow from Operating Activities		2,072,655,464	1,994,672,975
II. Cash Flows from Investing Activities:			
Cash receipts from disposals and recovery of investments		551,374,236	1,371,020,495
Cash receipts from investment income		157,907,177	90,777,078
Net cash receipts from disposals of fixed assets, intangible assets and other long-term assets		74,055,040	10,196,754
Sub-total of cash inflows from investing activities		783,336,453	1,471,994,327
Cash payments to acquire or construct fixed assets, intangible assets and other long-term assets		363,626,784	184,893,874
Cash payments to acquire investments		1,752,553,900	1,387,757,679
Other cash payments relating to investing activities	(VI)51(3)	50,000,000	–
Sub-total of cash outflows from investing activities		2,166,180,684	1,572,651,553
Net Cash Flow used in Investing Activities		-1,382,844,231	-100,657,226
III. Cash Flows from Financing Activities:			
Cash receipts from capital contributions		81,120,000	–
Including: Cash receipts from capital contributions from minority owners of subsidiaries		81,120,000	–
Cash receipts from borrowings		4,696,000,000	3,115,000,000
Cash receipts from issue of bonds		1,397,532,000	1,196,100,000
Other cash receipts relating to financing activities	(VI)51(4)	–	–
Sub-total of cash inflows from financing activities		6,174,652,000	4,311,100,000
Cash repayments of borrowings		6,450,451,746	3,661,634,037
Cash payments for distribution of dividends or profits or settlement of interest expenses		474,106,883	2,273,486,575
Including: Payments for distribution of dividends or profits to minority owners of subsidiaries		–	–
Other cash payments relating to financing activities	(VI)51(5)	893,581	5,934,486
Sub-total of cash outflows from financing activities		6,925,452,210	5,941,055,098
Net Cash Flow used in Financing Activities		-750,800,210	-1,629,955,098
IV. Effect of Foreign Exchange Rate Changes on Cash and Cash Equivalents (decrease)			
		–	–
V. Net Increase (decrease) in Cash and Cash Equivalents			
Add: Opening balance of Cash and Cash Equivalents	(VI)52	708,621,647	523,544,443
	(VI)52	647,632,670	787,605,094

The accompanying notes form part of the financial statements.

Legal Representative:
Mr. Qian Yong Xiang

Person in Charge of the Accounting Body:
Mr. Ren Zhuo Hua

Chief Accountant:
Ms. Yu Lan Ying

FINANCIAL REPORT

Cash Flow Statement of the Company

For the half year ended 30 June 2015

Unit: RMB

Item	Notes	Amount for the current period	Amount for the last period
I. Cash Flows from Operating Activities:			
Cash receipts from the sale of goods and the rendering of services		3,622,916,979	3,455,800,322
Other cash receipts relating to operating activities		10,156,682	4,192,821
Sub-total of cash inflows from operating activities		3,633,073,661	3,459,993,143
Cash payments for goods purchased and services received		1,491,460,118	1,288,856,013
Cash payments to and on behalf of employees		218,673,939	203,955,203
Payments of various types of taxes		457,468,231	510,433,952
Other cash payments relating to operating activities		17,606,661	19,968,770
Sub-total of cash outflows from operating activities		2,185,208,949	2,023,213,938
Net Cash Flow from Operating Activities		1,447,864,712	1,436,779,205
II. Cash Flows from Investing Activities:			
Cash receipts from disposals and recovery of investments		–	850,000,000
Cash receipts from investment income		630,685,506	385,252,536
Net cash receipts from disposals of fixed assets, intangible assets and other long-term assets		74,033,640	10,121,050
Other cash receipts relating to investing activities		–	120,000,000
Sub-total of cash inflows from investing activities		704,719,146	1,365,373,586
Cash payments to acquire or construct fixed assets, intangible assets and other long-term assets		62,361,690	123,685,365
Cash payments to acquire investments		574,953,900	850,000,000
Other cash payments relating to investing activities		210,000,000	210,000,000
Sub-total of cash outflows from investing activities		847,315,590	1,183,685,365
Net Cash Flow used in Investing Activities		-142,596,444	181,688,221
III. Cash Flows from Financing Activities:			
Cash receipts from borrowings		2,160,000,000	10,000,000
Cash receipts from issue of bonds		1,397,532,000	1,196,100,000
Sub-total of cash inflows from financing activities		3,557,532,000	1,206,100,000
Cash repayments of borrowings		4,800,270,586	820,751,571
Cash payments for distribution of dividends or profits or settlement of interest expenses		129,393,614	1,976,745,990
Other cash payments relating to financing activities		893,581	5,934,486
Sub-total of cash outflows from financing activities		4,930,557,781	2,803,432,047
Net Cash Flow from Financing Activities		-1,373,025,781	-1,597,332,047
IV. Effect of Foreign Exchange Rate Changes on Cash and Cash Equivalents			
		–	–
V. Net Increase (decrease) in Cash and Cash Equivalents			
Add: Opening balance of Cash and Cash Equivalents		-67,757,513	21,135,379
		238,658,010	220,826,123
VI. Closing Balance of Cash and Cash Equivalents			
		170,900,497	241,961,502

The accompanying notes form part of the financial statements.

Legal Representative:
Mr. Qian Yong Xiang

Person in Charge of the Accounting Body:
Mr. Ren Zhuo Hua

Chief Accountant:
Ms. Yu Lan Ying

FINANCIAL REPORT

Consolidated Statement of Changes in Shareholders' Equity
For the half year ended 30 June 2015

Unit: RMB

Item	Amount for the current period											Total shareholders' equity	
	Attributable to owners of the Company										Minority interest		
	Share capital	Preferred shares	Perpetual debts	Other equity instruments	Capital reserve	Treasury shares	Less: Other comprehensive income	Special reserve	Surplus reserve	General Risk Provision			Retained profits
I. Closing balance as at 31 December 2014 (before the restatement)	5,037,747,500	-	-	-	7,461,967,841	-	188,889,048	-	2,927,046,693	-	4,712,690,449	386,309,342	20,936,647,873
Add: Changes in accounting policies	-	-	-	-	-	-	-	-	-	-	-	-	-
Corrections of last period errors	-	-	-	-	-	-	-	-	-	-	-	-	-
Effect of business combinations involving enterprises under common control	-	-	-	-	4,029,394,500	-	-	-	-	-	3,361,752,969	95,293,361	762,924,882
Others	-	-	-	-	-	-	-	-	-	-	-	-	-
II. Opening balance as at 1 January 2015 (after the restatement)	5,037,747,500	-	-	-	11,511,362,341	-	188,889,048	-	2,927,046,693	-	1,350,937,480	683,602,703	21,699,592,765
III. Changes for the period	-	-	-	-	-	-	-24,385,302	-	-	-	1,726,698,765	45,135,227	1,747,449,090
(I) Total comprehensive income	-	-	-	-	-	-	-24,385,302	-	-	-	1,726,698,765	45,135,227	1,747,449,090
(II) Owners' contributions and reduction in capital	-	-	-	-	-1,064,700,001	-	-	-	-	-	-	-18,180,000	-1,082,880,001
1. Capital contribution from owners	-	-	-	-	-1,064,700,001	-	-	-	-	-	-	81,120,000	81,120,000
2. Capital contribution from other equity instrument holders	-	-	-	-	-	-	-	-	-	-	-	-	-
3. Share-based payment recognised in owners' equity	-	-	-	-	-	-	-	-	-	-	-	-	-
4. Others	-	-	-	-	-1,064,700,001	-	-	-	-	-	-	-99,300,000	-1,164,000,001
(III) Profit distribution	-	-	-	-	-	-	-	-	-	-1,914,344,050	-	-79,250,395	-1,993,594,445
1. Transfer to surplus reserve	-	-	-	-	-	-	-	-	-	-	-	-	-
2. General Risk Provision	-	-	-	-	-	-	-	-	-	-	-	-	-
3. Distributions to shareholders	-	-	-	-	-	-	-	-	-	-1,914,344,050	-	-79,250,395	-1,993,594,445
4. Others	-	-	-	-	-	-	-	-	-	-	-	-	-
(IV) Transfers within owners' equity	-	-	-	-	-	-	-	-	-	-	-	-	-
1. Capitalization of capital reserve	-	-	-	-	-	-	-	-	-	-	-	-	-
2. Capitalization of surplus reserve	-	-	-	-	-	-	-	-	-	-	-	-	-
3. Loss offset by surplus reserve	-	-	-	-	-	-	-	-	-	-	-	-	-
4. Others	-	-	-	-	-	-	-	-	-	-	-	-	-
(V) Special reserve	-	-	-	-	-	-	-	-	-	-	-	-	-
1. Provision of special reserve in the period	-	-	-	-	-	-	-	-	-	-	-	-	-
2. Amount utilised in the period	-	-	-	-	-	-	-	-	-	-	-	-	-
(VI) Others	-	-	-	-	-	-	-	-	-	-	-	-	-
IV. Closing balance as at 30 June 2015	5,037,747,500	-	-	-	10,446,662,340	-	164,503,146	-	2,927,046,693	-	1,163,293,195	631,307,535	20,370,557,409

FINANCIAL REPORT

Consolidated Statement of Changes in Shareholders' Equity (continued)

For the half year ended 30 June 2015

Item	Amount for the last period (restated)											Total shareholders' equity	
	Attributable to owners of the Company										Minority interests		
	Share capital	Preferred shares	Perpetual debts	Others	Capital reserve	Treasury shares	Other comprehensive income	Special reserve	Surplus reserve	General Risk Provision			Retained profits
<i>Unit: RMB</i>													
I. Closing balance as at 31 December 2013 (before the restatement)	5,037,747,500	-	-	-	7,483,354,188	-	95,653,321	-	2,833,290,081	-	4,146,025,799	501,743,850	20,086,227,739
Add: Changes in accounting policies	-	-	-	-	-	-	-	-	-	-	-	-	-
Corrections of prior period errors	-	-	-	-	-	-	-	-	-	-	-	-	-
Effect of business combinations involving enterprises under common control	-	-	-	-	4,029,394,500	-	-	-	-	-	-3,014,906,488	99,416,698	1,113,904,710
Others	-	-	-	-	-	-	-	-	-	-	-	-	-
II. Opening balance as at 1 January 2014 (after the restatement)	5,037,747,500	-	-	-	11,512,948,688	-	95,653,321	-	2,833,290,081	-	1,131,119,311	601,160,548	21,212,132,449
III. Changes for the period	-	-	-	-	-	-	-	-	-	-	-	-	-
(I) Total comprehensive income	-	-	-	-	-	-	-27,769,719	-	-	-	1,181,186,740	42,561,713	1,195,978,734
(II) Owners' contributions and reduction in capital	-	-	-	-	-	-	-	-	-	-	-	-	-
1. Capital contribution from owners	-	-	-	-	-	-	-	-	-	-	-	-	-
2. Capital contribution from other equity instrument holders	-	-	-	-	-	-	-	-	-	-	-	-	-
3. Share-based payment recognised in owners' equity	-	-	-	-	-	-	-	-	-	-	-	-	-
4. Others	-	-	-	-	-	-	-	-	-	-	-	-	-
(III) Profit distribution	-	-	-	-	-	-	-	-	-	-	-1,914,344,050	-45,958,329	-1,960,313,379
1. Transfer to surplus reserve	-	-	-	-	-	-	-	-	-	-	-	-	-
2. General Risk Provision	-	-	-	-	-	-	-	-	-	-	-	-	-
3. Distributions to shareholders	-	-	-	-	-	-	-	-	-	-	-	-	-
4. Others	-	-	-	-	-	-	-	-	-	-	-	-	-
(IV) Transfers within owners' equity	-	-	-	-	-	-	-	-	-	-	-	-	-
1. Capitalization of capital reserve	-	-	-	-	-	-	-	-	-	-	-	-	-
2. Capitalization of surplus reserve	-	-	-	-	-	-	-	-	-	-	-	-	-
3. Loss offset by surplus reserve	-	-	-	-	-	-	-	-	-	-	-	-	-
4. Others	-	-	-	-	-	-	-	-	-	-	-	-	-
(V) Special reserve	-	-	-	-	-	-	-	-	-	-	-	-	-
1. Provision of special reserve in the period	-	-	-	-	-	-	-	-	-	-	-	-	-
2. Amount utilised in the period	-	-	-	-	-	-	-	-	-	-	-	-	-
(VI) Others	-	-	-	-	-	-	-	-	-	-	-	-	-
IV. Closing balance as at 30 June 2014	5,037,747,500	-	-	-	11,512,948,688	-	68,083,602	-	2,833,290,081	-	397,962,001	597,752,932	20,447,797,804

Legal Representative:
Mr. Qian Yong Xiang

Person in Charge of the Accounting Body:
Mr. Ren Zhuo Hua

Chief Accountant:
Ms. Yu Lan Ying

FINANCIAL REPORT

Statement of Changes in shareholders' equity of the Company
For the half year ended 30 June 2015

Unit: RMB

Item	Amount for the current period										Total shareholders' equity	
	Share capital	Preferred shares	Perpetual debits	Others	Capital reserve	Treasury shares	Other comprehensive income	Special reserve	Surplus reserve	General Risk Provision		Retained profits
I. Closing balance as at 31 December 2014 (before the restatement)	5,037,747,500	-	-	-	7,482,392,651	-	170,463,816	-	2,518,873,750	-	4,116,824,256	19,326,861,973
Add: Changes in accounting policies	-	-	-	-	-	-	-	-	-	-	-	-
Correctors of prior period errors	-	-	-	-	-	-	-	-	-	-	-	-
Effect of business combinations involving enterprises under common control	-	-	-	-	-	-	-	-	-	-	-	-
Others	-	-	-	-	-	-	-	-	-	-	-	-
II. Opening balance as at 1 January 2015	5,037,747,500	-	-	-	7,482,392,651	-	170,463,816	-	2,518,873,750	-	4,116,824,256	19,326,861,973
III. Changes for the period												
(I) Total comprehensive income	-	-	-	-	-	-	-24,985,902	-	-	-	1,710,369,873	1,685,383,971
(II) Owners' contributions and reduction in capital	-	-	-	-	-	-	-	-	-	-	-	-
1. Capital contribution from owners	-	-	-	-	-	-	-	-	-	-	-	-
2. Capital contribution from other equity instrument holders	-	-	-	-	-	-	-	-	-	-	-	-
3. Share-based payment recognised in owners' equity	-	-	-	-	-	-	-	-	-	-	-	-
4. Others	-	-	-	-	-	-	-	-	-	-	-	-
(III) Profit distribution	-	-	-	-	-	-	-	-	-	-	-	-
1. Transfer to surplus reserve	-	-	-	-	-	-	-	-	-	-	-	-
2. General Risk Provision	-	-	-	-	-	-	-	-	-	-	-	-
3. Distributions to shareholders	-	-	-	-	-	-	-	-	-	-	-	-
4. Others	-	-	-	-	-	-	-	-	-	-	-	-
(IV) Transfers within owners' equity	-	-	-	-	-	-	-	-	-	-	-	-
1. Capitalization of capital reserve	-	-	-	-	-	-	-	-	-	-	-	-
2. Capitalization of surplus reserve	-	-	-	-	-	-	-	-	-	-	-	-
3. Loss offset by surplus reserve	-	-	-	-	-	-	-	-	-	-	-	-
4. Others	-	-	-	-	-	-	-	-	-	-	-	-
(V) Special reserve	-	-	-	-	-	-	-	-	-	-	-	-
1. Provision of special reserve in the period	-	-	-	-	-	-	-	-	-	-	-	-
2. Amount utilised in the period	-	-	-	-	-	-	-	-	-	-	-	-
(VI) Others	-	-	-	-	-	-	-	-	-	-	-	-
IV. Closing balance as at 30 June 2015	5,037,747,500	-	-	-	7,029,103,032	-	146,077,914	-	2,518,873,750	-	3,912,850,079	18,644,652,275

FINANCIAL REPORT

Statement of Changes in shareholders' equity of the Company (continued)
 For the half year ended 30 June 2015

Unit: RMB

Item	Amount for the current period										Total shareholders' equity		
	Share capital	Preferred shares	Perpetual debits	Others	Capital reserve	Treasury shares	Other comprehensive income	Special reserve	Surplus reserve	Risk Provision		General profits	Retained profits
I. Closing balance as at 31 December 2013	5,037,747,500	-	-	-	7,484,538,998	-	77,433,089	-	2,470,793,441	-	-	3,588,613,312	18,659,126,340
Add: Changes in accounting policies	-	-	-	-	-	-	-	-	-	-	-	-	-
Corrections of prior period errors	-	-	-	-	-	-	-	-	-	-	-	-	-
Effect of business combinations involving enterprises under common control	-	-	-	-	-	-	-	-	-	-	-	-	-
Others	-	-	-	-	-	-	-	-	-	-	-	-	-
II. Opening balance as at 1 January 2014	5,037,747,500	-	-	-	7,484,538,998	-	77,433,089	-	2,470,793,441	-	-	3,588,613,312	18,659,126,340
III. Changes for the period													
(I) Total comprehensive income	-	-	-	-	-	-	-27,763,719	-	-	-	-	1,392,914,947	1,365,146,228
(II) Owners' contributions and reduction in capital	-	-	-	-	-	-	-	-	-	-	-	-	-
1. Capital contribution from owners	-	-	-	-	-	-	-	-	-	-	-	-	-
2. Capital contribution from other equity instrument holders	-	-	-	-	-	-	-	-	-	-	-	-	-
3. Share-based payment recognised in owners' equity	-	-	-	-	-	-	-	-	-	-	-	-	-
4. Others	-	-	-	-	-	-	-	-	-	-	-	-	-
(III) Profit distribution	-	-	-	-	-	-	-	-	-	-	-	-1,914,344,060	-1,914,344,060
1. Transfer to surplus reserve	-	-	-	-	-	-	-	-	-	-	-	-	-
2. General Risk Provision	-	-	-	-	-	-	-	-	-	-	-	-	-
3. Distributions to shareholders	-	-	-	-	-	-	-	-	-	-	-	-1,914,344,060	-1,914,344,060
4. Others	-	-	-	-	-	-	-	-	-	-	-	-	-
(IV) Transfers within owners' equity	-	-	-	-	-	-	-	-	-	-	-	-	-
1. Capitalization of capital reserve	-	-	-	-	-	-	-	-	-	-	-	-	-
2. Capitalization of surplus reserve	-	-	-	-	-	-	-	-	-	-	-	-	-
3. Loss offset by surplus reserve	-	-	-	-	-	-	-	-	-	-	-	-	-
4. Others	-	-	-	-	-	-	-	-	-	-	-	-	-
(V) Special reserve	-	-	-	-	-	-	-	-	-	-	-	-	-
1. Provision of special reserve in the period	-	-	-	-	-	-	-	-	-	-	-	-	-
2. Amount utilised in the period	-	-	-	-	-	-	-	-	-	-	-	-	-
(VI) Others	-	-	-	-	-	-	-	-	-	-	-	-	-
IV. Closing balance as at 30 June 2014	5,037,747,500	-	-	-	7,484,538,998	-	49,669,370	-	2,470,793,441	-	-	3,067,184,209	18,109,927,518

Legal Representative:
Mr. Qian Yong Xiang

Person in Charge of the Accounting Body:
Mr. Ren Zhuo Hua

Chief Accountant:
Ms. Yu Lan Ying

NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 30 JUNE 2015

I. BASIC INFORMATION ABOUT THE COMPANY

Jiangsu Expressway Co., Ltd. (the “Company”) is a joint-stock limited company incorporated in Nanjing, Jiangsu province on 1 August 1992, with headquarter located in Nanjing. The principal activities of the Company and its subsidiaries (collectively referred it as the “Group”) mainly include: construction, operation and management of the Jiangsu section of Shanghai-Nanjing Expressway (the “Shanghai-Nanjing Expressway”), the Jiangsu section of the G312, Nanjing-Lianyungang Class 1 Highway – Nanjing Section (“Nanjing-Lianyungang Highway”) and other toll roads in Jiangsu Province PRC, and the provision of passenger transport services and other supporting services along the toll roads.

The Company issued 1,222,000,000 shares on the Stock Exchange of Hong Kong Limited (“H shares”) and 150,000,000 shares on the Shanghai Stock Exchange (“A shares”) with par value of RMB1 in June 1997 and December 2000 respectively.

Subsidiaries consolidated in the financial statements are listed in Note VIII “Equity in other entities”. Details of the change in the scope of consolidated financial statements this year please refer to Note VII “Changes of Consolidated Financial Statement Scope”.

The parent company and ultimate shareholder of the Company is Jiangsu Communications Holding Company Limited (the “Communications Holding”).

The company and the consolidated financial are approved by the Board of Directors on 28 August 2015.

II. BASIS OF PREPARATION OF FINANCIAL STATEMENTS

Basis of preparation

The Group has adopted the Accounting Standards for Business Enterprises (“ASBE”) issued by the Ministry of Finance (“MOF”) (including the new and revised ASBE that has been issued in 2014) and related rules. The Group has disclosed relevant financial information in accordance with Information Disclosure and Presentation Rules for Companies Offering Securities to the Public No. 15 – General Provisions on Financial Reporting (Revised in 2014). In addition, the Group also disclosed relevant disclosure in accordance with the disclosure requirements of the Hong Kong Companies Ordinance and the Listing Rules of the Stock Exchange of Hong Kong Limited.

Basis of accounting and principle of measurement

The Group has adopted the accrual basis of accounting. Except for certain financial instruments which are measured at fair value, the Group adopts the historical cost as the principle of measurement in the financial statements. Where assets are impaired, provisions for asset impairment are made in accordance with relevant requirements.

Where the historical cost is adopted as the measurement basis, assets are recorded at the amount of cash or cash equivalents paid or the fair value of the consideration given to acquire them at the time of their acquisition. Liabilities are recorded at the amount of proceeds or assets received or the contractual amounts for assuming the present obligation, or, at the amounts of cash or cash equivalents expected to be paid to settle the liabilities in the normal course of business.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using valuation technique. Fair value measurement and disclosure in the financial statements are determined according to the above basis.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 30 JUNE 2015

II. BASIS OF PREPARATION OF FINANCIAL STATEMENTS *(continued)*

Basis of accounting and principle of measurement *(continued)*

Fair value measurements are categorized into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are unadjusted quoted prices in active markets for identical assets or liabilities that the entity can access at the measurement date.
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly.
- Level 3 inputs are unobservable inputs for the asset or liability.

Going concern

As at 30 Jun 2015, the Group had total current liabilities in excess of total current assets of RMB5,930,024,831. As at 30 Jun 2015, the Group has available unutilized bank loan facilities of approximately RMB5,820,000,000 and authorized but not issued bonds of approximately RMB4,800,000,000 related to private placement note, short-term bonds, super short-term bonds. The Group's management believes the facilities above are to provide all necessary financial support to the Group in the foreseeable future so as to maintain the Group's ability to continue as a going concern, the financial statements have been prepared on a going concern basis.

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

The Group are principally engaged in toll road operation. The Group determines the specific accounting policies according to the toll road industry characteristics, shown mainly on the bad debt provision for receivables, depreciation for fixed assets, amortization for toll road operation rights and recognition timing of revenue. Refer to Note III 10, 14, 17 and 21 for detail specific accounting policies. For description of significant accounting judgments, estimation and assumption made by management, see Note IV.

1. Statement of compliance with the ASBE

The financial statements of the Company have been prepared in accordance with ASBE, and present truly and completely, the Company's and consolidated financial position as of 30 June 2015, and the Company's and consolidated results of operations and cash flows for the period then ended.

2. Accounting period

The Group has adopted the calendar year as its accounting year, i.e. from 1 January to 31 December.

3. Business Cycle

Except for the real estate industry, the Group's business cycle is short, the determining criterion of asset-liability liquidity is 12 months. The real estate industry business cycle is from real estate development to sales realization, generally in more than 12 months, the specific period is determined according to the development conditions of the project, and its criterion of asset-liability liquidity is based on the business cycle.

4. Functional currency

Renminbi ("RMB") is the currency of the primary economic environment in which the Company and its subsidiaries operate. Therefore, the Company and its subsidiaries choose RMB as their functional currency. The Group adopts RMB to prepare its financial statements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 30 JUNE 2015

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(continued)*

5. The accounting treatment of business combinations involving enterprises under common control and business combinations not involving enterprises under common control

Business combinations are classified into business combinations involving enterprises under common control and business combinations not involving enterprises under common control.

5.1. *Business combinations involving enterprises under common control*

A business combination involving enterprises under common control is a business combination in which all of the combining enterprises are ultimately controlled by the same party or parties both before and after the combination, and that control is not transitory.

Assets and liabilities obtained shall be measured at their respective carrying amounts as recorded by the combining entities at the date of the combination. The difference between the carrying amount of the net assets obtained and the carrying amount of the consideration paid for the combination is adjusted to the share premium in capital reserve. If the share premium is not sufficient to absorb the difference, any excess shall be adjusted against retained earnings.

Costs that are directly attributable to the combination are charged to profit or loss in the period in which they are incurred.

5.2. *Business combinations not involving enterprises under common control and goodwill*

A business combination not involving enterprises under common control is a business combination in which all of the combining enterprises are not ultimately controlled by the same party or parties before and after the combination.

The cost of combination is the aggregate of the fair values, at the acquisition date, of the assets given, liabilities incurred or assumed, and equity securities issued by the acquirer in exchange for control of the acquiree. The intermediary expenses incurred by the acquirer in respect of auditing, legal services, valuation and consultancy services, etc. and other associated administrative expenses attributable to the business combination are recognized in profit or loss when they are incurred.

The acquiree's identifiable assets, liabilities and contingent liabilities, acquired by the acquirer in a business combination, that meet the recognition criteria shall be measured at fair value at the acquisition date.

Where the cost of combination exceeds the acquirer's interest in the fair value of the acquiree's identifiable net assets, the difference is treated as an asset and recognized as goodwill, which is measured at cost on initial recognition. Where the cost of combination is less than the acquirer's interest in the fair value of the acquiree's identifiable net assets, the acquirer firstly reassesses the measurement of the fair values of the acquiree's identifiable assets, liabilities and contingent liabilities and measurement of the cost of combination. If after that reassessment, the cost of combination is still less than the acquirer's interest in the fair value of the acquiree's identifiable net assets, the acquirer recognizes the remaining difference immediately in profit or loss for the current period.

Goodwill arising on a business combination is measured at cost less accumulated impairment losses, and is presented separately in the consolidated financial statements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 30 JUNE 2015

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(continued)*

6. Preparation of consolidated financial statements

The scope of consolidation in the consolidated financial statements is determined on the basis of control. Control exists when the investor has power over the investee; is exposed, or has rights, to variable returns from its involvement with the investee; and has the ability to use its power over the investee to affect its returns. The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes of the above elements of the definition of control.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary.

For a subsidiary disposed of by the Group, the operating results and cash flows before the date of disposal (the date when control is lost) are included in the consolidated income statement and consolidated statement of cash flows, as appropriate.

For a subsidiary acquired through a business combination not involving enterprises under common control, the operating results and cash flows from the acquisition date (the date when control is obtained) are included in the consolidated income statement and consolidated statement of cash flows, as appropriate.

No matter when the business combination occurs in the Reporting Period, subsidiaries acquired through a business combination involving enterprises under common control or the party being absorbed under merger by absorption are included in the Group's scope of consolidation as if they had been included in the scope of consolidation from the date when they first came under the common control of the ultimate controlling party. Their operating results and cash flows from the beginning of the earliest Reporting Period or from the date when they first came under the common control of the ultimate controlling party are included in the consolidated income statement and consolidated statement of cash flows, as appropriate.

The significant accounting policies and accounting periods adopted by the subsidiaries are determined based on the uniform accounting policies and accounting periods set out by the Company. The effects of all intra-group transactions are eliminated on consolidation.

The portion of subsidiaries' equity that is not attributable to the Company is treated as minority interests and presented as "minority interests" in the consolidated balance sheet within shareholders' equity. The portion of net profits or losses of subsidiaries for the period attributable to minority interests is presented as "minority interests" in the consolidated income statement below the "net profit" line item.

When the amount of loss for the period attributable to the minority shareholders of a subsidiary exceeds the minority shareholders' portion of the opening balance of owners' equity of the subsidiary, the excess amount are still allocated against minority interests.

Acquisition of minority interests or disposal of interest in a subsidiary that does not result in the loss of control over the subsidiary is accounted for as equity transactions. The carrying amounts of the Company's interests and minority interests are adjusted to reflect the changes in their relative interests in the subsidiary. The difference between the amount by which the minority interests are adjusted and the fair value of the consideration paid or received is adjusted to capital reserve under owners' equity. If the capital reserve is not sufficient to absorb the difference, the excess are adjusted against retained earnings.

When the Group loses control over a subsidiary due to disposal of certain equity interest or other reasons, any retained interest is re-measured at its fair value at the date when control is lost. The difference between (i) the aggregate of the consideration received on disposal and the fair value of any retained interest and (ii) the share of the former subsidiary's net assets cumulatively calculated from the acquisition date according to the original proportion of ownership interest is recognized as investment income in the period in which control is lost, and at the same time adjusted against goodwill. Other comprehensive income associated with investment in the former subsidiary is reclassified to investment income in the period in which control is lost.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 30 JUNE 2015

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(continued)*

7. Cash and cash equivalents

Cash comprises cash on hand and deposits that can be readily withdrawn on demand. Cash equivalents are the Group's short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

8. Translation of transactions denominated in foreign currencies

A foreign currency transaction is recorded, on initial recognition, by applying the spot exchange rate on the date of the transaction.

At the balance sheet date, foreign currency monetary items are translated into RMB using the spot exchange rates at the balance sheet date. Exchange differences arising from the differences between the spot exchange rates prevailing at the balance sheet date and those on initial recognition or at the previous balance sheet date are recognized in profit or loss for the period, except that (1) exchange differences related to a specific-purpose borrowing denominated in foreign currency that qualify for capitalization are capitalized as part of the cost of the qualifying asset during the capitalization period; (2) exchange differences related to hedging instruments for the purpose of hedging against foreign currency risks are accounted for using hedge accounting; (3) exchange differences arising from available-for-sale non-monetary items (such as shares) denominated in foreign currencies and changes in the carrying amounts (other than the amortized cost) of available-for-sale monetary items are recognized as other comprehensive income.

Foreign currency non-monetary items measured at historical cost are translated to the amounts in functional currency at the spot exchange rates on the dates of the transactions and the amounts in functional currency remain unchanged. Foreign currency non-monetary items measured at fair value are re-translated at the spot exchange rate on the date the fair value is determined. Difference between the re-translated functional currency amount and the original functional currency amount is treated as changes in fair value (including changes of exchange rate) and is recognized in profit and loss or as other comprehensive income.

9. Financial instruments

Financial assets and financial liabilities are recognized when the Group becomes a party to the contractual provisions of the instrument. Financial assets and financial liabilities are initially measured at fair value. For financial assets and financial liabilities at fair value through profit or loss, transaction costs are immediately recognized in profit or loss. For other financial assets and financial liabilities, transaction costs are included in their initial recognized amounts.

9.1. *Effective interest method*

The effective interest method is a method of calculating the amortized cost of a financial asset or a financial liability (or a group of financial assets or financial liabilities) and of allocating the interest income or interest expense over the relevant period, using the effective interest rate. The effective interest rate is the rate that exactly discounts estimated future cash flows through the expected life of the financial asset or financial liability or, where appropriate, a shorter period to the net carrying amount of the financial asset or financial liability.

When calculating the effective interest rate, the Group estimates future cash flows considering all contractual terms of the financial asset or financial liability (without considering future credit losses), and also considers all fees paid or received between the parties to the contract giving rise to the financial asset and financial liability that are an integral part of the effective interest rate, transaction costs, and premiums or discounts, etc.

9.2. *Classification, recognition and measurement of financial assets*

On initial recognition, the Group's financial assets are classified into one of the four categories, including financial assets at fair value through profit or loss, held-to-maturity investments, loans and receivables, and available-for-sale financial assets. All regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis.

The Group has no held-to-maturity investments.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 30 JUNE 2015

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(continued)*

9. Financial instruments *(continued)*

9.2. Classification, recognition and measurement of financial assets *(continued)*

9.2.1. Financial assets at fair value through profit or loss ("FVTPL")

Financial assets at FVTPL include financial assets held for trading and those designated as at fair value through profit or loss.

A financial asset is classified as held for trading if one of the following conditions is satisfied: (i) It has been acquired principally for the purpose of selling in the near term; or (ii) On initial recognition it is part of a portfolio of identified financial instruments that the Group manages together and there is objective evidence that the Group has a recent actual pattern of short-term profit-taking; or (iii) It is a derivative that is not designated and effective as a hedging instrument, or a financial guarantee contract, or a derivative that is linked to and must be settled by delivery of an unquoted equity instrument (without a quoted price in an active market) whose fair value cannot be reliably measured.

A financial asset may be designated as at FVTPL upon initial recognition only when one of the following conditions is satisfied: (i) Such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise result from measuring assets or recognizing the gains or losses on them on different bases; or (ii) The financial asset forms part of a group of financial assets or a group of financial assets and financial liabilities, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the grouping is reported to key management personnel on that basis; (iii) it is a qualifying hybrid instrument containing embedded derivatives.

Financial assets at FVTPL are subsequently measured at fair value. Any gains or losses arising from changes in the fair value and any dividend or interest income earned on the financial assets are recognized in profit or loss.

9.2.2. Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Financial assets classified as loans and receivables by the Group include notes receivable, accounts receivable, dividends receivable, and other receivables.

Loans and receivables are subsequently measured at amortised cost using the effective interest method. Gain or loss arising from derecognition, impairment or amortisation is recognised in profit or loss.

9.2.3. Available-for-sale financial assets

Available-for-sale financial assets include non-derivative financial assets that are designated on initial recognition as available for sale, and financial assets that are not classified as financial assets at fair value through profit or loss, loans and receivables or held-to-maturity investments.

Available-for-sale financial assets are subsequently measured at fair value, and gains or losses arising from changes in the fair value are recognised as other comprehensive income, except that impairment losses and exchange differences related to amortised cost of monetary financial assets denominated in foreign currencies are recognised in profit or loss, until the financial assets are derecognised, at which time the gains or losses are released and recognised in profit or loss.

Interests obtained and the dividends declared by the investee during the period in which the available-for-sale financial assets are held, are recognised in investment gains.

For investments in equity instruments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured, and derivative financial assets that are linked to and must be settled by delivery of such unquoted equity instruments, they are measured at cost.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 30 JUNE 2015

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(continued)*

9. Financial instruments *(continued)*

9.3. Impairment of financial assets

The Group assesses at each balance sheet date the carrying amounts of financial assets other than those at fair value through profit or loss. If there is objective evidence that a financial asset is impaired, the Group determines the amount of any impairment loss. Objective evidence that a financial asset is impaired is evidence that, arising from one or more events that occurred after the initial recognition of the asset, the estimated future cash flows of the financial asset, which can be reliably measured, have been affected.

Objective evidence that a financial asset is impaired includes the following observable events:

- (1) Significant financial difficulty of the issuer or obligor;
- (2) A breach of contract by the borrower, such as a default or delinquency in interest or principal payments;
- (3) The Group, for economic or legal reasons relating to the borrower's financial difficulty, granting a concession to the borrower;
- (4) It becoming probable that the borrower will enter bankruptcy or other financial reorganisations;
- (5) The disappearance of an active market for that financial asset because of financial difficulties of the issuer;
- (6) Upon an overall assessment of a group of financial assets, observable data indicates that there is a measurable decrease in the estimated future cash flows from the group of financial assets since the initial recognition of those assets, although the decrease cannot yet be identified with the individual financial assets in the group. Such observable data includes:
 - Adverse changes in the payment status of borrower in the group of assets;
 - Economic conditions in the country or region of the borrower which may lead to a failure to pay the group of assets;
- (7) Significant adverse changes in the technological, market, economic or legal environment in which the equity instrument issuer operates, indicating that the cost of the investment in the equity instrument may not be recovered by the investor;
- (8) A significant or prolonged decline in the fair value of an investment in an equity instrument below its cost, such as the fair value of equity instrument at the balance sheet date is over 50% less than the initial investment cost (including 50%) or the period that is less than the initial investment cost lasts more than 12 months (including 12 months).
- (9) Other objective evidence indicating there is an impairment of a financial asset.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 30 JUNE 2015

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(continued)*

9. Financial instruments *(continued)*

9.3. Impairment of financial assets *(continued)*

- Impairment of financial assets measured at amortised cost

If financial assets carried at amortised cost are impaired, the carrying amounts of the financial assets are reduced to the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The amount of reduction is recognised as an impairment loss in profit or loss. If, subsequent to the recognition of an impairment loss on financial assets carried at amortised cost, there is objective evidence of a recovery in value of the financial assets which can be related objectively to an event occurring after the impairment is recognised, the previously recognised impairment loss is reversed. However, the reversal is made to the extent that the carrying amount of the financial asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

For a financial asset that is individually significant, the Group assesses the asset individually for impairment. For a financial asset that is not individually significant, the Group assesses the asset individually for impairment or includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. If the Group determines that no objective evidence of impairment exists for an individually assessed financial asset (whether significant or not), it includes the asset in a group of financial assets with similar credit risk characteristics and collectively reassesses them for impairment. Assets for which an impairment loss is individually recognised are not included in a group of financial assets with similar credit risk characteristics for collective assessment of impairment.

- Impairment of available-for-sale financial assets

When an available-for-sale financial asset is impaired, the cumulative loss arising from decline in fair value previously recognised directly in capital reserve is reclassified from the comprehensive income to profit or loss. The amount of the cumulative loss that is reclassified from capital reserve to profit or loss is the difference between the acquisition cost (net of any principal repayment and amortisation) and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss.

If, subsequent to the recognition of an impairment loss on available-for-sale financial assets, there is objective evidence of a recovery in value of the financial assets which can be related objectively to an event occurring after the impairment is recognised, the previously recognised impairment loss is reversed. The amount of reversal of impairment loss on available-for-sale equity instruments is recognised as other comprehensive income, while the amount of reversal of impairment loss on available-for-sale debt instruments is recognised in profit or loss.

- Impairment of financial assets measured at cost

If an impairment loss has been incurred on an investment in unquoted equity instrument (without a quoted price in an active market) whose fair value cannot be reliably measured, or on a derivative financial asset that is linked to and must be settled by delivery of such an unquoted equity instrument, the carrying amount of the financial asset is reduced to the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. The amount of reduction is recognized as an impairment loss in profit or loss. The impairment loss on such financial asset is not reversed once it is recognized.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 30 JUNE 2015

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(continued)*

9. Financial instruments *(continued)*

9.4. Transfer of financial assets

The Group derecognises a financial asset if one of the following conditions is satisfied: (1) the contractual rights to the cash flows from the financial asset expire; or (2) the financial asset has been transferred and substantially all the risks and rewards of ownership of the financial asset is transferred to the transferee; or (3) although the financial asset has been transferred, the Group neither transfers nor retains substantially all the risks and rewards of ownership of the financial asset but has not retained control of the financial asset.

If the Group neither transfers nor retains substantially all the risks and rewards of ownership of a financial asset, and it retains control of the financial asset, it recognises the financial asset to the extent of its continuing involvement in the transferred financial asset and recognises an associated liability. The extent of the Group's continuing involvement in the transferred asset is the extent to which it is exposed to changes in the value of the transferred asset.

For a transfer of a financial asset in its entirety that satisfies the derecognition criteria, the difference between (1) the carrying amount of the financial asset transferred; and (2) the sum of the consideration received from the transfer and any cumulative gain or loss that has been recognised in other comprehensive income, is recognised in profit or loss.

If a part of the transferred financial asset qualifies for derecognition, the carrying amount of the transferred financial asset is allocated between the part that continues to be recognized and the part that is deorganised, based on the respective fair values of those parts. The difference between (1) the carrying amount allocated to the part deorganised; and (2) the sum of the consideration received for the part deorganised and any cumulative gain or loss allocated to the part deorganised which has been previously recognized in other comprehensive income, is recognized in profit or loss.

9.5. Classification, recognition and measurement of financial liabilities

Debt and equity instruments issued by the Group are classified into financial liabilities or equity on the basis of the substance of the contractual arrangements and definitions of financial liability and equity instrument.

On initial recognition, financial liabilities are classified into financial liabilities at fair value through profit or loss and other financial liabilities. The Group's financial liabilities mainly represent other financial liabilities.

9.5.1. Other financial liabilities

For a derivative liability that is linked to and must be settled by delivery of an unquoted equity instrument (without a quoted price in an active market) whose fair value cannot be reliably measured, it is subsequently measured at cost. Other financial liabilities (excluding liabilities with financial guarantee contracts) are subsequently measured at amortized cost using the effective interest method, with gains or losses arising from derecognition or amortization recognized in profit or loss.

9.5.2. Financial guarantee contracts

A financial guarantee contract is a contract by which the guarantor and the lender agree that the guarantor would settle the debts or bear obligations in accordance with terms of the contract in case the borrower fails to settle the debts. Financial guarantee contracts that are not designated as financial liabilities at fair value through profit or loss are initially measured at their fair values less the directly attributable transaction costs. Subsequent to initial recognition, they are measured at the higher of: (i) the amount determined in accordance with Accounting Standard for Business Enterprises No. 13 – Contingencies; and (ii) the amount initially recognized less cumulative amortization recognized in accordance with the principles set out in Accounting Standard for Business Enterprises No. 14 – Revenue.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 30 JUNE 2015

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(continued)*

9. Financial instruments *(continued)*

9.6. Derecognition of financial liabilities

The Group derecognizes a financial liability (or part of it) only when the underlying present obligation (or part of it) is discharged. An agreement between the Group (an existing borrower) and an existing lender to replace the original financial liability with a new financial liability with substantially different terms is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability.

When the Group derecognizes a financial liability or a part of it, it recognizes the difference between the carrying amount of the financial liability (or part of the financial liability) derecognized and the consideration paid (including any non-cash assets transferred or new financial liabilities assumed) in profit or loss.

9.7. Offsetting financial assets and financial liabilities

When the Group has a legal right that is currently enforceable to set off the recognised financial assets and financial liabilities, and intends either to settle on a net basis, or to realise the financial asset and settle the financial liability simultaneously, financial assets and financial liabilities are offset with the net amounts presented on the balance sheet. Otherwise, financial assets and financial liabilities are separately presented on the balance sheet without offsetting.

9.8. Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. Equity instruments issued (including refinanced), repurchased, sold or cancelled by the Group are treated as changes in equity. Changes in the fair value of equity instruments are not recognised. Transaction costs related to equity transactions are deducted from equity.

The Group's distribution to holders of equity instruments are treated as a distribution of profits, payment of stock dividends does not affect total shareholders' equity.

10. Receivables

10.1. Receivables for which bad debt provision is collectively assessed on a portfolio basis

Basis or monetary criteria for determining an individually significant receivable	Accounts receivable that exceeds RMB2,500,000 or other receivable and prepayment that exceeds RMB750,000 is deemed as an individually significant receivable by the Group.
Method of determining provision for receivables that are individually significant and for which bad debt provision is individually assessed	For receivables that are individually significant, the Group assesses the receivables individually for impairment. For a financial asset that is not impaired individually, the Group includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Receivables for which an impairment loss is individually recognized are not included in a collective assessment of impairment.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 30 JUNE 2015

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(continued)*

10. Receivables *(continued)*

10.2. Receivables for which bad debt provision is collectively assessed on a portfolio basis

Bad debt provision method for the portfolio according to the credit risk characteristics (Aging analysis, percentage of receivables, other methods etc.)

Portfolio 1	Receivables from government, petty cash advanced to employees, security deposit, toll road receivables and receivables from related parties of the Company and its subsidiaries. Bad debt provision is recognized individually.
Portfolio 2	Portfolio 2 mainly includes receivables arising from operating activities other than Portfolio 1. Bad debt provision is recognized based on percentage of accounts balances.

Portfolios where percentage of receivable method is used for bad debt provision:

Name of portfolio	Provision as a proportion of accounts receivable (%)	Provision as a proportion of other receivables (%)
Portfolio 2	2	2

10.3. Receivables that are not individually significant but for which bad debt provision is individually assessed:

Reasons for making individual bad debt provision	There exists objective evidence that the Group will not be able to collect the amount under the original terms of the receivable.
Bad debt provision methods	Impairment losses are recognized based on the difference between the carrying amount and the present value of estimated future cash flows.

11. Inventories

11.1. Categories of inventories

The Group's inventories mainly include spare parts for repairs and maintenance of toll roads infrastructure, petrol for sales and real estate under development etc. Inventories are initially measured at cost. Cost of real estate under development include payments for land acquisition, costs for infrastructure, construction and installation costs, borrowing costs capitalized before project is ready for intended use, and other relevant costs during development. Cost of other inventories comprises all costs of purchase, costs of conversion and other expenditures incurred in bringing the inventories to their present location and condition.

11.2. Valuation method of inventories upon delivery

The actual cost of real estate under development is calculated using the specific identification method. Other inventories are calculated using the first-in-first-out method.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 30 JUNE 2015

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(continued)*

11. Inventories *(continued)*

11.3. *Basis for determining net realizable value of inventories and provision methods for decline in value of inventories*

At the balance sheet date, inventories are measured at the lower of cost and net realizable value. If the net realizable value is below the cost of inventories, a provision for decline in value of inventories is made. Net realizable value is the estimated selling price in the ordinary course of business less the estimated costs of completion, the estimated costs necessary to make the sale and relevant taxes. Net realizable value is determined on the basis of clear evidence obtained, and takes into consideration the purposes of holding inventories and effect of post balance sheet events.

Provision for decline in value of other inventories is made based on the excess of cost of inventory over its net realizable value on an item-by-item basis.

After the provision for decline in value of inventories is made, if the circumstances that previously caused inventories to be written down below cost no longer exist so that the net realizable value of inventories is higher than their cost, the original provision for decline in value is reversed and the reversal is included in profit or loss for the period.

11.4. *Inventory count system*

The perpetual inventory system is maintained for stock system.

12. Long-term equity investments

12.1. *Basis for determining joint control and significant influence over investee*

Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. Joint control is the contractually agreed sharing of control over an economic activity, and exists only when the strategic financial and operating policy decisions relating to the activity require the unanimous consent of the parties sharing control. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies. When determining whether an investing enterprise is able to exercise control or significant influence over an investee, the effect of potential voting rights of the investee (for example, warrants and convertible debts) held by the investing enterprises or other parties that are currently exercisable or convertible shall be considered.

12.2. *Determination of investment cost*

For a long-term equity investment acquired through a business combination involving enterprises under common control, the initial investment cost of the long-term equity investment is the attributable share of the carrying amount of the shareholders' equity of the acquiree at the date of combination in the consolidated financial statements of the ultimate controlling party. The difference between the initial investment cost and the carrying amount of cash paid, non-cash assets transferred and liabilities assumed is adjusted to capital reserve. If the balance of capital reserve is not sufficient, any excess is adjusted to retained earnings. If the consideration of the combination is satisfied by the issue of equity securities, the initial investment cost of the long-term equity investment is the attributable share of the carrying amount of the shareholders' equity of the acquiree in the consolidated financial statements of the ultimate controlling party. The aggregate face value of the shares issued is accounted for as share capital. The difference between the initial investment cost and the aggregate face value of the shares issued is adjusted to capital reserve. If the balance of capital reserve is not sufficient, any excess is adjusted to retained earnings.

For a long-term equity investment acquired through business combination not involving enterprises under common control, the initial investment cost of the long-term equity investment is the cost of acquisition at the date of combination.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 30 JUNE 2015

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(continued)*

12. Long-term equity investments *(continued)*

12.2. Determination of investment cost *(continued)*

The intermediary fees incurred by the absorbing party or acquirer such as audit, legal, valuation and consulting fees, etc. and other related administrative expenses attributable to the business combination are recognised in profit or loss when they are incurred.

The long-term equity investment acquired otherwise than through a business combination is initially measured at its cost. When the entity is able to exercise significant influence or joint control (but not control) over an investee due to additional investment, the cost of long-term equity investments is the sum of the fair value of previously-held equity investments determined in accordance with Accounting Standard for Business Enterprises No. 22 – Financial Instruments: Recognition and Measurement (CAS 22) and the additional investment cost.

12.3. Subsequent measurement and recognition of profit or loss

12.3.1. Long-term equity investment accounted for using the cost method

Long-term equity investments in subsidiaries are accounted for using the cost method in the Company's separate financial statements. A subsidiary is an investee that is controlled by the Group.

Under the cost method, a long-term equity investment is measured at initial investment cost. When additional investment is made or the investment is recouped, the cost of the long-term equity investment is adjusted accordingly. Investment income is recognised in the period in accordance with the attributable share of cash dividends or profit distributions declared by the investee.

12.3.2. Long-term equity investment accounted for using the equity method

The Group accounts for investment in associates and joint ventures using the equity method. An associate is an entity over which the Group has significant influence; a joint venture is a joint arrangement whereby the Group has rights to the net assets of the arrangement.

Under the equity method, where the initial investment cost of a long-term equity investment exceeds the Group's share of the fair value of the investee's identifiable net assets at the time of acquisition, no adjustment is made to the initial investment cost. Where the initial investment cost is less than the Group's share of the fair value of the investee's identifiable net assets at the time of acquisition, the difference is recognised in profit or loss for the period, and the cost of the long-term equity investment is adjusted accordingly.

Under the equity method, the Group recognises its share of the net profit or loss and other comprehensive income made by the investee as investment income and other comprehensive income respectively, and adjust the carrying amount of the long-term equity investment accordingly; The carrying amount of the investment is reduced by the portion of any profit distributions or cash dividends declared by the investee that is distributed to the Group; the share of the changes in owners' equity of the investee other than those arising from net profit or loss, other comprehensive income and profit distribution are recognized in the capital reserve and the carrying amount of the long-term equity investment is adjusted accordingly. The Group recognises its share of the investee's net profit or loss after making appropriate adjustments based on the fair value of the investee's individual separately identifiable assets, etc. at the acquisition date. Where the accounting policies and accounting period adopted by the investee are not consistent with those of the Group, the Group shall adjust the financial statements of the investee to conform to its own accounting policies and accounting period, and recognise investment income and other comprehensive income based on the adjusted financial statements. For the Group's transactions with its associates and joint ventures where assets contributed or sold does not constitute a business, unrealised intra-group profits or losses are recognised as investment income or loss to the extent that those attributable to the Group's proportionate share of interest are eliminated. However, unrealised losses resulting from the Group's transactions with its associates and joint ventures which represent impairment losses on the transferred assets are not eliminated.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 30 JUNE 2015

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(continued)*

12. Long-term equity investments *(continued)*

12.3. Subsequent measurement and recognition of profit or loss *(continued)*

12.3.2. Long-term equity investment accounted for using the equity method *(continued)*

The Group discontinues recognising its share of net losses of the investee after the carrying amount of the long-term equity investment together with any long-term interests that in substance form part of its net investment in the investee is reduced to zero. If the Group has incurred obligations to assume additional losses of the investee, a provision is recognised according to the expected obligation, and recorded as investment loss for the period. Where net profits are subsequently made by the investee, the Group resumes recognising its share of those profits only after its share of the profits exceeds the share of losses previously not recognised.

12.4. Disposal of long-term equity investments

On disposal of a long-term equity investment, the difference between the proceeds actually received and the carrying amount is recognised in profit or loss for the period. For long-term equity investments accounted for using the equity method, if the remaining interest after disposal is still accounted for using the equity method, other comprehensive income previously recognised for using the equity method is accounted for on the same basis as would have been required if the investee had directly disposed of related assets or liabilities, and transferred to profit or loss for the period on a pro rata basis; owners' equity recognised due to changes in other owners' equity of the investee (other than net profit or loss, other comprehensive income and profit distribution) is transferred to profit or loss for the period on a pro rata basis. For long-term equity investments accounted for using the cost method, if the remaining interest after disposal is still accounted for using the cost method, other comprehensive income previously recognised for using the equity method or in accordance with the standards for the recognition and measurement of financial instruments before obtaining the control over the investee, is accounted for on the same basis as would have been required if the investee had directly disposed of related assets or liabilities, and transferred to profit or loss for the period on a pro rata basis; changes in other owners' equity in the investee's net assets recognised under the equity method (other than net profit or loss, other comprehensive income and profit distribution) is transferred to profit or loss for the period on a pro rata basis.

13. Investment Properties

Investment property is property held to earn rentals or for capital appreciation or both. It includes building that is leased out.

An investment property is measured initially at cost. Subsequent expenditures incurred for such investment property are included in the cost of the investment property if it is probable that economic benefits associated with an investment property will flow to the Group and the subsequent expenditures can be measured reliably. Other subsequent expenditures are recognised in profit or loss in the period in which they are incurred.

The Group uses the cost model for subsequent measurement of investment property, and adopts a depreciation or amortisation policy for the investment property which is consistent with that for buildings or land use rights.

When an investment property is sold, transferred, retired or damaged, the Group recognises the amount of any proceeds on disposal net of the carrying amount and related taxes in profit or loss for the period.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 30 JUNE 2015

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(continued)*

14. Fixed assets

14.1. Recognition criteria for fixed assets

Fixed assets are tangible assets that are held for use in the production or supply of goods or services, for rental to others, or for administrative purposes, and have useful lives of more than one accounting year. A fixed asset is recognized only when it is probable that economic benefits associated with the asset will flow to the Group and the cost of the asset can be measured reliably. Fixed assets are initially measured at cost and the effect of any expected costs of abandoning the asset at the end of its use is considered.

Subsequent expenditures incurred for the fixed asset are included in the cost of the fixed asset and if it is probable that economic benefits associated with the asset will flow to the Group and the subsequent expenditures can be measured reliably. Meanwhile the carrying amount of the replaced part is derecognized. Other subsequent expenditures are recognized in profit or loss in the period in which they are incurred.

14.2. Depreciation of each category of fixed assets

A fixed asset is depreciated over its useful life using the straight-line method since the month subsequent to the one in which it is ready for intended use. The useful life, estimated net residual value rate and annual depreciation rate of each category of fixed assets are as follows:

Category	Depreciation period (years)	Residual value rate (%)	Annual depreciation rate (%)
Buildings	10–30	0	3.33–10
Safety equipment	10	3	9.7
Communication and surveillance equipment	8	3	12.1
Toll and ancillary equipment	8	3	12.1
Machine and equipment	10	3	9.7
Electronic equipment	5	3	19.4
Motor vehicles	8	3	12.1
Furniture and others	5	3	19.4

Estimated net residual value of a fixed asset is the estimated amount that the Group would currently obtain from disposal of the asset, after deducting the estimated costs of disposal, if the asset were already of the age and in the condition expected at the end of its useful life.

14.3. Other explanations

If a fixed asset is upon disposal or no future economic benefits are expected to be generated from its use or disposal, the fixed asset is derecognized. When a fixed asset is sold, transferred, retired or damaged, the amount of any proceeds on disposal of the asset net of the carrying amount and related taxes is recognized in profit or loss for the period.

The Group reviews the useful life and estimated net residual value of a fixed asset and the depreciation method applied at least once at each financial year-end, and accounts for any change as a change in an accounting estimate.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 30 JUNE 2015

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(continued)*

15. Construction in progress

Construction in progress is measured at its actual costs. The actual costs include various construction expenditures during the construction period, borrowing costs capitalised before it is ready for intended use and other relevant costs. Construction in progress is not depreciated. Construction in progress is transferred to a fixed asset when it is ready for intended use.

16. Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying asset are capitalized when expenditures for such asset and borrowing costs are incurred and activities relating to the acquisition, construction or production of the asset that are necessary to prepare the asset for its intended use or sale have commenced. Capitalization of borrowing costs ceases when the qualifying asset being acquired, constructed or produced becomes ready for its intended use or sale. If construction or production of assets qualifying capitalization is interrupted abnormally for a continuous 3-month-or-above period, the capitalization of borrowing costs should be ceased until the assets resume construction or production. Other borrowing costs are recognized as an expense in the period in which they are incurred.

Where funds are borrowed under a specific-purpose borrowing, the amount of interest to be capitalized is the actual interest expense incurred on that borrowing for the period less any bank interest earned from depositing the borrowed funds before being used on the asset or any investment income on the temporary investment of those funds. Where funds are borrowed under general-purpose borrowings, the Group determines the amount of interest to be capitalized on such borrowings by applying a capitalization rate to the weighted average of the excess of cumulative expenditures on the asset over the amounts of specific-purpose borrowings. The capitalization rate is the weighted average of the interest rates applicable to the general-purpose borrowings. During the capitalisation period, exchange differences related to a specific-purpose borrowing denominated in foreign currency are all capitalised. Exchange differences in connection with general-purpose borrowings are recognised in profit or loss in the period in which they are incurred.

17. Intangible assets

Intangible assets include land use rights, toll road operation rights and software etc.

An intangible asset is measured initially at cost. When an intangible asset with a finite useful life is available for use, its original cost less net residual value and any accumulated impairment losses is amortised over its estimated useful life using the straight-line method. If the Group has right to charge users of the public service in certain period but the amounts is not determined when relevant infrastructure completed, the Group measures the intangible asset initially at fair value of received or receivable consideration. The intangible asset is amortized using traffic volume method by using the ratio of traffic volume between certain period and whole operation period. When there is significant difference between actual and estimated traffic volume, the Group will re-evaluate the total traffic volume and calculate the amortization amount. An intangible asset with an indefinite useful life is not amortized. The amortization method, years of useful life and net residual value are as follows:

Category	Amortization method	Useful life (year)	Net residual value (%)
Land use rights	Straight-line method	22–30	0
Toll road operation rights	Traffic volume method	25–35	0
Software	Straight-line method	5	0

For an intangible asset with a finite useful life, the Group reviews the useful life and amortization method at the end of the period, and makes adjustments when necessary.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 30 JUNE 2015

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(continued)*

18. Long-term assets impairment

The Group assesses at each balance sheet date whether there is any indication that the long-term equity investment, investment property measured at cost method, fixed assets, construction in progress and intangible assets with a finite useful life may be impaired. If there is any indication that such assets may be impaired, recoverable amounts are estimated for such assets. Intangible assets with indefinite useful life and intangible assets not yet available for use are tested for impairment annually, irrespective of whether there is any indication that the assets may be impaired.

Recoverable amount is estimated on individual basis. If it is not practical to estimate the recoverable amount of an individual asset, the recoverable amount of the asset group to which the asset belongs will be estimated. The recoverable amount of an asset or asset group is the higher of its fair value less costs of disposal and the present value of the future cash flows expected to be derived from the asset or asset group.

If such recoverable amount is less than its carrying amount, a provision for impairment losses in respect of the deficit is recognised in profit or loss for the period.

Goodwill should be tested for impairment at least at the end of each year. For the purpose of impairment testing, goodwill is considered together with the related assets group(s), i.e., goodwill is reasonably allocated to the related assets group(s) or each of assets group(s) expected to benefit from the synergies of the combination. An impairment loss is recognized if the recoverable amount of the assets group or sets of assets groups (including goodwill) is less than its carrying amount. The impairment loss is firstly allocated to reduce the carrying amount of any goodwill allocated to such assets group or sets of assets groups, and then to the other assets of the group pro-rata on the basis of the carrying amount of each asset (other than goodwill) in the group.

Once the impairment loss of such assets is recognized, it is not be reversed in any subsequent period.

19. Long-term prepaid expenses

Long-term prepaid expenses represent expenses incurred that should be borne and amortised over the current and subsequent periods (together of more than one year). Long-term prepaid expenses are amortised using the straight-line method over the expected periods in which benefits are derived.

20. Employee benefits

20.1. Accounting method for short-term employee benefits

Actually occurred short-term employee benefits are recognized as liabilities, with a corresponding charge to the profit or loss for the period or in the costs of relevant assets in the accounting period in which employees provide services to the Group. Staff welfare expenses incurred by the Group are recognized in profit or loss for the period or the costs of relevant assets based on the actually occurred amounts when it actually occurred. Non-monetary staff welfare expenses are measured at fair value.

Payment made by the Group of social security contributions for employees such as premiums or contributions on medical insurance, work injury insurance and maternity insurance, etc. and payments of housing funds, as well as union running costs and employee education costs provided in accordance with relevant requirements, are calculated according to prescribed bases and percentages in determining the amount of employee benefits and recognized as relevant liabilities, with a corresponding charge to the profit or loss for the period or the costs of relevant assets in the accounting period in which employees provide services.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 30 JUNE 2015

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(continued)*

20. Employee benefits *(continued)*

20.2. Accounting method for post-employment benefits

Post-employment benefits are all defined contribution.

The contribution payable to the defined contribution plan is recognized as liabilities, with a corresponding charge to the profit or loss for the period or in the costs of relevant assets in the accounting period in which employees provide services to the Group.

20.3. Accounting method for termination benefits

When the Group provides termination benefits to employees, employee benefit liabilities are recognized for termination benefits, with a corresponding charge to the profit or loss for the period at the earlier of: (1) when the Group cannot unilaterally withdraw the offer of termination benefits because of the termination plan or a curtailment proposal; and (2) when the Group recognizes costs or expenses related to restructuring that involves the payment of termination benefits.

21. Revenue

21.1. Toll revenue

Toll revenue, the income from operation of toll roads, is recognized on a receipt basis.

21.2. Revenue from rendering of services

Revenue from rendering of services of the Group include: ancillary services and emergency assistance, advertising income etc. The revenue from rendering of services is recognized when services are rendered, the amount of revenue can be measured reliably, and it is probable that the associated economic benefits will flow to the Group.

21.3. Revenue from sale of goods

Revenue from sale of goods is recognized when (i) the Group has transferred to the buyer the significant risks and rewards of ownership of the goods; (ii) the Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold; (iii) the amount of revenue can be measured reliably; (iv) it is probable that the associated economic benefits will flow to the Group; and (v) the associated costs incurred or to be incurred can be measured reliably.

21.4. Revenue from sales of properties

Revenue from sales of properties is recognized when the relevant procedures of properties are completed and the properties are transferred to buyer of real estate. Amount received of pre-sales of properties are recorded in the accounts of receipts in advance.

21.5. Interest income

Interest income is accrued on a time basis, by reference to the effective interest rate applicable.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 30 JUNE 2015

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(continued)*

22. Government grants

Government grants are transfer of monetary assets and non-monetary assets from the government to the Group at no consideration. Government grants are classified as grants related to assets and grants related to income, according to the grant objects which have been clearly defined in the government documents.

A government grant is recognized only when the Group can comply with the conditions attaching to the grant and the Group will receive the grant. If a government grant is in the form of a transfer of a monetary asset, it is measured at the amount received or receivable.

22.1. *Basis of judgment and accounting methods for assets-related government grant*

The Groups' government grant includes grants received aimed to create long-term asset by constructing or other methods. This grant is classified as assets-related government grant.

A government grant related to an asset is recognized as deferred income, and evenly amortized to profit or loss over the useful life of the related asset.

22.2. *Basis of judgment and accounting methods for income-related government grant*

The Groups' government grant includes subsidies for environment protection and research funding. This grant is classified as income-related government grant.

For a government grant related to income, if the grant is a compensation for related expenses or losses to be incurred in subsequent periods, it is recognized as deferred income, and recognized in profit or loss over the periods in which the related costs are recognized. If the grant is a compensation for related expenses or losses already incurred, it is recognized immediately in profit or loss for the period.

23. Deferred tax assets/deferred tax liabilities

The income tax expenses include current income tax and deferred income tax.

23.1. *Current income tax*

At the balance sheet date, current income tax liabilities (or assets) for the current and prior periods are measured at the amount expected to be paid (or recovered) according to the requirements of tax laws.

23.2. *Deferred tax assets and deferred tax liabilities*

For temporary differences between the carrying amounts of certain assets or liabilities and their tax base, or between the nil carrying amount of those items that are not recognized as assets or liabilities and their tax base that can be determined according to tax laws, deferred tax assets and liabilities are recognized using the balance sheet liability method.

Deferred tax is generally recognized for all temporary differences. Deferred tax assets for deductible temporary differences are recognized to the extent that it is probable that taxable profits will be available against which the deductible temporary differences can be utilized. However, for temporary differences associated with the initial recognition of goodwill and the initial recognition of an asset or liability arising from a transaction (not a business combination) that affects neither the accounting profit nor taxable profits (or deductible losses) at the time of transaction, no deferred tax asset or liability is recognized.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 30 JUNE 2015

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(continued)*

23. Deferred tax assets/deferred tax liabilities *(continued)*

23.2. *Deferred tax assets and deferred tax liabilities (continued)*

For deductible losses and tax credits that can be carried forward, deferred tax assets are recognized to the extent that it is probable that future taxable profits will be available against which the deductible losses and tax credits can be utilized.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries and associates, and interests in joint ventures, except where the Group is able to control the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

At the balance sheet date, deferred tax assets and liabilities are measured at the tax rates, according to tax laws, that are expected to apply in the period in which the asset is realised or the liability is settled.

Current and deferred tax expenses or income are recognised in profit or loss for the period, except when they arise from transactions or events that are directly recognised in other comprehensive income or in shareholders' equity, in which case they are recognised in other comprehensive income or in shareholders' equity; and when they arise from business combinations, in which case they adjust the carrying amount of goodwill.

At the balance sheet date, the carrying amount of deferred tax assets is reviewed and reduced if it is no longer probable that sufficient taxable profits will be available in the future to allow the benefit of deferred tax assets to be utilised. Such reduction in amount is reversed when it becomes probable that sufficient taxable profits will be available.

23.3. *Offsetting of income taxes*

When the Group has a legal right to settle on a net basis and intends either to settle on a net basis or to realise the assets and settle the liabilities simultaneously, current tax assets and current tax liabilities are offset and presented on a net basis.

When the Group has a legal right to settle current tax assets and liabilities on a net basis, and deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax assets and liabilities on a net basis or to realise the assets and liabilities simultaneously, in each future period in which significant amounts of deferred tax assets or liabilities are expected to be reversed, deferred tax assets and deferred tax liabilities are offset and presented on a net basis.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 30 JUNE 2015

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(continued)*

24. Operating leases and finance leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

24.1. Accounting treatment on operating leases

24.1.1. The Group as lessee under operating leases

Operating lease payments are recognized on a straight-line basis over the term of the relevant lease, and are either included in the cost of related asset or charged to profit or loss for the period. Initial direct costs incurred are charged to profit or loss for the period. Contingent rents are charged to profit or loss in the period in which they are actually incurred.

24.1.2. The Group as lessor under operating leases

Rental income from operating leases is recognized in profit or loss on a straight-line basis over the term of the relevant lease. Initial direct costs with more than an insignificant amount are capitalized when incurred, and are recognized in profit or loss on the same basis as rental income over the lease term. Other initial direct costs with an insignificant amount are charged to profit or loss in the period in which they are incurred. Contingent rents are charged to profit or loss in the period in which they actually arise.

IV. CRITICAL JUDGMENTS IN APPLYING ACCOUNTING POLICIES AND KEY ASSUMPTIONS AND UNCERTAINTIES IN ACCOUNTING ESTIMATES

In the application of the Group's accounting policies, which are described in Note III, the Group is required to make judgments, estimates and assumptions about the carrying amounts of items in the financial statements that cannot be measured accurately, due to the internal uncertainty of the operating activities. These judgments, estimates and assumptions are based on historical experiences of the Group's management as well as other factors that are considered to be relevant. Actual results may differ from these estimates.

The aforementioned judgments, estimates and assumptions are reviewed regularly on a going concern basis. The effect of a change in accounting estimate is recognised in the period of the change, if the change affects that period only; or recognised in the period of the change and future periods, if the change affects both.

— Key assumptions and uncertainties in accounting estimates

Amortization of toll road operation rights

Amortization of the toll road operation rights are calculated to write off their cost, commencing from the date of commencement of commercial operation of the toll roads, based on the ratio of actual traffic volume compared to the total expected traffic volume of the toll roads.

The management exercises their judgment in estimating the total expected traffic volume of the toll roads during the operating period. When there is large difference between actual and expected traffic volume, the management will exercise their judgment in the accuracy of the expected traffic volume and adjust the future amortization per traffic volume.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 30 JUNE 2015

IV. CRITICAL JUDGMENTS IN APPLYING ACCOUNTING POLICIES AND KEY ASSUMPTIONS AND UNCERTAINTIES IN ACCOUNTING ESTIMATES *(continued)*

— Key assumptions and uncertainties in accounting estimates *(continued)*

Estimated impairment of toll road operation rights

Determining whether toll road operation rights are impaired requires an estimation of the recoverable amount.

In measuring the recoverable amount of the toll road operation rights, the Group has looked at the value in use based on the following factors: the current and expected future traffic volume, current and expected future toll fee level, length of operating rights, maintenance costs and discount rate.

In arriving at the recoverable amount of the toll road operation rights, the management exercised their judgment with reference to these Relevant Factors in estimating the recoverable amounts of the toll road operation rights. As a result, the management considered that the recoverable amounts are above their carrying amounts and no impairment was made accordingly.

V. TAXES

Major categories of taxes and tax rates

Category of tax	Basis of tax computation	Tax rate
Value Added Tax ("VAT")	The purchase and sale of goods output VAT less deductible input VAT	17%
Business Tax	Advertisement income output VAT less deductible input VAT	6%
	Toll income	3%
	Maintenance income	5%
	Food and beverage income	5%
City maintenance and construction tax	Real Estate rental income and Real Estate sales income	5%
	Actual paid business tax and VAT	5%–7%
Educational surtax and surcharge	Actual paid business tax and VAT	5%
Land appreciation tax	The taxable appreciation amount when land is invested out	progressive rates ranging from 30% to 60%
Enterprise income tax	Taxable income	25%

NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 30 JUNE 2015

VI. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS

1. Cash and bank balances

Unit: RMB

Item	Closing balance			Opening balance		
	Foreign currency	Exchange rate	Amount in RMB	Foreign currency	Exchange rate	Amount in RMB
Cash:						
RMB			615,466			339,941
Bank balances:						
RMB			641,544,056			692,566,496
USD	1,372	6.1136	8,388	1,372	6.1190	8,393
HKD	1,357,143	0.7886	1,070,256	1,357,059	0.7889	1,070,584
Other currency funds:						
RMB			33,234,760			32,429,758
Total			676,472,926			726,415,172

Other explanations:

Other currency funds stated above includes customer mortgage deposit RMB5,932,398, construction warranty fund RMB22,907,858 (opening balance RMB4,542,732 and RMB13,250,793 respectively).

2. Financial assets at Fair Value through Profit or Loss ("FVTPL")

Unit: RMB

Items	Closing fair value	Opening fair value
Held-for-trading financial assets		
Including: Fund investment	23,861,569	24,539,264
Gold investment	14,120,958	14,412,558
Total	37,982,527	38,951,822

Held-for-trading financial assets of the Group are open fund investment and gold investment. The cost of investment is RMB9,999,400 and RMB15,710,238 respectively; the closing fair value is RMB23,861,569 and RMB14,120,958. The above information of closing market price was quoted by relevant open sourced information of the fund and gold market.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 30 JUNE 2015

VI. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

3. Notes receivable

(1) Disclosure of notes receivable by categories:

Unit: RMB

Category	Closing balance	Opening balance
Bank acceptance notes	1,272,169	2,518,000

(2) The group has no pledged notes receivable at the year end.

(3) There is no endorsed or discounted notes receivable that is not yet due at the end of the year.

(4) There is no notes receivable transferred to accounts receivable due to the default of the drawers.

4. Accounts receivable

(1) Disclosure of accounts receivable by categories

Unit: RMB

Category	Closing balance				Net book value	Opening balance (Restated)				Net book value
	Carrying amount		Bad debt provision			Carrying amount		Bad debt provision		
	Amount	Proportion (%)	Amount	Proportion (%)		Amount	Proportion (%)	Amount	Proportion (%)	
Accounts receivable that are individually significant and for which bad debt provision has been assessed individually	-	-	-	-	-	-	-	-	-	-
Accounts receivable for which bad debt provision has been assessed by portfolios	123,135,568	99	261,017	24	122,874,551	117,172,791	99	209,693	20	116,963,098
Accounts receivable that are not individually significant but for which bad debt provision has been assessed individually	1,699,980	1	849,990	76	849,990	1,699,980	1	849,990	80	849,990
Total	124,835,548	100	1,111,007	100	123,724,541	118,872,771	100	1,059,683	100	117,813,088

NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 30 JUNE 2015

VI. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

4. Accounts receivable (continued)

(1) Disclosure of accounts receivable by categories (continued)

Accounts receivable portfolios for which bad debt provision has been assessed using the percentage of total receivables outstanding approach:

Unit: RMB

Name of portfolio	Accounts receivable	Closing balance Bad debt provision	Proportion (%)
Portfolio 2	55,550,350	1,111,007	2
Total	55,550,350	1,111,007	2

Basis for determining the above portfolio: See Note (III) 10.2.

(2) The aging analysis of accounts receivable is as follows:

Unit: RMB

Aging	Carrying amount	Closing balance			Carrying amount	Opening balance (Restated)		
		Proportion (%)	Bad debt provision	Net book value		Proportion (%)	Bad debt provision	Net book value
Within 1 year	123,135,568	99	261,017	122,874,551	117,172,791	99	209,693	116,963,098
More than 1 year but not exceed 2 years	-	-	-	-	-	-	-	-
More than 2 years but not exceeding 3 years	1,699,980	1	849,990	849,990	1,699,980	1	849,990	849,990
More than 3 years	-	-	-	-	-	-	-	-
Total	124,835,548	100	1,111,007	123,724,541	118,872,771	100	1,059,683	117,813,088

Credit policy

In order to minimize the credit risk, the Group has controlled credit limits, undertaken credit approvals and executed other monitoring procedures to ensure that necessary follow-up actions are taken to recover overdue debts. In addition, the Group reviews the recoverable amount of its receivables at each balance sheet date to ensure that adequate provisions are made for bad debts. In this regard, the management of the Group considers that the Group's credit risk was low.

(3) Provision recorded and written off in the current year

Provision recorded in the current year is RMB51,324.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 30 JUNE 2015

VI. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

4. Accounts receivable (continued)

(4) Top five entities with the largest balances of accounts receivable

Unit: RMB

Name of entity	Amount	Bad debt provision	Proportion of the amount to the total accounts receivable (%)
Jiangsu Expressway Network Operation and Management Co., Ltd. ("Network Operation Company")	43,804,298	—	35
Sinopec Sales Co., Ltd. Jiangsu Branch	14,469,732	—	12
Suzhou Sujiahang Expressway Co., Ltd. ("Sujiahang Company")	6,440,522	—	5
Ning Hang Expressway Co., Ltd. ("Ninghang Company")	6,151,697	—	5
Suzhou Circular Expressway Co., Ltd.	2,548,139	—	2
Total	73,414,388	—	59

(5) Other explanations

Majority toll road and Ancillary Services income are settled by cash, others are settled by receipts in advance. The accounts receivable mainly represent the receivables due from other toll operation companies by toll network internal income reallocation.

5. Prepayments

(1) The aging analysis of prepayments is as follows

Unit: RMB

Aging	Closing balance		Opening balance (Restated)	
	Amount	Proportion (%)	Amount	Proportion (%)
Within 1 year	29,440,049	98	266,852,881	100
1–2 years	687,500	2	24,285	—
2–3 years	—	—	2,000	—
Total	30,127,549	100	266,879,166	100

NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 30 JUNE 2015

VI. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

5. Prepayments (continued)

(2) Top five entities with the largest balances of prepayments

Unit: RMB

Name of entity	Amount	Proportion of the amount to the total prepayments (%)
Sinopec Jiangsu Petroleum Company	15,000,000	50
Sundian Company	3,538,403	12
Urban and Rural Construction Science and Technology Service Center in Jurong	2,866,929	10
Jiangsu Electric Co., Ltd Kunshan branch	874,597	3
Suzhou Shipping Co., Ltd.	675,000	2
Total	22,954,929	77

6. Interest Receivable

Unit: RMB

The item	Closing balance	Opening balance
Entrust Loans	6,466,667	–

7. Dividends Receivable

Unit: RMB

The invested entity	Closing balance	Opening balance
Jiangsu Kuailu Motor Transport Co., Ltd. (“Kuailu Company”)	4,989,960	4,989,960
Jiangsu Yangtze Bridge Co., Ltd. (“Yangtze Bridge Company”)	28,491,783	–
Total	33,481,743	4,989,960

NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 30 JUNE 2015

VI. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

8. Other receivables

(1) Disclosure of other receivables by categories:

Unit: RMB

Category	Closing balance				Net book value	Opening balance (Restated)				Net book value
	Carrying amount		Bad debt provision			Carrying amount		Bad debt provision		
	Amount	Proportion (%)	Amount	Proportion (%)		Amount	Proportion (%)	Amount	Proportion (%)	
Other receivables that are individually significant and for which bad debt provision has been assessed individually	15,812,140	1	15,812,140	99	-	15,812,140	1	15,812,140	99	-
Other receivables for which bad debt provision has been assessed by portfolios	1,155,236,179	99	199,126	1	1,155,037,053	1,224,757,989	99	149,931	1	1,224,608,058
Other receivables that are not individually significant but for which bad debt provision has been assessed individually	-	-	-	-	-	-	-	-	-	-
Total	1,171,048,319	100	16,011,266	100	1,155,037,053	1,240,570,129	100	15,962,071	100	1,224,608,058

Other receivable that are individually significant and for which bad debt provision has been assessed individually:

Unit: RMB

Other receivables (According to entity)	Other receivables	Closing balance		Reasons
		Bad debt provision	Proportion (%)	
Yicao Road Management Office	15,812,140	15,812,140	100	Age over 3 years, is not expected to be recovered

Other receivables portfolios for which bad debt provision have been assessed using the percentage of total receivables outstanding approach:

Unit: RMB

Name of portfolio	Other receivables	Closing balance		Proportion (%)
		Bad debt provision		
portfolio 2	9,956,286	199,126		2

Basis for determining the above portfolio please refer to Note (III) 10.2.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 30 JUNE 2015

VI. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

B. Other receivables (continued)

(2) Provision recorded and written off in the current year

Provision reversal in the current year is RMB49,195.

(3) Disclosure of other receivables by nature

Unit: RMB

Nature	Closing balance	Opening balance (Restated)
Receivables from disposal of network points of G312	1,124,177,798	1,124,177,798
Amount of the disposal of Zhenjiang branch line	–	74,033,640
Amount of investment clearance	15,812,140	15,812,140
Pre-borrowings for projects	3,000,000	5,000,000
Petty cash	5,856,276	5,225,300
Landlord maintenance funds	3,932,421	3,507,153
Construction warranty fund	1,600,000	1,600,000
Compensation income from damaged road	2,113,317	1,947,722
Other miscellaneous receivables	14,556,367	9,266,376
Total	<u>1,171,048,319</u>	<u>1,240,570,129</u>

(4) Top five entities with the largest balances of other receivables

Unit: RMB

Name of entity	Nature of other receivables	Amount	Aging	Proportion of the amount to total other receivables (%)	Closing balance of bad debt provision
Jiangsu Provincial Government	Receivables from disposal of network points of G312	1,124,177,798	2–3 years	96	–
Yicao Road Management Office	Amount of investment clearance	15,812,140	Over 3 years	1	15,812,140
Bureau of Transportation in Jingjiang	Pre-borrowings for projects	3,000,000	Within 1 year	–	–
Jiangsu Zhengxinhe Communication Development Co. Ltd.	Leasing business	1,928,000	Within 1 year	–	–
Kunshan City Finance Bureau Huaqiao branch	Construction warranty fund	1,600,000	1–2 years		
Total		<u>1,146,517,938</u>		<u>97</u>	<u>15,812,140</u>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 30 JUNE 2015

VI. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

8. Other receivables (continued)

(5) Other explanations

On 6 July 2012, the Company received the “Notice from the Office of Jiangsu Provincial Government in respect of the removal or relocation of certain toll stations and related issues” (Suzhengban Fa [2012] No. 126) (the “Notice”) issued by the Office of the Jiangsu Provincial Government. According to the Notice, the Company removed Nanjing Toll Station, Luoshe Toll Station (including Yanqiao Toll Station) and Xilin Toll Station that along G312 (the “312 Toll Stations”). Jiangsu Provincial Government issued “Approval on compensation for removal of the 312 Toll Stations” (Suzheng Fu [2012] No.115) on 31 December 2012 and committed to compensate for the loss incurred according to the net book value of related removed toll road operation rights. As a result, the Company recognized compensation receivables from Jiangsu Provincial Government at RMB1,124,177,798. The Company has received the commitment letter from Jiangsu Communications Holding Company Limited in March 2015, pursuant to which Jiangsu Communications Holding Company Limited agreed to compensate the total said amount on behalf of the government by cash. As at 30 June 2015, the Company has not received the amount.

9. Inventories

Categories of inventories

Unit: RMB

Item	Gross carrying amount	Closing balance Provision for decline in value of inventories	Net carrying amount	Opening balance (Restated)		
				Gross carrying amount	Provision for decline in value of inventories	Net carrying amount
Properties under development	1,891,127,937	–	1,891,127,937	1,875,234,170	–	1,875,234,170
Properties for sale	1,295,822,257	–	1,295,822,257	1,193,745,734	–	1,193,745,734
Spare parts for repair and maintenance	13,065,743	–	13,065,743	14,742,360	–	14,742,360
Petrol	8,796,494	–	8,796,494	8,216,484	–	8,216,484
Total	<u>3,208,812,431</u>	<u>–</u>	<u>3,208,812,431</u>	<u>3,091,938,748</u>	<u>–</u>	<u>3,091,938,748</u>

Details of properties under development are as follows:

Unit: RMB

Project name	Commencement date	Estimated completion date	Estimated total investment amount	Opening balance	Closing balance
Huaqiao Urban Core Project	November 2012	December 2017	1,934,000,000	534,334,226	377,795,720
Suzhou Nanmen Road G25 Project	May 2015	March 2017	1,146,000,000	570,913,691	577,931,514
Baohua Hongyan Community AB Project	April 2014	April 2019	3,218,500,000	769,986,253	935,400,703
Total			<u>6,298,500,000</u>	<u>1,875,234,170</u>	<u>1,891,127,937</u>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 30 JUNE 2015

VI. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

9. Inventories (continued)

Details of properties for sale are as follows:

Unit: RMB

Project name	Completion date	Opening balance	Addition	Decrease	Closing balance
Huaqiao Urban Core C4 Tongcheng Hongqiao Mansion	August 2012	12,076,251	–	–	12,076,251
Suzhou Qingyuan	December 2013	624,979,830	–	–	624,979,830
Huaqiao Urban Core C7 Pujiang Building Project	June 2014	378,826,331	–	2,609,317	376,217,014
Baohua Hongyan Community B1 Tongchengshijia Project	April 2014	177,863,322	–	24,603,316	153,260,006
Huaqiao Urban Core B4 Guangming Jiezu	June 2015	–	236,477,692	107,188,536	129,289,156
Total		1,193,745,734	236,477,692	134,401,169	1,295,822,257

Analysis of land use right in inventories by location and by useful life is as follows:

Unit: RMB

Located in PRC	Closing balance	Opening balance
Medium-term land use rights (10–50 years)	1,884,766,190	1,926,992,676

10. Other current assets

Unit: RMB

Item	Closing balance	Opening balance
Available for sale financial assets- Financial management products	171,800,000	206,750,000
Business taxes and levies related to real estate sales paid in advance	17,496,779	24,886,482
Total	189,296,779	231,636,482

Financial management products represent “Wenying No. 2 – 1518 stage for institution “issued by Bank of Jiangsu and “Guangying’anxin (type A)”, “Guangying’anxin (type B)”, “Xinjiaxin No.16 (Beijing–D92) issued by Guangdong Development Bank, and “91 days fixed rate monetary financial products” issued by Industrial and Commercial Bank of China. These products are capital preservation with floating income.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 30 JUNE 2015

VI. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

11. Available-for-sale financial assets

(1) Available-for-sale financial assets

Unit: RMB

Item	Gross carrying amount	Closing balance Impairment provision	Net carrying amount	Opening balance (Restated)		
				Gross carrying amount	Impairment provision	Net carrying amount
Available-for-sale equity instruments						
Measured at cost	1,293,818,457	-	1,293,818,457	1,313,185,957	-	1,313,185,957

(2) Available-for-sale financial assets measured at cost

Unit: RMB

Investee	Opening balance	Carrying amount		Closing balance	Opening balance	Impairment provision		The proportion		
		Addition	Decrease			Addition	Decrease	Closing balance of shareholding in the Investee	Cash dividends in the year	
Jiangsu Expressway Network Operation and Management Co., Ltd. ("Network Operation Company") (Note 1)	20,920,000	-	-	20,920,000	-	-	-	-	14.48	-
Jiangsu Sundian Engineering Co., Ltd. ("Sundian Company")	19,367,500	-	19,367,500	-	-	-	-	-	30	-
Bank of Jiangsu Co., Ltd. ("Bank of Jiangsu")	1,000,000,000	-	-	1,000,000,000	-	-	-	-	1.92	16,000,000
Jiangsu Leasing Co., Ltd. ("Jiangsu Leasing Company")	270,898,457	-	-	270,898,457	-	-	-	-	9.97	23,887,735
Shenzhen Ruijin Co., Ltd.	2,000,000	-	-	2,000,000	-	-	-	-	17.24	-
Total	1,313,185,957	-	19,367,500	1,293,818,457	-	-	-	-	-	39,887,735

Note 1: Since the Group could exercise significant influence on Sundian Company after the acquisition of Jiangsu Xiyi Expressway Co. ("Xiyi Company"), Ltd. and Jiangsu Ningchang Zhenli Expressway Co., Ltd. ("Ningchang Zhenli Company"), the Group converted the investment on Sundian Company into associate accounted for equity method from available-for-sale financial assets.

Note 2: The closing balance of the equity investment to the foregoing investees by the Group is RMB1,293,818,457. Since the stocks of the investees have not quoted in an active market and the fair value could not be reliably measured, the Group measures them based on the cost. The Group has intention to continue to hold the equity of the invested entities in the next year.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 30 JUNE 2015

VI. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

12. Long-term equity investments

Unit: RMB

Investee	Opening Balance (Restated)	Changes in the current year							Closing balance Closing balance	Closing impairment loss
		Increase	Decrease	Investment income under the equity method	Adjustment of other comprehensive income	Other changes in equity	Declaration of cash dividends or profits	Provision for impairment losses		
Associates										
Kuailu Co., Ltd.	62,913,464	-	-	-1,354,706	-	-	-	-	61,558,758	-
Yangtze Bridge Company	1,136,605,750	-	-	52,508,683	-24,385,902	-	-56,983,566	-	1,107,744,965	-
Sujiahang Company	845,948,831	-	-	72,569,696	-	-	-42,092,000	-	876,426,527	-
Suzhou Sujiaiyong Expressway Co., Ltd. ("Sujiaiyong Company")	293,913,100	-	-	-5,351	-	-	-	-	293,907,749	-
Jiangsu Xiexin Gas Co., Ltd. ("Xiexin Company")	3,426,693	2,953,900	-	-797,649	-	-	-	-	5,582,944	-
Suzhou Nanlin Hotel Co., Ltd. ("Nanlin Hotel")	169,291,166	-	-	153,931	-	-	-	-	169,445,097	-
Yanjjiang Company	1,654,447,800	-	-	75,362,256	-	-	-	-	1,729,810,056	-
Jiangsu Luode Equity Investment Fund Management Co., Ltd. ("Luode Company")	8,044,465	-	-	-52,020	-	-	-	-	7,992,445	-
Sundian Company	-	-	-	-879,785	-	19,367,500	-	-	18,487,715	-
Sub-total	4,174,591,269	2,953,900	-	197,505,055	-24,385,902	19,367,500	-99,075,566	-	4,270,956,256	-
Joint ventures										
Nanjing HanWei Real Estate Development Co., Ltd. ("Hanwei Company") (Note 1)	-	70,000,000	-	-97,862	-	-	-	-	69,902,138	-
Sub-total	-	70,000,000	-	-97,862	-	-	-	-	69,902,138	-
Total	4,174,591,269	72,953,900	-	197,407,193	-24,385,902	19,367,500	-99,075,566	-	4,340,858,394	-

The foregoing companies are all unlisted company registered in PRC.

Note 1: On 4 Mar 2015, the Company's 18th meeting of the 7th Board of Directors have approved the Company to set up Nanjing Hanwei Real Estate Development Co. Ltd. for the developing of the land in South New District of Nanjing together with Nanjing Luode Deshi Equity Investment LLP ("Deshi Fund"). The registered capital of the Hanwei Company is RMB100 million, in which the Company contributed RMB70 million, accounting for 70% of the registered capital; and Deshi Fund contributed RMB30 million, accounting for 30% of the registered capital. Hanwei Company specified in the Articles of Association that all directors' resolution should require the board of directors on behalf of both side of shareholders to take effect, so the Company and Deshi Fund exercise joint control on Hanwei Company, the Company recognized Hanwei Company as the joint venture accounted for using the equity method.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 30 JUNE 2015

VI. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

13. Investment properties

(1) *Investment properties measured at cost*

Unit: RMB

Item	Buildings
I. Total original carrying amount	
1. Opening carrying amount	39,372,263
2. Increase in the current year	–
3. Decrease in the current year	–
(1) Other transfer	–
4. Closing carrying amount	39,372,263
II. Total accumulated depreciation and amortization	
1. Opening carrying amount	5,087,427
2. Increase in the current year	681,112
(1) Amount accrued or amortized	681,112
3. Decrease in the current year	–
4. Closing carrying amount	5,768,539
III. Total provision for impairment losses	
1. Opening carrying amount	–
2. Increase in the current year	–
3. Decrease in the current year	–
4. Closing carrying amount	–
IV. Total net book value of investment properties	
1. Closing net book value	33,603,724
2. Opening net book value	34,284,836

(2) *Detail information of Investment properties are as follows:*

Project Name	Address	Purpose	Term of lease
Zhongshan Meilu villa	Nanjing Qixia District Jinma Road No. 18	Commercial	Short-term
Kunshan Huijie office building and AB floor store and 3 offices	Kunshan People's south road No. 888	Commercial	Medium-term

NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 30 JUNE 2015

VI. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

14. Fixed assets

(1) Fixed assets

Unit: RMB

Item	Buildings	Safety and surveillance equipment	Communication and surveillance equipment	Toll and ancillary equipment	Machinery and equipment	Electronic equipment	Motor vehicles	Furniture and others	Total
I. Total original carrying amount									
1. Opening carrying amount (Restated)	1,621,902,433	813,558,745	445,514,313	379,292,270	548,576,886	59,945,651	88,260,206	32,362,539	3,989,413,043
2. Increase in the current year	10,005,590	196,926	19,019,341	1,696,471	3,106,264	1,513,840	-	632,356	36,170,788
(1) Purchase	68,962	196,926	37,413	800,591	2,385,995	607,248	-	632,356	4,729,491
(2) Transferred from intangible assets	-	-	-	-	-	-	-	-	-
(3) Transferred from construction in progress	9,936,628	-	18,981,928	895,880	720,269	906,592	-	-	31,441,297
3. Decrease in the current year	1,309,252	-	8,693,473	958,959	222,500	188,979	-	-	11,373,163
(1) Disposal or retirement	1,309,252	-	51,233	958,959	222,500	188,979	-	-	2,730,923
(2) Transferred to construction in progress	-	-	-	-	-	-	-	-	-
(3) Reclassification	-	-	8,642,240	-	-	-	-	-	8,642,240
4. Closing carrying amount	1,630,598,771	813,755,671	455,840,181	380,029,782	551,460,650	61,270,512	88,260,206	32,994,895	4,014,210,668
II. Total accumulated depreciation									
1. Opening carrying amount (Restated)	603,089,594	621,430,448	277,544,753	217,637,055	360,121,357	39,613,296	48,001,174	19,314,413	2,186,752,090
2. Increase in the current year	32,889,615	28,656,866	18,124,415	14,014,474	20,833,429	3,383,807	4,404,756	1,253,728	123,561,090
(1) Amount accrued	32,889,615	28,656,866	18,124,415	14,014,474	20,833,429	3,383,807	4,404,756	1,253,728	123,561,090
(2) Transferred from intangible assets	-	-	-	-	-	-	-	-	-
3. Decrease in the current year	682,949	-	217,757	930,191	215,825	184,329	-	-	2,231,051
(1) Disposal or retirement	682,949	-	43,112	930,191	215,825	184,329	-	-	2,056,406
(2) Transferred to construction in progress	-	-	-	-	-	-	-	-	-
(3) Reclassification	-	-	174,645	-	-	-	-	-	174,645
4. Closing carrying amount	635,296,260	650,087,314	295,451,411	230,721,338	380,738,961	42,812,774	52,405,930	20,568,141	2,308,082,129
III. Total provision for impairment losses									
1. Opening carrying amount	-	-	-	-	-	-	-	-	-
2. Increase in the current year	-	-	-	-	-	-	-	-	-
3. Decrease in the current year	-	-	-	-	-	-	-	-	-
4. Closing carrying amount	-	-	-	-	-	-	-	-	-
IV. Total net book value of fixed assets									
1. Closing net book value	995,302,511	163,668,357	160,388,770	149,308,444	170,721,689	18,457,738	35,854,276	12,426,754	1,706,128,539
2. Opening net book value (Restated)	1,018,812,839	192,128,297	167,969,560	161,655,215	188,455,529	20,332,355	40,259,032	13,048,126	1,802,660,953

NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 30 JUNE 2015

VI. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

14. Fixed assets (continued)

(2) Fixed assets leased out under operating leases

Unit: RMB

Item	Closing balance	Opening balance
Buildings	67,520,118	60,883,590

(3) Fixed assets of which certificates of title have not been obtained

Unit: RMB

Item	Amount	Reasons for not obtained certificates
Shanghai-Nanjing Expressway Lujia toll station	4,589,034	Incorporated into communication facilities and cannot obtain certification at present.
Shanghai-Nanjing Expressway Xuejia toll station	1,564,736	Incorporated into communication facilities and cannot obtain certification at present.
Shanghai-Nanjing Expressway Wuxi airport toll station	5,273,043	Incorporated into communication facilities and cannot obtain certification at present.
Shanghai-Nanjing Expressway Kunshan toll station	5,273,535	Incorporated into communication facilities and cannot obtain certification at present.
Shanghai-Nanjing Expressway Suzhou management offices	10,104,009	Incorporated into communication facilities and cannot obtain certification at present.
Shanghai-Nanjing Expressway Changzhou Luoshuwan buildings	3,491,225	Have not obtained certification yet.
Shanghai-Nanjing Expressway Changzhou ETC customer service branch buildings	1,081,707	Have not obtained certification yet.
Service zone office buildings	2,547,244	Have not obtained certification yet.
Shanghai-Nanjing Expressway Heyang toll station	2,123,176	Incorporated into communication facilities and cannot obtain certification at present.
Shanghai-Nanjing Expressway Zhenjiang toll station	12,483,468	Incorporated into communication facilities and cannot obtain certification at present.
Shanghai-Nanjing Expressway Danyang toll station	1,501,707	Incorporated into communication facilities and cannot obtain certification at present.
Shanghai-Nanjing Expressway South Network Centre and project management center houses	17,679,101	Incorporated into communication facilities and cannot obtain certification at present.
Buildings in Danyang toll station of Shanghai-Nanjing Expressway	14,469,946	Have not obtained certification yet.
Buildings in management areas and Xidong toll station	26,028,633	Transferred into fixed asset at estimate amount and not finally settlement yet.
Living buildings of management areas	2,267,183	Transferred into fixed asset at estimate amount and not finally settlement yet.
Buildings in Guangjing Expressway and Xicheng Expressway service zone	58,929,282	Incorporated into communication facilities and cannot obtain certification at present.
Buildings in Xiyi Expressway service zone	44,670,880	Incorporated into communication facilities and cannot obtain certification at present.
Buildings in Ningchang Expressway and Zhenli Expressway service zone	165,349,703	Incorporated into communication facilities and cannot obtain certification at present.
Total	379,427,612	

NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 30 JUNE 2015

VI. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

15. Construction in progress

(1) Details of construction in progress are as follows

Unit: RMB

Item	Closing balance			Opening balance		
	Carrying amount	Provision for impairment losses	Net book value	Carrying amount	Provision for impairment losses	Net book value
Suzhou inter-communication Expansion project	65,340,000	–	65,340,000	65,340,000	–	65,340,000
Housing projects of Toll stations and service zones	97,618,618	–	97,618,618	62,159,830	–	62,159,830
Jingjiang inter-communication expansion project	50,975,500	–	50,975,500	45,975,500	–	45,975,500
Information project	41,425,601	–	41,425,601	43,807,499	–	43,807,499
Three big system construction project	1,316,234	–	1,316,234	13,788,903	–	13,788,903
Noise barrier construction project	22,845,412	–	22,845,412	10,134,887	–	10,134,887
Advertisement board	7,348,533	–	7,348,533	4,578,310	–	4,578,310
Lighting system construction project	1,961,030	–	1,961,030	1,937,030	–	1,937,030
Construction Project of Zhendan Expressway	277,839,217	–	277,839,217	–	–	–
Others	12,304,704	–	12,304,704	11,078,412	–	11,078,412
Total	578,974,849	–	578,974,849	258,800,371	–	258,800,371

NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 30 JUNE 2015

VI. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

15. Construction in progress (continued)

(2) Changes in significant construction in progress

Unit: RMB

Item	Budget amount	Opening balance	Increase in current year	Transfer to fixed assets	Other decreases	closing balance	Amount injected as a proportion of budget amount (%)	Construction progress	Amount of accumulated capitalized interest	Including: capitalized interest for the year	Interest capitalization rate for the year (%)	Source of funds
Suzhou intercommunication												
Expansion project	109,150,000	65,340,000	-	-	-	65,340,000	60	In progress	-	-	-	Own funds
Housing projects of Toll stations and service zones	179,249,400	62,159,830	46,301,023	10,842,236	-	97,618,617	61	In progress	-	-	-	Own funds
Jingjiang inter-communication												
expansion project	100,000,000	45,975,500	5,000,000	-	-	50,975,500	51	In progress	-	-	-	Own funds
Information project	85,014,790	43,807,499	850,959	3,232,857	-	41,425,601	53	In progress	-	-	-	Own funds
Three big system construction												
project	28,868,100	13,788,904	1,957,797	14,430,466	-	1,316,235	55	In progress	-	-	-	Own funds
Noise barrier construction project	32,800,000	10,134,887	12,710,525	-	-	22,845,412	70	In progress	-	-	-	Own funds
Advertisement board	11,359,980	4,578,310	4,605,987	1,835,764	-	7,348,533	81	In progress	-	-	-	Own funds
Lighting system construction												
project	1,730,260,500	-	277,839,217	-	-	277,839,217	16	In progress	-	-	-	loan
Others		13,015,441	2,350,267	1,099,974	-	14,265,734		In progress	-	-	-	Own funds
Total	2,276,702,770	258,800,371	351,615,775	31,441,297	-	578,974,849	-		-	-	-	

(3) The Group did not note any indicators of impairment; therefore there is no provision for impairment losses for construction in progress

NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 30 JUNE 2015

VI. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

16. Intangible assets

(1) Intangible assets

Unit: RMB

Item	Toll road operation rights (Note 1)	Land use rights	Software	Total
I. Total original carrying amount				
1. Opening carrying amount (Restated)	32,212,295,837	1,720,207,956	8,385,484	33,940,889,277
2. Increase in the current year	–	–	8,274,800	8,274,800
(1) Purchase	–	–	8,274,800	8,274,800
3. Decrease in the current year	9,999	–	–	9,999
(1) Transferred to fix assets	9,999	–	–	9,999
4. Closing carrying amount	32,212,285,838	1,720,207,956	16,660,284	33,949,154,078
II. Total accumulated amortization				
1. Opening carrying amount (Restated)	8,842,911,878	961,711,926	146,908	9,804,770,712
2. Increase in the current year	547,011,441	31,592,073	1,666,028	580,269,542
(1) Amortization accrued	547,011,441	31,592,073	1,666,028	580,269,542
3. Decrease in the current year	–	–	–	–
(1) Transferred to fix assets	–	–	–	–
4. Closing carrying amount	9,389,923,319	993,303,999	1,812,936	10,385,040,254
III. Total provision for impairment losses				
1. Opening carrying amount	–	–	–	–
2. Increase in the current year	–	–	–	–
3. Decrease in the current year	–	–	–	–
4. Closing carrying amount	–	–	–	–
IV. Total net book value of intangible assets				
Closing net book value	22,822,362,519	726,903,957	14,847,348	23,564,113,824
Opening net book value (Restated)	23,369,383,959	758,496,030	8,238,576	24,136,118,565

Note 1:

At 30 Jun 2015, the toll road operation rights of Guangjing Expressway and Xicheng Expressway with the net book value RMB1,353,284,167 are pledged to secure bank loan amounting to RMB250,000,000. The amortization of such toll road operation rights during the period is RMB45,191,241.

At 30 Jun 2015, the toll road operation rights of Ningchang Expressway and Zhenli Expressway with the net book value RMB6,840,915,791 are pledged to secure bank loan amounting to RMB1,799,000,000. The amortization of such toll road operation rights during the period is RMB127,937,418.

At 30 Jun 2015, the toll road operation rights of Wuxi Huaitaihu Expressway with the net book value RMB744,401,147 are pledged to secure bank loan amounting to RMB53,000,000. The amortization of such toll road operation rights during the period is RMB5,402,121.

Location and useful life analysis of land use right is as follows:

Located in PRC	Closing balance	Opening balance
Medium-term land use rights (10–50 years)	726,903,956	758,496,029

NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 30 JUNE 2015

VI. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

17. Long-term prepaid expenses

Unit: RMB

Item	Opening balance	Increase in the year	Amortization for the year	Other Decrease	Closing balance
Decorations for buildings	6,418,189	1,453,097	1,434,869	–	6,436,417

18. Deferred tax assets/deferred tax liabilities

(1) Deferred tax assets that are not offset

Unit: RMB

Items	Closing balance		Opening balance	
	Deductible temporary differences	Deferred tax assets	Deductible temporary differences	Deferred tax assets
Provision for impairment losses of assets	16,144,436	4,036,109	16,144,436	4,036,109
Unrealized profits through internal transactions	211,971,692	52,992,923	167,081,456	41,770,364
Deductible losses	1,246,432,756	311,608,189	20,885,703	5,221,426
Prepayment of business tax and land appreciation tax for real estate pre-sale and so on	–	–	1,484,963	371,241
Total	1,474,548,884	368,637,221	205,596,558	51,399,140

(2) Deferred tax liabilities that are not offset

Unit: RMB

Items	Closing balance		Opening balance	
	Taxable temporary differences	Deferred tax liabilities	Taxable temporary differences	Deferred tax liabilities
Changes in fair values for held-for-trading financial assets	12,272,889	3,068,222	3,241,584	810,396
Real estate pre-sale	38,419,284	9,604,822	8,229,279	2,057,320
Total	50,692,173	12,673,044	11,470,863	2,867,716

NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 30 JUNE 2015

VI. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

18. Deferred tax assets/deferred tax liabilities (continued)

(1) Net amount of deferred tax assets (liabilities) after offset

Unit: RMB

Items	Closing offset amount of deferred tax assets and deferred tax liabilities	Closing amount of deferred tax assets or liabilities after offset	Opening offset amount of deferred tax assets and deferred tax liabilities	Opening amount of deferred tax assets or liabilities after offset
Deferred tax assets	–	368,637,221	1,592,668	49,806,472
Deferred tax liabilities	–	12,673,044	1,592,668	1,275,048

(2) Other explanations

The Group recognize deferred tax assets because the Group believes that it can obtain adequate taxable income to offset the deductible tax losses and deductible temporary differences in the future, according to the profit forecast results for the next five years.

19. Other non-current assets

Unit: RMB

Item	Closing balance	Opening balance
Shareholder loan	300,000,000	–
Total	300,000,000	–

Other explanation:

Other non-current asset is the loan to Hanwei Company, the joint venture, provided by the Company. The maturity of the loan is not exceeding 3 years and the annual interest rate is 8%.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 30 JUNE 2015

VI. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

20. Short-term borrowings

(1) **Categories of short-term borrowings:**

Unit: RMB

Item	Closing balance	Opening balance (Restated)
Bank loans	2,145,000,000	340,000,000
Including: Unsecured loans	1,960,000,000	150,000,000
Entrusted loans (Note 1)	185,000,000	190,000,000
Non-bank financial institutions loans	2,435,000,000	2,065,000,000
Including: Unsecured loans (Note 2)	350,000,000	500,000,000
Entrusted loans (Note 3)	2,085,000,000	1,565,000,000
Loans from a related party (Note 4)	200,000,000	600,000,000
Short-term bonds (Note 5)	1,000,000,000	1,000,000,000
Super short-term bonds (Note 6)	2,200,000,000	2,000,000,000
	<u>7,980,000,000</u>	<u>6,005,000,000</u>
Total	<u>7,980,000,000</u>	<u>6,005,000,000</u>

Note 1: Entrusted loans are provided by Jiangsu Far East Shipping Co., Ltd ("Far East Shipping Company") through China CITIC Bank on 13 August 2014, the principal is RMB190,000,000, annual interest rate is 6.00%, and duration period is 1 year, with early repayment of the principal RMB5,000,000 in this period.

Note 2: Unsecured non-bank financial institutions loans are provided by Jiangsu Communications Holding Group Finance Company Limited ("Group Finance Co., Ltd").

Note 3: Unsecured non-bank financial institutions entrusted loans mainly include loans provided by Communications Holdings and its affiliated enterprises through Jiangsu Communications Holding Group Finance Company Limited.

Note 4: Loans from a related party represent short-term bonds and super short term bonds issued by Communications Holdings and allocated to the Group according to the fund use term of the bond prospectus.

Note 5: Short-term bonds (Code: 041454081) are issued on 12 December 2014 at par value of RMB1,000,000,000. Bond duration is 270 days. Annual interest rate is 5.05%.

Note 6: Super short-term bonds include bonds issued on 10 October 2014, 12 November 2014, 4 March 2015, 15 April 2015 and 20 May 2015 with the par value RMB400,000,000 (Code: 011484004), RMB700,000,000 (Code: 011484005), RMB300,000,000 (Code: 011584002), RMB400,000,000 (Code: 011584003) and RMB400,000,000 (Code: 011584004) respectively. The annual interest rate is 4.8%, 4%, 4.6%, 4.7% and 3.45%. Bond duration is 270 days, 266 days, 180 days, 180 days and 176 days.

(2) **There are no short-term borrowings overdue but not yet repaid.**

NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 30 JUNE 2015

VI. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

21. Accounts payable

(1) Details of accounts payable are as follows

Unit: RMB

Item	Closing balance	Opening balance (Restated)
Construction payable	145,154,510	225,940,775
Construction payable for real estate project	477,984,675	419,373,209
Purchase of petroleum payable	–	16,303,907
Toll road fee payable	34,516,442	56,534,733
Deposit payable	18,840,973	7,782,886
Others	29,645,846	41,633,687
Total	706,142,446	767,569,197

(2) Aging analysis of accounts payable is as follows:

Unit: RMB

Item	Closing balance	Opening balance (Restated)
Within 1 year	603,449,313	712,208,076
1–2 years	64,525,157	32,552,607
2–3 years	16,884,471	378,600
Over 3 years	21,283,505	22,429,914
Total	706,142,446	767,569,197

(3) Significant accounts payable aging more than one year in the closing balance

Unit: RMB

Item	Closing balance	Reasons for outstanding
Construction payable	19,455,745	Long settlement procedure of the project
Construction payable for real estate project	73,933,949	Long settlement procedure of the project

NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 30 JUNE 2015

VI. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

22. Receipts in advance

(1) Receipts in advance are shown as follows

Unit: RMB

Item	Closing balance	Opening balance (Restated)
Rental deposit received in advance	10,939,264	8,272,293
Advertising service fee received in advance	6,497,054	11,235,740
Properties for sales received in advance	297,584,505	355,809,531
Others	944,208	150,737
Total	<u>315,965,031</u>	<u>375,468,301</u>

The aging analysis of receipts in advance is as follows:

Unit: RMB

Aging	Closing balance		Opening balance (Restated)	
	RMB	%	RMB	%
Within 1 year	293,704,031	93	131,133,997	35
1–2 years	22,181,000	7	244,254,304	65
2–3 years	–	–	–	–
Over 3 years	80,000	–	80,000	–
Total	<u>315,965,031</u>	<u>100</u>	<u>375,468,301</u>	<u>100</u>

23. Employee benefits payable

(1) Employee benefits payable are shown as follows

Unit: RMB

Item	Opening balance (Restated)	Increase in the current period	Decrease in the current period	Closing balance
1. Short term compensation	5,624,993	276,405,220	277,073,363	4,956,850
2. Post-employment benefits – Defined contribution plan	–	55,410,417	55,410,417	–
3. Termination benefits	–	180,594	180,594	–
4. Other welfare due within one year	–	–	–	–
Total	<u>5,624,993</u>	<u>331,996,231</u>	<u>332,664,374</u>	<u>4,956,850</u>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 30 JUNE 2015

VI. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

23. Employee benefits payable (continued)

(2) Short term compensation

Unit: RMB

Item	Opening balance (Restated)	Increase in the current period	Decrease in the current period	Closing balance
I. Wages or salaries, bonuses, allowances and subsidies	–	168,337,970	168,337,970	–
II. Staff welfare	–	16,115,846	16,115,846	–
III. Social security contributions	–	34,899,261	34,899,261	–
Including: Medical insurance	–	32,011,663	32,011,663	–
Work injury insurance	–	1,845,751	1,845,751	–
Maternity insurance	–	1,041,847	1,041,847	–
IV. Housing funds	–	19,930,764	19,930,764	–
V. Union running costs and employee education costs	5,624,993	3,768,674	4,436,817	4,956,850
VI. Non-monetary welfare	–	21,208,760	21,208,760	–
VII. Others	–	12,143,945	12,143,945	–
Total	5,624,993	276,405,220	277,073,363	4,956,850

(3) Defined contribution plan

Unit: RMB

Item	Opening balance	Increase in the current period	Decrease in the current period	Closing balance
1. Basic endowment insurance	–	35,241,281	35,241,281	–
2. Unemployment insurance	–	2,653,297	2,653,297	–
3. Enterprise annuity payment	–	17,515,839	17,515,839	–
Total	–	55,410,417	55,410,417	–

NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 30 JUNE 2015

VI. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

23. Employee benefits payable (continued)

(3) Defined contribution plan (continued)

Note:

(1) Defined contribution plan

The Group participates in basic pension insurance, unemployment insurance plan established by government in accordance with the relevant requirements. According to the plan, the Group makes a monthly contribution equivalent to 20% and 1% – 2% of the employee's monthly basic wage based on last year's salary. The Group participates in annuity scheme which operated by an independent third party and makes a monthly contribution equivalent to 8.33% of the employee's monthly basic wage based on last year's salary. The Group no longer undertake further payment obligation. The corresponding cost charges to the profit or loss for the current period or the cost of a relevant asset when occurs.

During the year, the Group contributes RMB35,241,281, RMB17,515,839 and RMB2,653,297 to basic pension insurance, annuity scheme, unemployment insurance plan respectively.

(2) Non-monetary welfare

Non-monetary benefits are RMB21,208,760, which represent purchased non-monetary holiday gifts that distributed to employee etc., calculated on a certified basis of purchase costs.

24. Taxes payable

Unit: RMB

Item	Closing balance	Opening balance (Restated)
Enterprise income tax	83,100,948	70,234,932
Business tax	17,010,093	18,326,641
Land appreciation tax	–	231,089
VAT	1,259,598	2,370,927
Property tax	1,031,381	1,559,712
Individual income tax	209,882	4,613,514
Others	7,649,931	5,040,802
Total	110,261,833	102,377,617

NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 30 JUNE 2015

VI. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

25. Interest payable

Unit: RMB

Item	Closing balance	Opening balance (Restated)
Interest payable of long-term borrowings with interest payable by installments and principal payable on maturity	17,987,822	65,134,239
Interest payable of enterprise bond	682,192	44,809,101
Interest payable of short-term borrowings	77,861,800	53,862,582
Total	96,531,814	163,805,922

There are no interest payable overdue but not yet repaid.

26. Dividends payable

Unit: RMB

Item	Closing balance	Opening balance
Common stock dividends	2,059,273,070	68,678,625
Total	2,059,273,070	68,678,625

Note: The amount of dividends payable aged more than 1 year is RMB68,678,625, which was the uncollected dividends by investors.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 30 JUNE 2015

VI. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

27. Other payables

(1) Details of other payables are as follows:

Unit: RMB

Item	Closing balance	Opening balance (Restated)
G312 toll road operation right acquisition costs payable	10,000,000	10,000,000
Construction quality warranty fee payable	5,206,510	2,417,038
Payable of daily procurement in service areas	315,897	9,430,354
Amount of ETC prepaid cards collected on behalf of the inter-network settlement center	2,371,150	11,413,235
Amount of the noise barrier construction projects collected on other's behalf	631,565	631,565
Earnest money of acquisition of properties	2,653,004	2,322,195
Service charge	3,523,445	4,550,000
Fee for the overall development of the expressway	46,394,539	9,106,699
Others	21,957,350	9,025,236
Total	93,053,460	58,896,322

(2) Significant other payables aged more than one year:

Unit: RMB

Item	Closing balance	Reasons for outstanding
312 toll road operation right acquisition costs payable	10,000,000	Not settled yet

28. Non-current liabilities due within one year

Unit: RMB

Item	Closing balance	Opening balance (Restated)
Long-term borrowings due within one year	26,514,712	530,516,049
Bonds payable due within one year	–	499,310,408
Total	26,514,712	1,029,826,457

NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 30 JUNE 2015

VI. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

29. Other current liabilities

Unit: RMB

Item	Closing balance	Opening balance
Short term bonds payable	—	500,000,000

Changes of short-term bonds payable

Unit: RMB

Name of bond	Par value	Issue date	Duration of the bond	Issue amount	Opening balance	Issue in the current year	Interest accrued according to par value	Premium and discount amortization	Repayment in the current year	Transferred to interest payable in the current year	Closing balance
Private placement debt financing instruments	500,000,000	23 May 2014	one year	500,000,000	500,000,000	—	26,500,000	—	526,500,000	—	—

30. Long-term borrowings

(1) Categories of long-term borrowings

Unit: RMB

Item	Closing balance	Opening balance (Restated)
Bank Loans	3,724,948,610	3,623,224,695
Including: Secured loans (Note 1)	2,049,000,000	2,143,000,000
Guaranteed loan (Note 2)	1,344,948,610	1,480,224,695
Unsecured loans (Note 3)	331,000,000	—
Non-bank financial institutions loans	900,000,000	930,000,000
Including: Entrusted loans (Note 4)	900,000,000	930,000,000
Loans from a related party (Note 5)	750,000,000	2,150,000,000
Less: long-term borrowings due within one year	26,514,712	530,516,049
Long-term borrowings due after one year	5,348,433,898	6,172,708,646

NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 30 JUNE 2015

VI. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

30. Long-term borrowings *(continued)*

(1) *Categories of long-term borrowings (continued)*

Explanation of categories of long-term borrowings:

Note 1: The secured loans please refer to Note VI (16) for more information about categories and amount of secured assets.

Note 2: Guaranteed loans indicate loans that guaranteed by Communications Holdings. Including:

The Company obtained bank credit limit of USD9,800,000 from Jiangsu branch of Bank of China in 1998. The credit limit was used to import machinery and technology and guaranteed by Jiangsu Communications Holding Company Limited. The credit limits include buyer's credit loan of USD4,900,000 and Spanish government loan of USD4,900,000. The buyer's credit loan has paid up in 2006. The Spanish government loan is paid up every half year from January 2009 with annum interest rate of 2%. The outstanding closing balance is RMB20,448,610 in this period.

The Company signed an debt transfer agreement with Jiangsu Ningchang Zhenli Expressway Company Ltd. and related banks in 15 June 2015, and agreed that since the date of signing of the agreement, the outstanding balance of the guaranteed loans shall be carried by the Company. The original loan guarantee was provided by the Communications Holdings, amounting to RMB1,100,000,000 for investment in construction of Ningchang Zhenli Expressway project. Jiangsu Ningchang Zhenli Expressway Company Ltd. and the Company had repaid RMB3,500,000, the remaining outstanding loan amount in the report period is RMB1,096,500,000 with an annual interest rate of 6.55%, and the latest repayment date is 23 October 2020.

Guangjing Xicheng Company signed an debt transfer agreement with Jiangsu Xiyi Expressway Company Ltd. and related banks in 26 June 2015, and agreed that since the date of signing of the agreement, the outstanding balance of the guaranteed loans shall be carried by the Company. The original loan guarantee was provided by the Communications Holdings, amounting to RMB300,000,000 and RMB200,000,000 for investment in and Wuxi Huantaihu Expressway project. The cumulative repayments were RMB125,000,000 and RMB147,000,000, the remaining outstanding loan amount in the report period are RMB175,000,000 and MB53,000,000, with an annual interest rate of 6.55% and 5.9%, and the latest repayment date are 5 March 2019 and 20 October 2018. The second batch loan added the guarantee of the toll road operation rights of Wuxi Huantaihu Expressway in June 2008.

Note 3: Entrusted loans from non-bank financial institutions mainly include loans provided by Communications Holdings and its subsidiaries through Group Finance Company.

Note 4: Loans from a related party represent private placement bonds and medium term issued by Communications Holdings and allocated to the Group according to the fund use term of the bond prospectus.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 30 JUNE 2015

VI. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

31. Bond payable

(1) Bond payable

Unit: RMB

Item	Closing balance	Opening balance
Medium Term Notes	495,309,658	494,603,286
Private Placement Bond	–	499,310,408
Subtotal	495,309,658	993,913,694
Less: Bonds payable due within one year	–	499,310,408
Total	<u>495,309,658</u>	<u>494,603,286</u>

(2) Changes of bond payable

Unit: RMB

Name of bond	Par value	Issue date	Term of the bond	Issue amount	Opening balance	Issue in the current period	Interest accrued according to par value	Premium and discount amortization	Repayment in the current period	Closing balance
Medium Term Notes	500,000,000	19 June 2013	5 years	492,500,000	494,603,286	–	24,900,000	706,372	24,900,000	495,309,658

32. Deferred Income

Unit: RMB

Item	Closing balance	Opening balance (Restated)
Government grants	<u>35,572,585</u>	<u>36,199,929</u>

Note: The deferred income is appropriated by People's Government of Wujin District of Changzhou City for construction of Ningchang expressway road, due to the extra cost of construction of Wujin Development Zone viaduct project. The project construction subsidy is RMB40,000,000.00, the Group recognizes the project construction subsidy as a compensation of the construction cost of Ningchang expressway which is recorded in deferred income.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 30 JUNE 2015

VI. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

33. Share capital

Unit: RMB

	Opening balance	New issue of shares	Bond issue	Change for the year Capitalization of surplus reserve	Others	Subtotal	Closing balance
1 January 2015 to 30 June 2015							
Total shares	5,037,747,500	-	-	-	-	-	5,037,747,500

In accordance with the Company's state share reform proposal adopted by the Company's shareholders' meeting on 24 April 2006 (the "Share Reform Proposal"), the shareholders of the non-tradable shares, which comprised the state shares, state legal person shares and legal person shares, offered a transfer of 3.2 non-tradable shares to the then shareholders of A-shares for every 10 "A" shares held by the then shares holders of A-shares in exchange for the approval by the shareholders of A-shares to convert all remaining non-tradable shares into restricted tradable shares. As a result, in the year 2006, 48,000,000 non-tradable shares were transferred to the shareholders of A-shares as consideration for the approval by the non-tradable shareholders, and these 48,000,000 non-tradable shares were granted trading status as a shares on 16 May 2006. After the transfer of the consideration 48,000,000 non-tradable shares, part of them have been transferred to the category of tradable A share upon the granting of trading status on 16 May 2007, 14 June 2007, 27 July 2007, 28 February 2008, 10 October 2008, 8 June 2009, 10 March 2010, 17 December 2010, 20 May 2011, 29 July 2011, 17 August 2012, 6 November 2013 and 15 January 2015 separately.

The Group did not purchase, sale or redeem shares of the Company for the current period.

34. Capital reserve

Unit: RMB

Item	Opening balance (restated)	Increase in the period	Decrease in the period	Closing balance
1 January 2015 to 30 June 2015				
Capital premium (Note 1)	8,829,971,453	-	1,064,700,001	7,765,271,452
Other capital reserve	2,681,390,888	-	-	2,681,390,888
Including: Share of capital reserve of the investee under the equity method	(1,586,347)	-	-	(1,586,347)
Transfer from capital reserve under the previous accounting system	2,682,977,235	-	-	2,682,977,235
Total	11,511,362,341	-	1,064,700,001	10,446,662,340

Note 1: The decrease of capital premium in this period is mainly due to the adjustment on capital premium in the business combinations under common control for the acquisition Xiyi Company and Ningchang Zhenli Company .

NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 30 JUNE 2015

VI. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

35. Other comprehensive income

Unit: RMB

Item	Opening balance	Before-tax amount for the current year	Change for the year		Less: Income tax expense	Post-tax net amount attribute to parent company owners	Post-tax net amount attribute to minority shareholders	Closing balance
			Less: Net amount included in other comprehensive income in the prior periods that is reclassified to profit or loss for the year					
1 January 2015 to 30 June 2015								
I. Other comprehensive income that will not be reclassified subsequently to profit or loss	-	-	-	-	-	-	-	-
II. Other comprehensive income that will be reclassified subsequently to profit or loss	188,889,048	-24,385,902	-	-	-	-24,385,902	-	164,503,146
Including:								
Share of other comprehensive income of the investee under the equity method that will be reclassified subsequently to profit or loss	188,889,048	-24,385,902	-	-	-	-24,385,902	-	164,503,146
Total other comprehensive income	188,889,048	-24,385,902	-	-	-	-24,385,902	-	164,503,146

Note: During the period, other comprehensive income increased from the fair value adjustment of the available for sale financial assets of Yangtze Bridge Company, the associate of the Group. The Group adjusted other comprehensive income at the share proportion.

36. Surplus reserves

Unit: RMB

Item	Opening balance	Increase in the period	Decrease in the period	Closing balance
1 January 2015 to 30 June 2015				
Statutory surplus reserve	2,909,597,769	-	-	2,909,597,769
Discretionary surplus reserve	17,445,924	-	-	17,445,924
Total	2,927,043,693	-	-	2,927,043,693

NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 30 JUNE 2015

VI. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

37. Retained profits

Unit: RMB

Item	Amount incurred in the current period	Amount incurred in the prior period (restated)
Retained profits at the end of prior period (before adjustment)	4,712,690,449	4,146,025,799
Adjustment on opening balance of total retained profits (addition +, deduction -)	-3,361,752,969	-3,014,906,488
Retained profits at the end of prior period (adjusted)	1,350,937,480	1,131,119,311
Add: Net profit attributable to owners of the Company for the period	1,726,699,765	1,181,186,740
Less: Appropriation to statutory surplus reserve	1,914,344,050	1,914,344,050
Retained profits at the end of the period	<u>1,163,293,195</u>	<u>397,962,001</u>

Note 1: Because of the changes in the consolidated financial statement scope due to business combination under common control, the beginning balance of retained profits are adjusted by RMB -3,361,752,969.

Note 2: Dividend in cash approved in the shareholders' meeting in the Reporting Period

In 2015, on the basis of 5,037,747,500 issued shares (with the par value of RMB1 per share), dividends in cash of RMB0.38 per share were distributed to all the shareholders.

Note 3: The Board of the Company on Aug 28, 2015 has considered and approved that there would be no distribution of profit for the first half of 30 June 2015.

38. Notes to the financial statements

(1) Operating income and costs

Unit: RMB

Item	Amount recognized in the current period		Amount recognized in the last period (Restated)	
	Operating income	Operating costs	Operating income	Operating costs
Principal operating income	4,056,157,147	1,912,375,214	4,179,367,408	2,094,339,940
Including: Shanghai-Nanjing Expressway G312	2,201,209,034	521,545,486	2,216,708,705	505,139,425
Nanjing-Lianyungang Highway	25,424,867	117,425,949	26,358,501	134,889,010
Ningchang Expressway and Zhenli Expressway	12,984,405	7,749,710	15,982,803	8,208,654
Guangjing Expressway and Xicheng Expressway	365,882,294	194,792,912	291,980,392	190,740,147
Xiyi Expressway and Wuxi Huantaihu Expressway	392,263,734	87,304,159	384,418,304	83,666,108
Ancillary services	130,877,098	66,979,832	130,892,956	63,209,015
Real estate development	927,515,715	916,577,166	1,113,025,747	1,108,487,581
Advertising and others	229,219,704	134,401,169	162,952,953	138,808,764
	25,290,157	7,731,160	22,466,673	6,836,761
Total	<u>4,310,667,008</u>	<u>2,054,507,543</u>	<u>4,364,787,034</u>	<u>2,239,985,465</u>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 30 JUNE 2015

VI. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

39. Business taxes and levies

Unit: RMB

Item	Amount incurred in the current period	Amount incurred in the prior period (restated)
Business tax	111,675,809	108,526,418
City construction and maintenance tax	7,611,461	7,477,626
Education surcharge	5,920,146	5,845,764
Land appreciation tax	4,584,394	5,271,096
Total	<u>129,791,810</u>	<u>127,120,904</u>

40. Selling expenses

Unit: RMB

Item	Amount incurred in the current period	Amount incurred in the prior period (restated)
Depreciation	142,320	13,148
Commission fee for agent of real estate sales	253,747	2,435,321
Advertisement and promotion fee	2,508,950	4,592,646
Others	665,273	516,570
Total	<u>3,570,290</u>	<u>7,557,685</u>

41. Administrative expenses

Unit: RMB

Item	Amount incurred in the current period	Amount incurred in the prior period (restated)
Salaries and additions	30,942,097	33,156,470
Depreciation and amortization	36,292,039	36,696,978
Audit fee	1,556,900	726,150
Consulting and intermediary service fee	3,660,828	4,186,223
Properties tax and other taxes	14,697,360	9,877,670
Entertainment fee	651,061	982,586
Maintenance and repair costs	503,898	1,929,002
Office expenses	292,427	430,892
Travelling expenses	306,533	470,271
Vehicle related expenses	690,673	1,208,523
Others	4,158,915	4,394,477
Total	<u>93,752,731</u>	<u>94,059,242</u>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 30 JUNE 2015

VI. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

42. Financial expenses

Unit: RMB

Item	Amount incurred in the current period	Amount incurred in the prior period (Restated)
Interest of bond	164,517,641	156,909,098
Interest of bank loans	239,653,548	282,179,703
Include: Interest on bank loans within 5 years	15,781,826	20,271,446
Total interest expenses	404,171,189	439,088,801
Less: Interest income	3,719,738	3,591,382
Exchange differences	-5,140	4,030,747
Bond issue fee and other loan charges	5,234,278	4,215,800
Others	773,114	547,566
Total	406,453,703	444,291,532

43. Impairment losses on assets

Unit: RMB

Item	Amount incurred in the current period	Amount incurred in the prior period
Bad debt provision reversal	100,518	-

44. Gains from changes in fair values

Unit: RMB

Sources of gains from changes in fair values	Amount incurred in the current period	Amount incurred in the prior period
FVTPL	11,300,937	2,383,650

NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 30 JUNE 2015

VI. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

45. Investment income

(1) Details of investment income

Unit: RMB

Item	Amount incurred in the current period	Amount incurred in the prior period (Restated)
Income from long-term equity investments under equity method	197,407,194	169,417,396
Losses on disposal of FVTPL	19,509,768	–
Investment income from available-for-sale financial assets in the holding period	39,887,735	19,797,063
Investment income from disposal of available-for-sale financial assets	4,392,653	3,169,287
Other investment income	15,584,318	–
Total	<u>276,781,668</u>	<u>192,383,746</u>

46. Non-operating income

(1) Details of non-operating income are as follows:

Unit: RMB

Item	Amount incurred in the current period	Amount incurred in the prior period (restated)
Total gains on disposal of non-current assets	48,000	103,074
Including: Gains on disposal of fixed assets	48,000	103,074
Compensation income from damaged road	2,696,575	3,210,984
Government grants	1,127,343	–
Others	415,856	623,384
Total	<u>4,287,774</u>	<u>3,937,442</u>

(2) Details of government grants

Unit: RMB

Item	Amount incurred in the current period	Amount incurred in the prior period	Explanation
Special funds for production safety	500,000	–	Related to income
Construction subsidies for Ningchang Expressway	627,343	–	Related to income
Total	<u>1,127,343</u>	<u>–</u>	

NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 30 JUNE 2015

VI. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

47. Non-operating expenses

Unit: RMB

Item	Amount incurred in the current period	Amount incurred in the prior period (restated)
Total losses on disposal of non-current assets	679,889	899,218
Including: Losses on disposal of fixed assets	679,889	899,218
Repair expenditure of damaged road	10,480,316	8,061,772
Donation	1,000,000	838,000
Funds	288,052	1,248,849
Others	346,361	584,107
Total	12,794,618	11,631,946

48. Income tax expenses

(1) Income tax expenses

Unit: RMB

Item	Amount incurred in the current period	Amount incurred in the prior period
Current tax expenses	437,663,936	423,233,619
Deferred tax expenses	-307,432,754	-13,860,232
Provision of prior years' tax	-	5,723,258
Total	130,231,182	415,096,645

(2) No provision for Hong Kong Profits tax has been made as the income neither arises, nor is derived from Hong Kong.

49. Other comprehensive income

See Note VI. 35 for details.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 30 JUNE 2015

VI. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

50. Supplementary information of income statement

Unit: RMB

Item	Amount incurred in the current period	Amount incurred in the prior period (restated)
Employee benefits	331,996,231	310,771,432
Depreciation and amortization	704,873,754	723,964,364
Toll related expenses	53,378,302	58,101,700
Road maintenance expenses	59,085,374	35,038,513
System maintenance expenses	12,058,513	14,160,346
Real estate development land and construction cost	134,401,169	138,808,764
Petroleum in the service zone	766,948,115	964,753,856
Retail goods in the service zone	44,398,687	45,189,860
Audit fee	1,556,900	726,150
Consulting and intermediary service fee	4,410,604	4,722,024
Properties tax and other taxes	15,306,026	10,115,878
Commission fee for agent of real estate sales	253,747	2,435,321
Advertisement fee	2,519,837	5,257,634
Others	20,643,305	27,556,550
Total	<u>2,151,830,564</u>	<u>2,341,602,392</u>

51. Items in the cash flow statement

(1) Other cash receipts relating to operating activities

Unit: RMB

Item	Amount incurred in the current period	Amount incurred in the prior period (restated)
Receipts from compensation of damaged road and non-operating income items, etc.	23,868,376	18,662,030
Receipts from interest income of bank deposit	3,719,738	3,591,382
Total	<u>27,588,114</u>	<u>22,253,412</u>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 30 JUNE 2015

VI. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

51. Items in the cash flow statement *(continued)*

(2) *Other cash payments relating to operating activities*

Unit: RMB

Item	Amount incurred in the current period	Amount incurred in the prior period (restated)
Payment of non-salary and other expenditure	11,397,351	40,928,572
Changes of restricted monetary funds	28,840,256	–
Total	<u>40,237,607</u>	<u>40,928,572</u>

(3) *Other cash payments relating to investing activities*

Item	Amount incurred in the current period	Amount incurred in the prior period
Loan expense payments	50,000,000	–
Total	<u>50,000,000</u>	<u>–</u>

(4) *Other cash receipts relating to financing activities: N/A*

(5) *Other cash payments relating to financing activities*

Unit: RMB

Item	Amount incurred in the current period	Amount incurred in the prior period (restated)
Bond issue fee and other charges of loans	893,581	5,934,486

NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 30 JUNE 2015

VI. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

52. Supplementary information to the cash flow statement

(1) *Supplementary information to the cash flow statement*

Unit: RMB

Supplementary information	Current period	Prior period (Restated)
1. Reconciliation of net profit to cash flow from operating activities:		
Net profit	1,771,834,992	1,223,748,453
Add: Reversals of provision for impairment losses of assets	100,518	-
Depreciation of fixed assets	123,561,090	155,286,563
Amortization of intangible assets	580,269,542	567,654,155
Amortization of long-term prepaid expenses	1,434,869	394,740
Losses on disposal of fixed assets, intangible assets and other long-term assets (gains are indicated by "-")	631,889	796,144
Losses on changes in fair values (gains are indicated by "-")	-11,300,937	-2,383,650
Financial expenses (income is indicated by "-")	244,887,826	286,395,503
Losses arising from investments (gains are indicated by "-")	-276,781,668	-192,383,746
Decrease in deferred tax assets (increase is indicated by "-")	-318,830,749	-14,013,045
Increase in deferred tax liabilities (decrease is indicated by "-")	11,397,996	152,813
Decrease in inventories (increase is indicated by "-")	-116,873,683	-59,258,912
Decrease in receivables from operating activities (increase is indicated by "-")	230,840,164	-231,591,643
Increase in payables from operating activities (decrease is indicated by "-")	-140,357,241	259,187,803
Others – depreciation of investment properties	681,112	687,797
Others – decrease in restricted monetary funds (increase is indicated by "-")	-28,840,256	-
Net cash flow from operating activities	2,072,655,464	1,994,672,975
2. Significant investing and financing activities that do not involve cash receipts and payments:	-	-
3. Net changes in cash and cash equivalents:	-	-
Closing balance of cash	647,632,670	787,605,094
Less: Opening balance of cash	708,621,647	523,544,443
Net increase (decrease) in cash and cash equivalents	-60,988,977	264,060,651

NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 30 JUNE 2015

VI. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

52. Supplementary information to the cash flow statement (continued)

(2) Composition of cash and cash equivalents

Unit: RMB

Item	Closing balance	Opening balance (Restated)
I. Cash	647,632,670	708,621,647
Including: Cash on hand	615,466	339,941
Bank deposits	642,622,700	693,645,473
Other monetary funds	4,394,504	14,636,233
II. Cash equivalents	–	–
Including: Investment in debt securities due within three months	–	–
III. Closing balance of cash and cash equivalents	647,632,670	708,621,647

(3) Net cash paid for acquisition of subsidiary in the current period

Unit: RMB

Item	Amount
Business combination with considerations paid by cash and cash equivalents in the current period	1,164,000,000
Less: the cash and cash equivalents held by the subsidiary at the date of acquisition	290,789,464
Add: business combination in prior period but paid by cash and cash equivalents in the current period	–
Net cash paid to acquire the subsidiary	873,210,536

53. Assets or use rights with restricted ownership

Unit: RMB

Item	Closing carrying amount	Reasons for restriction
Bank deposits	22,907,858	Construction quality warranty fee payable
Bank deposits	5,932,398	Customer mortgage deposit
Intangible assets	8,938,601,105	The pledge of expressway toll road right
Total	8,967,441,361	

54. Foreign currency monetary items

Unit: RMB

Item	Closing balance in foreign currency	Exchange rate	Closing balance translate in RMB
Cash and bank balances			
Including: USD	1,372	6.1136	8,388
HKD	1,357,143	0.7886	1,070,256
Long-term borrowings			
Including: USD	3,344,774	6.1136	20,448,610

NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 30 JUNE 2015

VII. CHANGES OF CONSOLIDATED FINANCIAL STATEMENT SCOPE

1. Business combination under common control

(1) Business combination under common control

According to the 17th meeting of the 7th session of the Board of Directors on 30 December 2014, the Company has agreed to acquire all equity interest in Ningchang Zhenli Company, transfer all debts (not exceeds RMB7,500,000,000) of Ningchang Zhenli Company to the Company, and capitalize such debts into equity for a total consideration of RMB502,000,000; and approved the acquisition and merger of Guangjing Xicheng Company Xiyi Company for a total consideration of RMB662,000,000. The above transactions were approved by the shareholders on 12 March 2015. Guangjing Xicheng Company completed the acquisition transaction of Xiyi Company on 30 April 2015. The Company completed the acquisition transaction of Ningchang Zhenli Company on 31 May 2015. Ningchang Zhenli Company, Xiyi Company and the Company continue to be ultimately controlled by Communications Holding before and after the transactions, therefore the Company consider the transactions as business combination under common control.

Unit: RMB

Name of the acquiree	Percentage of equity obtained in the business combination	Basis for the recognition as business combination under common control	Date of business combination	Basis for the determination of combination date	The acquiree's income from period beginning to the date of combination	The acquiree's net income from period beginning to the date of combination	The acquiree's income in the comparison period	The acquiree's net income in the comparison period
Xiyi Company	85%	Both the acquirer and the acquiree are controlled by the same entity, before and after the business combination.	30 April 2015	When actual control of the acquiree was obtained	86,586,748	247,936	85,272,477	-3,112,940
Ningchang Zhenli Company	100%		31 May 2015		311,511,366	-79,495,441	245,196,228	-137,989,629

(2) Cost of combination

Unit: RMB

Cost of combination	Amount
– Cash	1,164,000,000
– Book value of liabilities incurred or assumed	7,360,000,000
Total	8,524,000,000

NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 30 JUNE 2015

VII. CHANGES OF CONSOLIDATED FINANCIAL STATEMENT SCOPE (continued)

1. Business combination under common control (continued)

(3) Book value of the acquiree's assets and liabilities at the date of combination

Unit: RMB

	Xiyi Company		Ningchang Zhenli Company	
	Date of combination	Last period ended	Date of combination	Last period ended
Asset:	2,442,431,095	2,426,669,729	7,588,603,490	7,610,084,394
Cash and bank balances	71,573,271	31,009,208	219,216,193	97,155,511
Receivables	10,097,899	5,480,149	19,835,613	19,509,758
Inventories	149,346	174,817	597,603	617,978
Fixed assets	98,920,334	103,506,627	482,644,760	512,707,939
Intangible assets	2,250,460,245	2,275,268,928	6,854,995,915	6,968,863,208
Available-for-sale financial assets	11,230,000	11,230,000	11,230,000	11,230,000
Construction in progress	–	–	83,406	–
Liabilities:	1,806,894,089	1,791,380,659	7,540,453,108	7,482,438,572
Borrowings	1,742,000,000	1,737,000,000	7,360,000,000	7,340,000,000
Payables	64,894,089	54,380,659	180,453,108	142,438,572
Net Assets	635,537,006	635,289,070	48,150,382	127,645,822
Less: minority interest	–	–	–	–
Net assets obtained	635,537,006	635,289,070	48,150,382	127,645,822

NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 30 JUNE 2015

VIII. EQUITY IN OTHER ENTITIES

1. Equity in subsidiaries

(1) Group composition

Unit: RMB

Name of subsidiary (Note 1)	Type of subsidiaries	Registered capital	Business premise	Registered place	Business nature	Proportion of holding equity (%)		
						Direct	Indirect	Acquired method
Guangjing Xicheng Company	Limited liability company	850,000,000	Wuxi	Nanjing	Construction and operation of expressway	85	-	Set-up
Wuxi Jingcheng Advertising Co., Ltd	Limited liability company	1,000,000	Wuxi	Wuxi	Service	-	85	Set-up
Jiangsu Ninghu Investment Development Co., Ltd ("Ninghu Investment")	Limited liability company	100,000,000	Nanjing	Nanjing	Investment and Service	100	-	Set-up
Jiangsu Ninghu Properties Co., Ltd. ("Ninghu Properties")	Limited liability company	500,000,000	Nanjing, Zhengjiang	Nanjing	Real estate development	100	-	Set-up
Kunshan Fen Yuan Real Estate Development Co., Ltd. ("Kunshan Fengyuan")	Limited liability company	42,000,000	Kunshan	Kunshan	Real estate development	-	100	Set-up
Ninghu Properties (Kunshan) Co., Ltd. ("Kunshan Properties")	Limited liability company	200,000,000	Kunshan	Kunshan	Real estate development	-	100	Set-up
Ninghu Properties (Suzhou) Co., Ltd. ("Suzhou Properties") (Note 1)	Limited liability company	100,000,000	Suzhou	Suzhou	Real estate development	-	100	Set-up
Jiangsu Zhendan Expressway Co., Ltd. ("Zhendan Company")	Limited liability company	605,590,000	Zhengjiang	Nanjing	Construction and operation of expressway	70	-	Set-up
Ningchang Zhengli Company	Limited liability company	10,688,850,000	Changzhou, Zhengjiang	Nanjing	Construction and operation of expressway	100	-	Business combination under the same control

Note 1: None of the subsidiaries had issued any debt securities at the end of the period.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 30 JUNE 2015

VIII. EQUITY IN OTHER ENTITIES (continued)

1. Equity in subsidiaries (continued)

(2) Significant non wholly owned subsidiaries

Unit: RMB

Name of subsidiaries	Minorities proportion of shareholding (%)	Profit or loss attributable to minority shareholders	Dividend announcement to minority shareholders	Closing balance of minority interests
Guangjing Xicheng Company	15	45,165,543	79,250,395	490,216,381
Zhendan Company	30	-30,316	-	141,091,154

(3) Financial information of significant non wholly owned subsidiaries

Unit: RMB

Name of subsidiaries	Closing balance						Opening balance					
	Current assets	Non-current assets	Total assets	Current liabilities	Non-current liabilities	Total liabilities	Current assets	Non-current assets	Total asset	Current liabilities	Non-current liabilities	Total liabilities
Guangjing Xicheng Company	256,049,609	6,143,092,016	6,399,141,625	1,578,607,185	1,534,000,000	3,112,607,185	148,149,496	6,165,208,026	6,313,357,522	865,590,739	1,282,000,000	2,137,590,739
Zhendan Company	3,184,627	277,839,217	281,023,844	-	-	-	200,004,900	-	200,004,900	-	-	-

Unit: RMB

Name of subsidiaries	Amount in the current period				Amount in the prior period (Restated)			
	Operating income	Net profit	Total comprehensive income	Cash flow from operating activities	Operating income	Net profit	Total comprehensive income	Cash flow from operating activities
Guangjing Xicheng Company	543,077,570	301,103,623	301,103,623	357,741,895	532,301,601	283,744,751	283,744,751	443,536,421
Zhendan Company	-	-101,056	-101,056	59,727	-	-	-	-

NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 30 JUNE 2015

VIII. EQUITY IN OTHER ENTITIES (continued)

2. Equity in associates

(1) Significant associates

Name of joint ventures or associates	Business premise	Registered place	Business nature	Proportion of shareholding (%)		Accounting method
				Direct	Indirect	
Yangtze Bridge Company	Nanjing	Nanjing	Construction and operation of expressway	26.66	–	Equity method
Sujiahang Company	Suzhou	Suzhou	Construction and operation of expressway	33.33	–	Equity method
Sujiayong Company	Suzhou	Suzhou	Construction and operation of expressway	22.77	–	Equity method
Yanjiang Company (note)	Suzhou	Suzhou	Construction and operation of expressway	–	28.96	Equity method

Note: During year 2013, because of the introduction of new shareholders Zhangjiagang Municipal Public Assets Management Co., Ltd., the equity ratio in Yanjiang Company of the Group decreased from 32.26% to 29.81%. According to the Yanjiang Company amendment of Article, Zhangjiagang Municipal Public Assets Management Co., Ltd. only enjoyed 40% of the income (profits, losses, gains and losses on disposal of assets) of the Zhangjiagang Port Expressway, and does not enjoy any other income resulting in Yanjiang Expressway projects other than the Zhangjiagang Port Expressway. During 2014, because of the introduction of new shareholders Suzhou Taicang Port Shugang Expressway Co., Ltd., the equity ratio in Yanjiang Company of the Group decreased from 29.81% to 28.96%. According to the Yanjiang Company amendment of Article, Suzhou Taicang Port Shugang Expressway Co., Ltd. only enjoyed 30% of the income (profits, losses, gains and losses on disposal of assets) of the Taicang Port Expressway, and does not enjoy any other income resulting in Yanjiang Expressway projects other than the Taicang Port Expressway.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 30 JUNE 2015

VIII. EQUITY IN OTHER ENTITIES (continued)

2. Equity in associates (continued)

(2) Financial information of significant associates

Unit: RMB

	Closing balance/Amount incurred in the current period				Closing balance/Amount incurred in the current period			
	Yangtze Bridge Company	Sujiahang Company	Sujiayong Company	Yanjiang Company	Yangtze Bridge Company	Sujiahang Company	Sujiayong Company	Yanjiang Company
Current asset	300,651,505	576,877,509	582,102,318	788,566,600	372,014,371	820,521,450	639,849,813	914,263,318
Non-current asset	8,703,557,807	3,136,201,733	1,868,833,555	7,401,633,406	8,958,594,451	2,819,413,505	1,511,891,100	8,258,875,954
Total asset	9,004,209,312	3,713,079,242	2,450,935,873	8,190,200,006	9,330,608,822	3,639,934,955	2,151,740,913	9,173,139,272
Current liability	795,382,922	333,524,394	260,135,178	574,804,043	2,856,682,168	499,737,200	260,867,896	725,553,561
Non-current liability	4,253,180,982	830,000,000	900,000,000	2,651,800,000	2,410,043,247	683,031,700	600,000,000	2,757,700,000
Total liability	5,048,563,904	1,163,524,394	1,160,135,178	3,226,604,043	5,266,725,415	1,182,768,900	860,867,896	3,483,253,561
Minority Interests	-	4,757,302	-	593,202,590	-	4,895,378	-	602,239,341
Shareholders equity attributable to shareholders of the parent company	3,955,645,408	2,544,797,546	1,290,800,695	4,370,393,373	4,063,883,407	2,452,270,677	1,290,873,017	5,087,646,370
Net assets share calculated according to proportion of shareholding	1,054,575,066	848,181,022	293,915,318	1,409,888,902	1,083,431,316	817,341,817	293,913,100	1,641,274,719
Adjustments								
Goodwill	53,174,434	28,607,014	-	13,173,081	53,174,434	28,607,014	-	13,173,081
Unrealized profit	-	-	-	-	-	-	-	-
Others	-4,535	-361,509	-7,568	306,748,072	-	-	-	-
Net book value of the equity investment in associates	1,107,744,965	876,426,527	293,907,750	1,729,810,055	1,136,605,750	845,948,831	293,913,100	1,654,447,800
Operating income	568,574,101	603,038,091	-	722,827,145	543,684,588	561,662,012	-	710,324,528
Net income attributable to the parent company	196,956,801	217,730,861	-23,501	233,608,975	171,320,208	185,343,959	-4,277,471	202,309,185
Other comprehensive income attributable to the parent company	-91,470,000	-	-	-	-104,162,485	-	-	-
Total comprehensive income attributable to the parent company	105,486,801	217,730,861	-23,501	233,608,975	67,157,723	185,343,959	-4,277,471	202,309,185
Dividends received from associates in the current year	56,983,566	42,092,000	-	-	56,983,566	42,092,000	-	28,786,034

Other explanations:

- The shareholders equity and the net profit attributable to Yanjiang Company are the net amount which has deducted the 40% of the equity of Zhangjiagang Port Expressway owned by Zhangjiagang Municipal Public Assets Management Co., Ltd. and 30% of the equity of Taicang Port Expressway owned by Suzhou Taicang Port Shugang Expressway Co., Ltd.. The Group still owns 32.26% of shareholders equity and net income of the shareholders equity and the net profit attributable to Yanjiang Company .

NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 30 JUNE 2015

VIII. EQUITY IN OTHER ENTITIES *(continued)*

2. Equity in associates *(continued)*

(3) Financial information of non-significant associates

Unit: RMB

	Closing balance/ Amount incurred in the current period	Opening balance/ Amount incurred in the prior period
Total net book value of the investment	332,969,097	243,675,788
Total amount of the following items calculated according to the proportion of shareholding		
Net profit	-3,028,091	-2,322,676
Other comprehensive income	—	—
Total comprehensive income	<u>-3,028,091</u>	<u>-2,322,676</u>

(4) Explanations on significant restrictions to the ability of transferring funds to the Group from associates

There is no significant restrictions to the ability of transferring funds to the Group from associates.

(5) Contingent liabilities related to associates

There is no contingent liabilities related to associates.

IX. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

The Group's major financial instruments include bank deposits, equity investments, debt investments, borrowings, accounts receivable, other receivables, accounts payable, other payables etc. Details of these financial instruments are disclosed in note VI. The risks associated with these financial instruments and the policies on how to mitigate these risks are set out below. Management manages and monitors these exposures to ensure the risks are monitored at a certain level.

The Group's risk management objectives are to achieve a proper balance between risks and yield, minimize the adverse impacts of risks on the Group's operation performance, and maximize the benefits of the shareholders and other stakeholders. Based on these risk management objectives, the Group's basic risk management strategy is to identify and analyses the Group's exposure to various risks, establish an appropriate maximum tolerance to risk, and implement risk management, and monitors regularly and effectively these exposures to ensure the risks are monitored at a certain level.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 30 JUNE 2015

X. DISCLOSURE ON FAIR VALUE

1. Closing fair value of assets and liabilities measured at fair value

Unit: RMB

Item	Fair value at the end of the year			Total
	Level 1 fair value measurement	Level 2 fair value measurement	Level 3 fair value measurement	
Fair value measured on a recurring basis				
FVTPL	37,982,527	–	–	37,982,527
Other current assets-Financial management product	–	–	171,800,000	171,800,000

2. Level 1 fair value measurement on a recurring basis

The Group measured the fair value of FVTPL according to the information of closing market price was quoted by relevant open sourced information of the fund and gold market.

3. Valuation techniques and quantitative information of level 3 fair value measurements on a recurring basis

Unit: RMB

Item	Fair value at 30 June 2015	Valuation techniques	Significant unobservable inputs	Range
Other current assets-Financial management product	171,800,000	Discounted cash flow	Anticipate return rate	3.8%–5%

The Group except the future cash flow of the other current assets – Financial management products according to the anticipate return rate, and discount the cash flow to calculate the fair value.

4. There were no transfers between Level 1, 2 and 3 in the current and prior years.

5. The directors consider that the carrying amounts of financial assets and financial liabilities recorded at amortized cost in the consolidated financial statements approximate their fair values.

6. The consolidated financial statements consist of equity instruments investment which is not quoted in active markets. With no public market value, a reasonable assessment of its fair value will result in high cost, therefore the Group does not disclosure its fair value.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 30 JUNE 2015

XI. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS

1. Parent of the Company

Unit: RMB

Name of the parent	Place of incorporation	Nature of business	Registered capital	Proportion of the Company's ownership interest held by the parent (%)	Proportion of the Company's voting power held by the parent (%)
Communications Holding	Nanjing, Jiangsu Province	Investment, construction, operation and management of traffic infrastructure, transportation and other relevant industry	16,800,000,000	54.44	54.44

The ultimate control party of the Company is Communications Holding.

2. Subsidiaries of the Company

Details of the subsidiaries of the Company are set out in note (VIII).

3. Associates and joint ventures of the entity

Details of the significant associates and joint ventures of the Company are set out in note (VIII).

Other associates that have ending balance with the Group due to related party transactions in the current or prior year are as follows:

Name of associates	Related party relationship
Kuailu Co., Ltd.	Associate
Xiexin Company	Associate
Sundian Company	Associate
Nanlin Hotel	Associate
Luode Company	Associate
Hanwei Company	Joint venture

NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 30 JUNE 2015

XI. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS *(continued)*

4. Other related parties of the Company

Name of other related party	Relationship between other related parties and the Company
Network Operation Company	Same ultimate shareholder
Jiangsu Petroleum Company	Same ultimate shareholder
Jiangsu Leasing Company	Same ultimate shareholder
Far East Shipping Company	Same ultimate shareholder
Group Finance Company	Same ultimate shareholder
Yanjiang Company	Same ultimate shareholder
Jiangsu Jinghu Expressway Co., Ltd (“Jinghu Company”)	Same ultimate shareholder
Nantong TongSha Port Company Limited (“TongSha Port Company”)	Same ultimate shareholder
Taicang Port Container Shipping Co., Ltd. (“Taicang container Company”)	Same ultimate shareholder
JiangsuRunyang Bridge Development Co., Ltd (“Runyang Bridge Company”)	Same ultimate shareholder
Information Company	Same ultimate shareholder
Jiangsu railway development Co., Ltd. (“Railway Development Company”)	Same ultimate shareholder
Jiangsu Suhuaiyan Highway Management Co., Ltd. (“Suhuaiyan Company”)	Same ultimate shareholder
Jiangsu Tongchang Real Estate Investment Co., Ltd. (“Tongchang Real Estate Company”)	Same ultimate shareholder
Jiangsu HuaTong Engineering Testing Co., Ltd. (“Huatong Company”)	Same ultimate shareholder

NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 30 JUNE 2015

XI. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (continued)

5. Related party transactions

(1) Sales and purchase of goods, provision and receipt of services

Purchase of goods and receipt of services:

Unit: RMB

Related party	Type of related party transactions	Amount incurred in the current period	Amount incurred in the prior period (restated)
Network Operation Company*	Management fee for toll road system management and maintenance	14,039,995	15,395,960
Sundian Company*	Road maintenance fee	54,471,704	14,982,820
Nanlin Hotel*	Food and beverage	95,655	34,833
Network Operation Company*	Entrusted loans' interest expense	13,556,716	11,137,625
Far East Shipping*	Entrusted loans' interest expense	6,192,500	7,966,667
Group Finance Company*	Liquidity loans' interest expense	13,608,605	10,963,000
Communications Holding*	Borrowings' interest expense	100,396,859	84,616,547
Yanjiang Company*	Entrusted loans' interest expense	2,744,542	5,584,445
Jinghu Company*	Entrusted loans' interest expense	4,328,708	350,000
TongSha Port Company*	Entrusted loans' interest expense	1,508,333	603,333
Taicang container Company*	Entrusted loans' interest expense	3,016,667	3,016,667
Runyang Bridge Company*	Entrusted loans' interest expense	29,528,038	25,106,175
Railway Development Company*	Entrusted loans' interest expense	286,167	–
Suhuaiyan Company*	Entrusted loans' interest expense	836,083	940,000
Tongchang Real Estate Company*	Entrusted loans' interest expense	281,556	–
Information Company*	Communication system maintenance fee	–	450,000

Pricing and decision-making procedures of related party transactions: For significant related party transactions, the price is settled by public tender bid price, or for reference of quote from independent, qualified construction provider after arm's length negotiation in principle that less than relevant market price. The Board Meeting should review and approve the quote and the related director should abstain from voting. The independent directors should then express an independent opinion. For other insignificant related party transactions, the price is settled by signed contracts.

Sales and provision of services:

Unit: RMB

Related party	Type of related party transactions	Amount incurred in the current period	Amount incurred in the prior period
Kuailu Co., Ltd.	Petrol fee	2,600,864	3,712,044
Kuailu Co., Ltd.	Toll road fee	1,500,000	2,100,000

Pricing and decision-making procedures of related party transactions: For significant related party transactions, the price is settled by public tender bid price, or for reference of quote from independent, qualified construction provider after arm's length negotiation in principle that less than relevant market price. The Board Meeting should review and approve the quote and the related director should abstain from voting. The independent directors should then express an independent opinion. For other insignificant related party transactions, the price is settled by signed contracts.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 30 JUNE 2015

XI. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (continued)

5. Related party transactions (continued)

(2) Leases with related parties

Leases where a company is the lessor:

Unit: RMB

Name of lessee	Type of leased assets	Lease income recognized in the current period	Lease income recognized in the prior period
Network Operation Company*	Fixed assets	2,340,780	2,608,957
Sundian Company*	Fixed assets	845,000	845,000
Jiangsu Petroleum Company*	Fixed assets	5,557,200	5,755,000

(3) Guarantees with related parties

A company as the guaranteed party:

Unit: RMB

Guarantor	Guaranteed amount	Inception date of guarantee	Expiration date of guarantee	Whether execution of guarantee has been completed
Communications Holding*	20,448,610	15 October 1998	18 July 2027	Not completed
Communications Holding*	100,000,000	26 October 2005	23 October 2020	Not completed
Communications Holding*	40,000,000	7 November 2005	23 October 2020	Not completed
Communications Holding*	150,000,000	20 December 2005	20 August 2020	Not completed
Communications Holding*	100,000,000	18 January 2006	20 June 2020	Not completed
Communications Holding*	200,000,000	21 February 2006	20 March 2020	Not completed
Communications Holding*	135,000,000	26 June 2006	20 November 2019	Not completed
Communications Holding*	50,000,000	24 August 2006	23 August 2019	Not completed
Communications Holding*	50,000,000	22 December 2006	21 October 2019	Not completed
Communications Holding*	50,000,000	12 January 2007	11 September 2019	Not completed
Communications Holding*	50,000,000	5 February 2007	20 June 2019	Not completed
Communications Holding*	50,000,000	24 January 2007	23 July 2019	Not completed
Communications Holding*	70,000,000	19 March 2007	18 May 2019	Not completed
Communications Holding*	51,500,000	21 May 2007	20 April 2019	Not completed
Communications Holding*	20,000,000	31 March 2006	30 November 2015	Not completed
Communications Holding*	45,000,000	30 September 2005	30 November 2016	Not completed
Communications Holding*	110,000,000	16 March 2004	5 March 2019	Not completed
Communications Holding*	53,000,000	16 April 2004	20 October 2018	Not completed

NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 30 JUNE 2015

XI. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS *(continued)*

5. Related party transactions *(continued)*

(4) Borrowings/loans with related parties

In the current period:

Unit: RMB

Related party	Amount of borrowing/loan	Inception date	Maturity date	Remarks
Borrowed from:				
Far East Shipping*	185,000,000	13 August 2014	13 August 2015	Entrusted loan with annual interest rate of 6%
Far East Shipping*	5,000,000	13 August 2014	15 April 2015	Entrusted loan with annual interest rate of 6%
Group Finance Company*	55,000,000	7 July 2014	29 June 2015	Liquidity loans' with annual interest rate of 5.7%
Group Finance Company*	80,000,000	13 October 2014	29 June 2015	Liquidity loans' with annual interest rate of 5.7%
Group Finance Company*	50,000,000	13 March 2015	29 June 2015	Liquidity loans' with annual interest rate of 5.0825%
Group Finance Company*	55,000,000	19 November 2014	29 June 2015	Liquidity loans' with annual interest rate of 5.7%
Group Finance Company*	60,000,000	19 March 2015	29 June 2015	Liquidity loans' with annual interest rate of 5.0825%
Communications Holding*	800,000,000	17 November 2014	16 November 2015	Entrusted loan with annual interest rate of 6%
Network Operation Company*	30,000,000	8 August 2014	7 August 2015	Entrusted loan with annual interest rate of 6%
Network Operation Company*	30,000,000	12 August 2014	11 August 2015	Entrusted loan with annual interest rate of 6%
Network Operation Company*	20,000,000	13 October 2014	12 October 2015	Entrusted loan with annual interest rate of 6%
Network Operation Company	40,000,000	11 November 2014	10 November 2015	Entrusted loan with annual interest rate of 6%
Network Operation Company*	20,000,000	8 December 2014	7 December 2015	Entrusted loan with annual interest rate of 5.6%
Network Operation Company*	30,000,000	19 January 2015	18 January 2016	Entrusted loan with annual interest rate of 5.6%
Network Operation Company*	40,000,000	12 February 2015	11 February 2016	Entrusted loan with annual interest rate of 5.6%
Network Operation Company*	50,000,000	9 March 2015	9 March 2016	Entrusted loan with annual interest rate of 5.35%
Network Operation Company*	20,000,000	21 April 2015	20 October 2015	Entrusted loan with annual interest rate of 5.35%
Network Operation Company*	20,000,000	21 May 2015	20 November 2015	Entrusted loan with annual interest rate of 5.1%
Network Operation Company*	30,000,000	28 May 2015	27 November 2015	Entrusted loan with annual interest rate of 5.1%

NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 30 JUNE 2015

XI. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (continued)

5. Related party transactions (continued)

(4) Borrowings/loans with related parties (continued)

In the current period: (continued)

Unit: RMB

Related party	Amount of borrowing/loan	Inception date	Maturity date	Remarks
Borrowed from: Jinghu Company*	40,000,000	18 March 2015	17 March 2015	Entrusted loan with annual interest rate of 5.35%
Jinghu Company*	20,000,000	21 May 2015	20 November 2015	Entrusted loan with annual interest rate of 5.1%
Runyang Bridge Company*	300,000,000	16 February 2013	25 February 2019	Entrusted loan with annual interest rate of 6.4566%
Runyang Bridge Company*	600,000,000	18 February 2014	31 December 2023	Entrusted loan with annual interest rate of 6.56%
Yanjiang Company*	50,000,000	13 January 2015	12 July 2015	Entrusted loan with annual interest rate of 5.6%
Yanjiang Company*	30,000,000	19 May 2015	18 November 2015	Entrusted loan with annual interest rate of 5.1%
TongSha Port Company*	50,000,000	12 August 2014	11 August 2014	Entrusted loan with annual interest rate of 6%
Taicang container Company*	100,000,000	5 August 2014	4 August 2015	Entrusted loan with annual interest rate of 6%
Network Operation Company*	30,000,000	28 May 2013	27 May 2015	Entrusted loan with annual interest rate of 6.15%
Far East Shipping*	50,000,000	8 October 2014	5 March 2015	Entrusted loan with annual interest rate of 6%
Network Operation Company*	30,000,000	16 January 2014	16 January 2015	Entrusted loan with annual interest rate of 6%
Network Operation Company*	40,000,000	12 February 2014	11 February 2015	Entrusted loan with annual interest rate of 6%
Group Finance Company*	50,000,000	13 March 2014	12 March 2015	Entrusted loan with annual interest rate of 5.7%
Group Finance Company*	60,000,000	18 March 2014	17 March 2015	Entrusted loan with annual interest rate of 5.7%
Jinghu Company*	20,000,000	18 March 2014	17 March 2015	Entrusted loan with annual interest rate of 6%
Network Operation Company*	20,000,000	21 April 2014	20 April 2015	Entrusted loan with annual interest rate of 6%
Network Operation Company*	20,000,000	21 May 2014	20 May 2014	Entrusted loan with annual interest rate of 6%
Yanjiang Company*	50,000,000	17 July 2014	16 January 2015	Entrusted loan with annual interest rate of 5.6%
Communications Holding*	300,000,000	22 May 2014	25 May 2015	loan with annual interest rate of 5.2% and commission rate 0.4%
Communications Holding*	100,000,000	31 October 2014	22 April 2015	loan with annual interest rate of 4.49% and commission rate 0.2%
Communications Holding*	250,000,000	5 December 2012	18 June 2015	loan with annual interest rate of 5.5% and commission rate 0.6%
Communications Holding*	400,000,000	17 May 2013	18 June 2015	loan with annual interest rate of 5.3% and commission rate 0.6%
Communications Holding*	200,000,000	16 June 2014	18 June 2015	loan with annual interest rate of 5.8% and commission rate 0.3%
Communications Holding*	50,000,000	10 September 2014	18 June 2015	loan with annual interest rate of 5.8% and commission rate 0.3%
Communications Holding*	200,000,000	25 February 2015	25 June 2015	loan with annual interest rate of 4.83% and commission rate 0.3%
Communications Holding*	200,000,000	24 April 2015	26 June 2015	loan with annual interest rate of 4.64% and commission rate 0.1%

NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 30 JUNE 2015

XI. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (continued)

5. Related party transactions (continued)

(4) Borrowings/loans with related parties (continued)

In the current period: (continued)

Unit: RMB

Related party	Amount of borrowing/loan	Inception date	Maturity date	Remarks
Borrowed from:				
Communications Holding*	200,000,000	24 April 2015	29 June 2015	loan with annual interest rate of 4.64% and commission rate 0.1%
Communications Holding*	300,000,000	10 September 2014	18 June 2015	loan with annual interest rate of 5.8% and commission rate 0.3%
Jinghu Company*	230,000,000	21 April 2015	20 April 2016	Entrusted loan with annual interest rate of 5.35%
Railway Development Company*	80,000,000	25 June 2015	24 June 2016	Entrusted loan with annual interest rate of 5.1%
Group Finance Company*	170,000,000	17 June 2015	16 June 2016	Liquidity loans' with annual interest rate of 4.845%
Group Finance Company*	30,000,000	4 August 2014	3 August 2015	Liquidity loans' with annual interest rate of 5.7%
Group Finance Company*	20,000,000	18 December 2014	17 December 2015	Liquidity loans' with annual interest rate of 5.32%
Group Finance Company*	30,000,000	13 August 2014	12 August 2015	Liquidity loans' with annual interest rate of 5.7%
Group Finance Company*	50,000,000	21 November 2014	20 November 2015	Liquidity loans' with annual interest rate of 5.7%
Group Finance Company*	50,000,000	4 March 2015	3 March 2016	Liquidity loans' with annual interest rate of 5.0825%
Suhuaiyan Company*	30,000,000	5 March 2015	4 March 2016	Entrusted loan with annual interest rate of 5.35%
Yanjiang Company*	30,000,000	10 March 2015	9 September 2015	Entrusted loan with annual interest rate of 5.35%
Network Operation Company*	75,000,000	12 March 2015	11 March 2016	Entrusted loan with annual interest rate of 5.35%
Network Operation Company*	30,000,000	5 January 2015	4 January 2016	Entrusted loan with annual interest rate of 5.6%
Network Operation Company*	20,000,000	3 February 2015	2 February 2016	Entrusted loan with annual interest rate of 5.6%
Jinghu Company*	40,000,000	28 February 2015	27 February 2016	Entrusted loan with annual interest rate of 5.6%
Railway Development Company*	70,000,000	9 June 2015	8 June 2014	Entrusted loan with annual interest rate of 5.1%
Tongchang Real Estate Company*	10,000,000	10 December 2014	9 December 2015	Entrusted loan with annual interest rate of 5.6%
Network Operation Company*	50,000,000	2 July 2014	1 July 2015	Entrusted loan with annual interest rate of 6%
Communications Holding*	200,000,000	24 April 2015	23 April 2016	Short-term loan with annual interest rate of 4.64%
Communications Holding*	250,000,000	5 December 2014	4 December 2022	loan with annual interest rate of 5.5%
Communications Holding*	250,000,000	17 May 2013	16 May 2023	loan with annual interest rate of 5.3%
Communications Holding*	250,000,000	19 June 2014	18 June 2019	loan with annual interest rate of 5.8%
Lend to:				
Hanwei Company	300,000,000	26 March 2015	26 March 2018	loan with annual interest rate of 8%

NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 30 JUNE 2015

XI. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (continued)

5. Related party transactions (continued)

(5) Compensation for key management personnel

Unit: RMB

Item	Current period	Prior period
Compensation for key management personnel	991,416	989,476

(6) Other explanations

* Representing the connected transaction as defined in Chapter 14A of the Listing Rules.

6. Amounts due from/to related parties

(1) Amounts due from related parties

Unit: RMB

Item	Related party	Closing balance		Opening balance (restated)	
		Carrying amount	Bad debt provision	Carrying amount	Bad debt provision
Accounts receivable (note)					
	Sujiahang Company	6,469,465	–	9,195,408	–
	Jiangsu Petroleum Company	3,548,500	–	4,509,100	–
	Yangtze Bridge Company	138,810	–	1,270,965	–
	Yanjiang Company	–	–	2,192,181	–
	Kuailu Co., Ltd.	649,879	–	47,601	–
	Network Operation Company	43,804,298	–	7,917,691	–
Subtotal		<u>54,610,952</u>	<u>–</u>	<u>25,132,946</u>	<u>–</u>
Other receivables					
	Network Operation Company	1,136,647	–	763,429	–
	Sundian Company	912,046	–	–	–
Subtotal		<u>2,048,693</u>	<u>–</u>	<u>763,429</u>	<u>–</u>
Dividends receivables					
	Kuailu Co., Ltd.	4,989,960	–	4,989,960	–
	Yangtze Bridge Company	28,491,783	–	–	–
Subtotal		<u>33,481,743</u>	<u>–</u>	<u>4,989,960</u>	<u>–</u>
Interest receivables					
	Hanwei Company	6,466,667	–	–	–
Other non-current assets					
	Hanwei Company	300,000,000	–	–	–

Note: At 30 June 2015, besides the accounts receivable from related party stated above, there are split toll road fee receivables from other expressway companies within the Toll Road Network Companies which amounted to RMB33,314,165 (31 December 2014: RMB66,127,195). The ultimate shareholder of those Toll Road Network Companies is Communications Holding, except for which the Company has no other control, joint control or significant influence relationship with them.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 30 JUNE 2015

XI. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (continued)

6. Amounts due from/to related parties (continued)

(2) Amounts due to related parties

Unit: RMB

Item	Related party	Closing balance	Opening balance (Restated)
Accounts payable (note)	Sujiahang Company	1,986,121	3,166,072
	Yanjiang Company	1,852,641	3,503,972
	Yangtze Bridge Company	1,025,496	4,746,571
	Sundian Company	9,458,684	24,191,028
	Network Operation Company	3,230,166	3,449,253
	Information Company	832,525	592,625
	Huatong Company	694,993	694,993
Subtotal		<u>19,080,626</u>	<u>40,344,514</u>
Receipts in advance	Sundian Company	80,000	80,000
	Network Operation Company	–	1,204,100
	Xiexin Company	388,080	–
Subtotal		<u>468,080</u>	<u>1,284,100</u>
Other payables	Sundian Company	3,500	3,500
	Network Operation Company	2,371,150	12,312,477
	Jiangsu Petroleum Company	1,000	1,000
	Communications Holding	3,523,444	4,550,000
Subtotal		<u>5,899,094</u>	<u>16,866,977</u>
Short-term borrowings	Far East Shipping Company	185,000,000	240,000,000
	Group Finance Company	350,000,000	500,000,000
	TongSha Port Company	50,000,000	50,000,000
	Taicang container Company	100,000,000	100,000,000
	Communications Holding	1,000,000,000	1,400,000,000
	Yanjiang Company	110,000,000	130,000,000
	Jinghu Company	330,000,000	20,000,000
	Network Operation Company	505,000,000	375,000,000
	Tongchang Real Estate Company	10,000,000	10,000,000
	Suhuaiyan Company	30,000,000	30,000,000
	Railway Development Company	150,000,000	–
Subtotal		<u>2,820,000,000</u>	<u>2,855,000,000</u>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 30 JUNE 2015

XI. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (continued)

6. Amounts due from/to related parties (continued)

(2) Amounts due to related parties (continued)

Unit: RMB

Item	Related party	Closing balance	Opening balance (Restated)
Interest payable	Far East Shipping Company	308,333	440,000
	Group Finance Company	515,146	483,436
	Runyang Bridge Company	1,631,383	1,855,425
	TongSha Port Company	83,333	91,667
	Taicang container Company	166,667	183,333
	Communications Holding	13,063,141	75,757,078
	Yanjiang Company	164,861	222,445
	Jinghu Company	439,105	36,667
	Network Operation Company	532,431	743,875
	Tongchang Real Estate Company	15,556	17,111
	Suhuaiyan Company	44,583	55,000
	Railway Development Company	167,167	–
Subtotal		<u>17,131,706</u>	<u>79,886,037</u>
Non-current liabilities due willin one year	Communications Holding	–	200,000,000
	Network Operation Company	–	30,000,000
Subtotal		<u>–</u>	<u>230,000,000</u>
Long-term borrowings	Runyang Bridge Company	900,000,000	900,000,000
	Communications Holding	750,000,000	1,950,000,000
Subtotal		<u>1,650,000,000</u>	<u>2,850,000,000</u>

Note: At 30 June 2015, besides the accounts payable to related party stated above, there are split toll road fee payables to the Toll Road Network Companies which amounted to RMB29,652,184 (31 December 2014: RMB45,118,118). The ultimate shareholder of those Toll Road Network Companies is Communications Holding, except for which the Company has no other control, joint control or significant influence relationship with them.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 30 JUNE 2015

XII. COMMITMENTS AND CONTINGENCIES

1. Significant commitments

(1) Capital commitments

Unit: RMB

	Closing balance	Opening balance
Capital commitments that have been entered into but have not been recognized in the financial statements		
– Commitment for acquisition and construction of long-term assets	188,842,100	252,411,320
Total	<u>188,842,100</u>	<u>252,411,320</u>

(2) Operating lease commitments

At the balance sheet date, the Group had the following commitments in respect of non-cancellable operating leases:

Unit: RMB

	Closing balance	Opening balance
Minimum lease payments under non-cancellable operating leases:		
1st year subsequent to the balance sheet date	1,325,906	2,347,786
2nd year subsequent to the balance sheet date	–	–
3rd year subsequent to the balance sheet date	–	–
Subsequent periods	–	–
Total	<u>1,325,906</u>	<u>2,347,786</u>

(3) Other commitments

The Group is committed to pay in the following year to Jiangsu Ninglian Ningtong Management Office, an independent third party, a management service charge calculated at a fixed rate of 17% of the total toll revenue collected that year on Nanjing-Lianyungang Highway per annum for a term of 30 years from 1 January 2000.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 30 JUNE 2015

XII. COMMITMENTS AND CONTINGENCIES (continued)

2. Contingencies

(1) significant contingencies at the balance sheet date

Ninghu Properties, a subsidiary of the Group provides guarantees to banks for bank borrowings granted to buyers of properties Huaqiao C4 Tongcheng Hongqiao Mansion, Huaqiao Urban Core B4 Guangmingjiezuo Project, Huaqiao Urban Core B19 Guangmingxinzuo Project, Baohua Hongyan Community B1 and B2 Tongchengshijia Project. 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 properties warrants certification to bank. As at 30 June 2015, the outstanding guarantees amounted to approximately RMB217,913,674 (31 December 2014: RMB175,803,094).

XIII. EVENTS AFTER THE BALANCE SHEET DATE

No significant events occurred subsequent to 30 June 2015 and up to the date of this interim report.

XIV. OTHER SIGNIFICANT EVENTS

1. Annuity scheme

See note (VI) 23.

2. Retirement benefits scheme

See note (VI) 23.

3. Net current assets (liabilities)/Total assets less current liabilities

Unit: RMB

	Closing balance	Opening balance (Restated)
Current assets	5,462,674,385	5,705,750,496
Total assets	37,655,245,810	37,481,617,108
Less: current liabilities	11,392,699,216	9,077,247,434
Net current liabilities	<u>(5,930,024,831)</u>	<u>(3,371,496,938)</u>
Total assets less current liabilities	<u>26,262,546,594</u>	<u>28,404,369,674</u>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 30 JUNE 2015

XIV. OTHER SIGNIFICANT EVENTS (continued)

4. Net Profit for the year has been arrived at after charging:

Item	Amount incurred in the current period	Amount incurred in the prior period (Restated)
Staff costs (Include: directors' emoluments)	279,239,111	262,846,316
Retirement benefits scheme contributions	52,757,120	47,925,116
Total staff costs	331,996,231	310,771,432
Audit fee	1,556,900	726,150
Depreciation and amortization (Included in operating costs and administrative expenses)	673,281,681	692,372,291
Losses on disposal of non-current assets	631,889	796,144
Amortization of land use rights (Included in operating costs and administrative expenses)	31,592,073	31,592,073
Cost of inventories recognised as an expense	945,747,971	1,148,752,480

5. Segment reporting

(1) Determining basis and accounting policy of reporting segment

Based on the Group's internal organization structure, management requirements and internal reporting system, the operations of the Group are classified into 9 reporting segments. The Group's management periodically evaluates the operating results of these reporting segments to make decisions about resources to be allocated to the segments and assess their performance. The Group has classified 9 reporting segments, which are Shanghai-Nanjing Expressway, G312, Nanjing-Lianyungang Highway, Guangjing Expressway and Xicheng Expressway, Xiyi Expressway, Ningchang Expressway and Zhengli Expressway, ancillary services (including petrol, catering and retail in service zone along the expressways), real estate development and advertising and others. These reporting segments are classified by the management based on the standards with which the management determines resources allocation and operating results.

Segment information is disclosed in accordance with the accounting policies and measurement criteria adopted by each segment when reporting to management. The measurement criteria are consistent with the accounting and measurement criteria in the preparation of the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 30 JUNE 2015

XIV. OTHER SIGNIFICANT EVENTS (continued)

5. Segment reporting (continued)

(2) Financial information of reporting segment

Unit: RMB

	Shanghai-Nanjing Expressway		G312		Nanjing-Lianyungang Highway		Guangjing Expressway and Xicheng Expressway		Xiji Expressway		Ningchang Expressway and Zhengji Expressway	
	Current period	Corresponding period in the prior period	Current period	Corresponding period in the prior period	Current period	Corresponding period in the prior period	Current period	Corresponding period in the prior period	Current period	Corresponding period in the prior period	Current period	Corresponding period in the prior period
Segment operating income	2,201,209,034	2,216,706,705	25,424,867	26,358,501	12,994,405	15,982,803	392,263,734	394,418,304	130,877,098	130,882,956	365,882,294	291,990,392
Operating costs	521,545,486	505,139,425	117,425,949	134,889,010	7,739,710	8,208,654	87,304,159	83,866,108	86,979,832	83,209,015	194,792,912	190,740,147
Including: Amortization of toll roads												
operation rights	239,239,985	223,432,892	90,471,335	105,250,661	5,542,361	5,491,578	45,191,240	42,020,618	38,579,222	32,925,703	127,937,418	126,940,699
Costs of petrol and other goods sold in service zones	-	-	-	-	-	-	-	-	-	-	-	-
Segment operating profit (loss)	1,679,663,548	1,711,567,280	-92,001,082	-108,530,509	5,254,695	7,774,149	304,959,575	300,552,196	63,897,266	67,683,941	171,089,382	101,240,245
Reconciling items:												
Business taxes and levies	73,960,624	74,481,412	1,423,793	1,476,076	436,276	537,022	13,180,061	12,916,455	4,397,471	4,396,003	12,293,645	9,810,541
Selling expenses	-	-	-	-	-	-	-	-	-	-	-	-
Administrative expenses	31,399,244	30,736,409	-	-	-	-	-	-	-	-	-	-
Financial expenses	-	-	-	-	-	-	-	-	-	-	-	-
Impairment loss of assets	-	-	-	-	-	-	-	-	-	-	-	-
Gains from changes in fair values	-	-	-	-	-	-	-	-	-	-	-	-
Investment income	-	-	-	-	-	-	-	-	-	-	-	-
Operating profit	1,574,313,680	1,606,351,459	-93,424,875	-110,006,585	4,798,419	7,237,127	291,779,514	287,635,741	59,499,795	63,285,938	158,795,737	91,429,704
Non-operating income	-	-	-	-	-	-	-	-	-	-	-	-
Non-operating expenses	-	-	-	-	-	-	-	-	-	-	-	-
Total profit	1,574,313,680	1,606,351,459	-93,424,875	-110,006,585	4,798,419	7,237,127	291,779,514	287,635,741	59,499,795	63,285,938	158,795,737	91,429,704
Income tax expenses	-	-	-	-	-	-	-	-	-	-	-	-
Net profit	1,574,313,680	1,606,351,459	-93,424,875	-110,006,585	4,798,419	7,237,127	291,779,514	287,635,741	59,499,795	63,285,938	158,795,737	91,429,704
	Closing balance	Opening balance	Closing balance	Opening balance	Closing balance	Opening balance	Closing balance	Opening balance	Closing balance	Opening balance	Closing balance	Opening balance
Total segment assets	12,892,531,626	12,536,817,529	863,284,138	945,091,991	300,070,584	305,612,946	1,461,737,051	1,479,048,828	2,270,843,514	2,513,371,638	6,919,966,136	7,066,308,133

NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 30 JUNE 2015

XIV. OTHER SIGNIFICANT EVENTS (continued)

5. Segment reporting (continued)

(2) Financial information of reporting segment (continued)

Unit: RMB

	Ancillary services		Real estate development		Advertising and others		Unallocated items		Total	
	Current period	Corresponding period in the prior period (Restated)	Current period	Corresponding period in the prior period (Restated)	Current period	Corresponding period in the prior period (Restated)	Current period	Corresponding period in the prior period (Restated)	Current period	Corresponding period in the prior period (Restated)
Segment operating income	927,515,715	1,113,025,747	229,219,704	162,952,953	25,230,157	22,466,673	-	-	4,310,667,008	4,364,787,034
Operating costs	916,577,166	1,108,487,581	134,401,169	138,808,764	7,731,160	6,836,761	-	-	2,054,507,543	2,239,985,465
Including: Amortization of toll roads operation rights	-	-	-	-	-	-	-	-	547,011,441	536,082,081
Costs of petrol and other goods sold in service zones	804,413,124	1,001,422,240	-	-	-	-	-	-	804,413,124	1,001,422,240
Segment operating profit (loss)	10,938,549	4,538,166	94,818,535	24,144,189	17,558,997	15,629,912	-	-	2,256,159,465	2,124,801,569
Reconciling items:										
Business taxes and levies	6,244,843	8,629,456	17,363,439	14,298,143	501,658	573,796	-	-	129,791,810	127,120,904
Selling expenses	-	-	3,364,896	7,499,017	205,394	58,688	-	-	3,570,290	7,557,685
Administrative expenses	-	-	-	-	-	-	63,322,883	-	93,752,781	94,089,242
Financial expenses	-	-	-	-	-	-	444,291,532	-	406,453,703	444,291,532
Impairment loss of assets	-	-	-	-	-	-	100,518	-	100,518	-
Gains from changes in fair values	-	-	-	-	-	-	11,300,937	-	11,300,937	2,383,650
Investment income	-	-	-	-	-	-	276,781,688	-	276,781,688	192,383,746
Operating profit	4,693,706	-4,091,290	74,100,200	2,347,029	16,851,945	14,997,448	-180,835,103	-312,846,989	1,910,573,018	1,646,538,602
Non-operating income	-	-	-	-	-	-	4,287,774	-	4,287,774	3,937,442
Non-operating expenses	-	-	-	-	-	-	-12,794,618	-	-12,794,618	11,631,946
Total profit	4,693,706	-4,091,290	74,100,200	2,347,029	16,851,945	14,997,448	-188,341,947	-320,541,473	1,892,066,174	1,638,845,988
Income tax expenses	-	-	-	-	-	-	130,231,182	-	130,231,182	415,096,645
Net profit	4,693,706	-4,091,290	74,100,200	2,347,029	16,851,945	14,997,448	(319,573,129)	-735,638,118	1,771,834,992	1,223,749,343
	Closing balance	Opening balance (Restated)	Closing balance	Opening balance (Restated)	Closing balance	Opening balance (Restated)	Closing balance	Opening balance (Restated)	Closing balance	Opening balance (Restated)
Total segment assets	338,735,421	346,717,468	3,543,714,463	3,322,482,081	381,050,010	378,064,801	874,312,867	8,388,101,693	37,655,245,810	37,481,671,108

Segment profit represents the gross profit earned by each segment without allocation of finance costs, and investment income. The decision maker of the Group considers resource allocation and assessment of segment performance based on such information.

For the purposes of monitoring segment performances and allocating resources between segments, assets other than available-for-sale financial assets, long-term equity investment, held-for-trading financial assets and cash and bank balances etc. are allocated to segments.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 30 JUNE 2015

XIV. OTHER SIGNIFICANT EVENTS (continued)

5. Segment reporting (continued)

(3) **External revenue classified by geographical area of source and non-current assets classified by geographical location**

All income and assets of the Group are from/located in the Jiangsu Province.

(4) **Degree of reliance on major customers**

The principle activities of the Group are toll roads operation and ancillary services along toll roads etc.. Therefore, there is no reliance on specific customers.

XV. NOTES TO KEY ITEMS IN THE COMPANY'S FINANCIAL STATEMENTS

1. Accounts receivable

(1) **Disclosure of accounts receivable by categories:**

Unit: RMB

Category	Carrying amount		Closing balance		Net book value	Carrying amount		Opening balance		Net book value
	Amount	Proportion (%)	Amount	Proportion (%)		Amount	Proportion (%)	Amount	Proportion (%)	
Accounts receivable that are individually significant and for which bad debt provision has been assessed individually	-	-	-	-	-	-	-	-	-	-
Accounts receivable for which bad debt provision has been assessed by portfolios	76,775,368	100	151,248	100	76,624,120	80,276,320	100	151,248	100	80,125,072
Accounts receivable that are not individually significant but for which bad debt provision has been assessed individually	-	-	-	-	-	-	-	-	-	-
Total	76,775,368	100	151,248	100	76,624,120	80,276,320	100	151,248	100	80,125,072

Accounts receivables portfolios for which bad debt provision has been assessed using the percentage of total receivables outstanding approach:

Unit: RMB

Name of portfolio	Accounts receivable	Carrying amount Bad debt provision	Proportion (%)
portfolio 2	7,562,395	151,248	2
Total	7,562,395	151,248	2

Basis for determining the above portfolio: See Note (III)10.2.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 30 JUNE 2015

XV. NOTES TO KEY ITEMS IN THE COMPANY'S FINANCIAL STATEMENTS (continued)

1. Accounts receivable (continued)

(2) Aging analysis of accounts receivables is as follows:

Unit: RMB

Aging	Closing balance				Opening balance			
	Amount	Proportion (%)	Bad debt provision	Carrying amount	Amount	Proportion (%)	Bad debt provision	Carrying amount
Within 1 year	76,775,368	100	151,248	76,624,120	80,276,320	100	151,248	80,125,072
More than 1 year but not exceed 2 years	-	-	-	-	-	-	-	-
More than 2 years but not exceeding 3 years	-	-	-	-	-	-	-	-
More than 3 years	-	-	-	-	-	-	-	-
Total	76,775,368	100	151,248	76,624,120	80,276,320	100	151,248	80,125,072

(3) Provision recorded and written off in the current period

There is no provision recorded and written off in the current period.

(4) Top five entities with the largest balances of accounts receivable

Unit: RMB

Name of entity	Amount	Bad debt provision	Proportion of the amount to the total accounts receivable (%)
Network Operation Company	32,254,319	-	42
Sinopec Sales Co., Ltd. Jiangsu Branch	14,469,732	-	19
Sujiahang Company	6,440,522	-	8
Suzhou Circular Expressway Co., Ltd.	2,548,139	-	3
Nanjing fourth Yangtze River Bridge Company Limited	2,278,604	-	3
Total	57,991,316	-	75

NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 30 JUNE 2015

XV. NOTES TO KEY ITEMS IN THE COMPANY'S FINANCIAL STATEMENTS (continued)

2. Other receivables

(1) Disclosure of other receivable by categories

Unit: RMB

Category	Carrying amount		Closing balance		Net book value	Carrying amount		Opening balance		Net book value
	Amount	Proportion (%)	Amount	Proportion (%)		Amount	Proportion (%)	Amount	Proportion (%)	
Other receivable that are individually significant and for which bad debt provision has been assessed individually	15,812,140	1	15,812,140	99	-	15,812,140	1	15,812,140	99	-
Other receivable for which bad debt provision has been assessed by portfolios	1,611,050,311	99	134,722	1	1,610,915,589	1,519,815,792	99	134,722	1	1,519,681,070
Other receivable that are not individually significant but for which bad debt provision has been assessed individually	-	-	-	-	-	-	-	-	-	-
Total	1,626,862,451	100	15,946,862	100	1,610,915,589	1,535,627,932	100	15,946,862	100	1,519,681,070

Other receivable that are individually significant and for which bad debt provision has been assessed individually:

Unit: RMB

Other receivables (According to entity)	Other receivables	Bad debt provision	Closing balance	
			Proportion (%)	Reasons
Yicao Road Management Office	15,812,140	15,812,140	100	Age over 3 years, is not expected to be recovered

Other receivables portfolios for which bad debt provision has been assessed using the percentage of total receivables outstanding approach:

Unit: RMB

Name of portfolio	Carrying amount	Bad debt provision	Proportion (%)
Portfolio 2	6,736,096	134,722	2
Total	6,736,096	134,722	2

Basis for determining the above portfolio: See Note (III)10.2.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 30 JUNE 2015

XV. NOTES TO KEY ITEMS IN THE COMPANY'S FINANCIAL STATEMENTS (continued)

2. Other receivables (continued)

(2) Provision recorded and written off in the current period

(3) Disclosure of other receivables by nature

Unit: RMB

Nature	Closing balance	Opening balance
Amount of the disposal of the removal of network points of G312	1,124,177,798	1,124,177,798
Loans to subsidiaries	470,000,000	310,000,000
Amount of the disposal of Zhenjiang branch line	—	74,033,640
Amount of investment clearance	15,812,140	15,812,140
Petty cash	4,401,476	3,780,500
Rental warranty fund	1,928,000	2,928,000
Compensation income from damaged road	1,322,870	1,136,737
Other miscellaneous receivables	9,220,167	3,759,116
Total	<u>1,626,862,451</u>	<u>1,535,627,931</u>

(4) Top five entities with the largest balances of other receivables

Unit: RMB

Name of entity	Nature of other receivables	Amount	Aging	Proportion of the amount to total other receivables (%)	Closing balance of bad debt provision
Jiangsu Provincial Government	Amount of the disposal of the removal of network points of G312	1,124,177,798	2-3 years	69	—
Ninghu properties	Loans to subsidiaries	470,000,000	Within 1 year	29	—
Yicao Road Management Office	Amount of investment clearance	15,812,140	Over 3 years	1	15,812,140
Jiangsu Zhengxinhe Communication Development Co. Ltd.	Leasing business	1,928,000	Within 1 year	—	—
Jiangsu Provincial Expressway Administration Department	Asset compensation business	1,322,870	Within 1 year	—	—
Total		<u>1,613,240,808</u>		<u>99</u>	<u>15,812,140</u>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 30 JUNE 2015

XV. NOTES TO KEY ITEMS IN THE COMPANY'S FINANCIAL STATEMENTS (continued)

3. Long-term equity investments

Unit: RMB

Item	Closing balance			Opening balance		
	Cross carrying amount	Provision for impairment	Net carrying amount	Cross carrying amount	Provision for impairment	Net carrying amount
Investments on subsidiaries	10,283,250,382	–	10,283,250,382	2,875,100,000	–	2,875,100,000
Investments on associates	2,348,686,497	–	2,348,686,497	2,342,807,838	–	2,342,807,838
Investments on Joint venture	69,902,138	–	69,902,138	–	–	–
Total	<u>12,701,839,017</u>	<u>–</u>	<u>12,701,839,017</u>	<u>5,217,907,838</u>	<u>–</u>	<u>5,217,907,838</u>

(1) Investments on subsidiaries

Unit: RMB

Investee	Opening balance	Changes in the year	Closing balance	Provision for impairment	Cash dividend for the year
Subsidiaries					
Guangjing Xicheng Company	2,125,000,000	–	2,125,000,000	–	449,085,571
Ninghu Investment	110,100,000	–	110,100,000	–	80,000,000
Ninghu Properties	500,000,000	–	500,000,000	–	–
Zhendan Company	140,000,000	–	140,000,000	–	–
Ningchang Zhenli Company	–	7,408,150,382	7,408,150,382	–	–
Total	<u>2,875,100,000</u>	<u>7,408,150,382</u>	<u>10,283,250,382</u>	<u>–</u>	<u>529,085,571</u>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 30 JUNE 2015

XV. NOTES TO KEY ITEMS IN THE COMPANY'S FINANCIAL STATEMENTS (continued)

3. Long-term equity investments (continued)

(2) Investments on associates

Unit: RMB

Investee	Opening balance	Increase	Decrease	Changes in the current period			Declaration of cash dividends or profits	Provision for impairment losses	Closing balance	Closing balance of impairment loss
				Investment income under the equity method	Adjustment of other comprehensive income	Other changes in equity				
Associates										
Kuailu Co., Ltd.	62,913,464	-	-	-1,354,706	-	-	-	-	61,558,758	-
Yangtze Bridge Company	1,136,605,750	-	-	52,508,683	-24,385,902	-	-56,983,566	-	1,107,744,965	-
Sujiahang Company	845,948,831	-	-	72,569,696	-	-	-42,092,000	-	876,426,527	-
Suijayong Company	293,913,100	-	-	-5,351	-	-	-	-	293,907,749	-
Xiexin Company	3,426,693	2,953,900	-	-797,649	-	-	-	-	5,582,944	-
Sudian Company	-	-	-	-219,946	-	3,685,500	-	-	3,465,554	-
Investments on associates subtotal	2,342,807,838	2,953,900	-	122,700,727	-24,385,902	3,685,500	-99,075,566	-	2,348,686,497	-
Investments on Joint venture										
Hanwei Company	-	70,000,000	-	-97,862	-	-	-	-	69,902,138	-
Total	2,342,807,838	72,953,900	-	122,602,865	-24,385,902	3,685,500	-99,075,566	-	2,418,588,635	-

NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 30 JUNE 2015

XV. NOTES TO KEY ITEMS IN THE COMPANY'S FINANCIAL STATEMENTS (continued)

4. Operating income and operating costs

(1) Operating income

Unit: RMB

Item	Amount recognized in the current period		Amount recognized in the prior period	
	Operating income	Operating costs	Operating income	Operating costs
Principal operating income	3,137,177,865	1,518,079,053	3,345,885,153	1,716,797,764
Including: Shanghai-Nanjing Expressway	2,201,209,034	521,545,486	2,216,708,705	505,139,425
G312	25,424,867	117,425,949	26,358,501	134,889,011
Nanjing-Lianyungang Highway	12,984,405	7,749,710	15,982,803	8,208,654
Ancillary services	897,559,559	871,357,908	1,086,835,144	1,068,560,674
Total	<u>3,137,177,865</u>	<u>1,518,079,053</u>	<u>3,345,885,153</u>	<u>1,716,797,764</u>

5. Investment income

(1) Details of investment income

Unit: RMB

Item	Amount incurred in current period	Amount incurred in prior period
Income from long-term equity investments under equity method	122,602,865	105,635,973
Income from long-term equity investments under cost method	529,085,571	260,492,867
Investment income from available-for-sale financial assets in the holding period	16,000,000	–
Investment income from disposal of available-for-sale financial assets	–	2,247,063
Investment income from entrusted loans	52,256,208	52,256,208
Other Investment income	15,584,318	–
Total	<u>735,528,962</u>	<u>420,632,111</u>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 30 JUNE 2015

XVI. SUPPLEMENTARY INFORMATION

1. Breakdown of non-recurring profit or loss

Unit: RMB

Item	Amount
Losses (gains) on disposal of non-current assets	-631,889
Government grants recognized in profit or loss for the current period	500,000
Subsidiary's net profit and loss generated from opening balance to the date of merger due to same control enterprise merger	-79,247,505
Gains from changes in fair values of held-for-trading financial investments' Profit on disposal of held-for-trading and available-for-sale financial investments	35,203,358
Reversal of provision for accounts receivable which were tested for impairment losses individually	-100,518
Profit and loss of entrusted loans	15,584,318
Other non-operating income or expenses other than the above	-7,874,955
Other non-recurring profit or loss	309,960,925
Tax effects	-10,670,078
Effects attributable to minority interests	226,279
Total	<u>262,949,935</u>

2. Return on net assets and earnings per share ("EPS")

The return on net assets and EPS have been prepared by Jiangsu Expressway Co., Ltd in accordance with Information Disclosure and Presentation Rules for Companies Making Public Offering of Securities No. 9 – Calculation and Disclosure of Return on Net Assets and Earnings per Share (Revised 2010) issued by China Securities Regulatory Commission.

Profit for the Reporting Period	Weighted average return on net assets (%)	EPS Basic EPS	Diluted EPS
Net profit attributable to ordinary shareholders of the Company	7.96%	0.3428	N/A
Net profit after deduction of non-recurring profits or losses attributable to ordinary shareholders of the Company	6.75%	0.2906	N/A

DOCUMENTS AVAILABLE FOR INSPECTION

Documents Available for Inspection	Copies of the interim report signed by the Chairman
Documents Available for Inspection	Financial statements signed and sealed by the legal representative, the chief accounting officer and the person-in-charge of the accounting institution
Documents Available for Inspection	Original copies of all company documents and announcements published in the press designated by the China Securities Regulatory Commission during the Reporting Period
Documents Available for Inspection	Articles of Association of the Company
Documents Available for Inspection	Copies of interim reports released in other stock exchanges

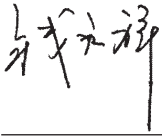
Managing Director
Qian Yong Xiang

Nanjing, the PRC, 28 August 2015

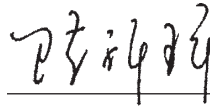
CONFIRMATION OPINION ON 2015 INTERIM REPORT BY DIRECTORS AND SENIOR MANAGEMENT

The Company's directors and senior management hereby confirm in writing that they have reviewed the interim report and are of the opinion that there are no false representations or misleading statements or material omissions in the contents of this report, and that they shall severally and jointly accept responsibility for the truthfulness, accuracy and completeness of the content of this report.

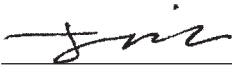
Directors



Qian Yong Xiang:



Chen Xiang Hui:



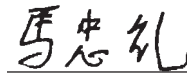
Du Wen Yi:



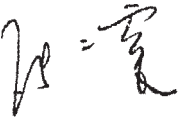
Zhang Yang:



Hu Yu:



Ma Chong Lai:



Zhang Er Zhen:



Ge Yang:



Zhang Zhu Ting:



Chen Liang:

CONFIRMATION OPINION ON 2015 INTERIM REPORT BY DIRECTORS AND SENIOR MANAGEMENT

Senior Management Members



Shang Hong:



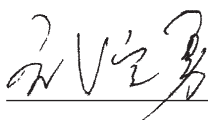
Tian Ya Fei:



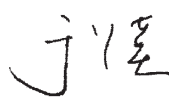
Yao Yong Jia:



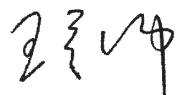
Li Jie:



Wu Yi Yong:



Yu Lan Ying:



Wang Hong Wei:

Jiangsu Expressway Company Limited
28 August 2015